



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-27

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October 19, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached resolution to approve the Second Supplemental Senior Trust Indenture to the Master Senior Indenture and other related bond documents, and authorize the City Manager to execute documents for the issuance of Airport Senior Revenue Bonds Series 2010 A and B, in an aggregate amount not to exceed \$70,000,000 to refinance the design costs and finance the construction of the Phase I Terminal Improvements at the Long Beach Airport, pay off the balance of the Airport Commercial Paper Program and finance the cost of bond issuance;

Receive supporting documentation into the record regarding the Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing; and,

Increase appropriations by \$38,876,000 (\$37,313,000 for the Phase I Terminal Improvements and \$1,563,000 to pay the first debt service payment) in the Airport Enterprise Fund (EF 320) in the Airport Department (AP). (District 5)

DISCUSSION

On February 18, 2003, the City Council authorized the completion of an Environmental Impact Report (EIR) for the Airport Terminal Improvement Project (Project). From February 2003 through June 2006, the City conducted the EIR process culminating in City Council certification of the EIR on June 20, 2006. On April 24, 2007, the City Council authorized the preparation of final plans and specifications, cost estimates and a financing plan for construction of the Project.

Focusing on customer service, staff identified three immediate priorities for construction of the terminal component of the Project: permanent structures to serve as passenger holdrooms, a consolidated passenger screening checkpoint and enhanced concession areas. These priorities served as the benchmark for the design of the Phase I Terminal Improvements approved by the Long Beach Planning Commission on April 15, 2010.

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On November 3, 2009, the City Council authorized the issuance of the Senior Airport Revenue Bonds Series 2009 A, B, and C in an aggregate amount of \$61,440,000 to refund the portion of the Airport Commercial Paper Notes related to the design of the parking structure component of the Project, prepay the Airport 1993 Certificates of Participation, and finance the construction costs and capitalized interest related to the parking structure currently under construction.

On September 3, 2010, the Long Beach Airport released a bid package for construction of the Phase I Terminal Improvements. Bids will be opened in early October 2010 and City Council authorization for execution of a contract for construction is scheduled for November 9, 2010. The Phase I Terminal Improvements will replace the existing temporary modular facilities with permanent holdrooms and concession facilities. The project will include 34,750 square feet of new construction and 6,500 square feet of remodeled space. The new construction will house holdrooms, restrooms, concessions and secured circulation corridors. The remodeled space will be utilized as a consolidated passenger security-screening checkpoint. A central garden area will connect the new north and south holdrooms.

Improvements	Estimated Costs (as of 9/24/10)
Phase I Terminal Improvements	\$37,313,000
Commercial Paper Redemption	\$16,082,000
Debt Service Reserve Fund	\$4,050,500
Capitalized Interest Fund	\$3,536,579
Cost of Issuance	<u>\$825,386</u>
	<u>\$61,807,465</u>

Commercial Paper

As authorized in 2004 and amended in 2008 and 2009 by the City Council, the Airport Commercial Paper Program was implemented to issue an aggregate amount not to exceed \$25 million to finance ongoing maintenance of capital assets, rehabilitation to the Airport and design costs related to the Project. Upon pay off, the Airport Commercial Paper Program will be suspended. The supporting letter of credit will be terminated. Moving forward, the Airport's capital projects will be funded on a "pay-as-you-go" (PAYGO) basis. At this time, the Airport does not contemplate any additional long-term financing.

Funding

The Series 2010 Bonds are special limited obligations of the City, payable solely from the secured pledge of net revenues derived from Airport operations, including all of its revenue functions, facilities and properties, whether or not directly related to air transportation. Neither the full faith and credit nor the taxing power of the City shall be pledged to the payment of principal or interest on the Series 2010 Bonds. In addition, approximately 80-85 percent of the Phase I Terminal Improvements are eligible for payment from Passenger Facility Charges (PFC). On June 15, 2010, the City Council

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authorized the execution of an application with the Federal Aviation Administration for the use of PFC revenues for PFC-eligible project costs for the construction of the Phase I Terminal Improvements.

This letter was reviewed by Chief Assistant City Attorney Heather Mahood on October 1, 2010 and Budget Officer Victoria Bell on October 4, 2010.

TIMING CONSIDERATIONS

In an effort to take advantage of the current historically low interest rate environment and the Alternative Minimum Tax (AMT) holiday, which is expected to expire on December 31, 2010, the City has targeted mid-November 2010 for sale of the Bonds. Missing this window of opportunity will significantly increase the cost of the Bonds. The proposed bond sale schedule was structured to lead the tremendous volume of year-end bond sales. Customarily, City Council authorization to sell bonds is sought concurrently with the award of a construction contract. However, due to recent events in the bond markets, a longer educational period is required to more fully inform institutional investors about the unique aspects of new bond issues in order to meet our targeted sales date. The actual sale of the Bonds will not occur until after City Council authorizes a construction contract award, scheduled for November 9, 2010.

FISCAL IMPACT

These actions have no impact to the General Fund. Bonds will not be issued prior to the contract award. The not to exceed amount of \$70,000,000 is considered sufficient to cover the expected construction contract authorization, pay off of Commercial Paper, cash fund the Debt Service Reserve Fund, Capitalized Interest Fund, and cost of issuance. The Series 2010 Bonds are supported by a net revenue pledge of the Airport. For Fiscal Year 2011, an increase in appropriations of \$37,313,000 for terminal improvements is requested in the Airport Fund (EF 320) in the Airport Department (AP). This increase in appropriations will be funded with proceeds from the sale of the Series 2010 Bonds. An additional appropriation increase for Fiscal Year 2011 of \$1,563,000 is requested for the first year's debt service payment that will be funded with Capitalized Interest Funds and Airport net operating revenues. Upon issuance of the 2010 Bonds and retirement of the Airport Commercial Paper program, total annual debt service for the Airport will be approximately \$8,500,000, supported by the Airport's net operating revenues and Passenger Facility Charges (PFCs).

The bond financing authorization has no direct impact on local jobs. The impact to local jobs, as a result of the Phase I Terminal Improvements, will be reported when the request to award the construction contract is brought to City Council on November 9, 2010.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO



MARIO RODRIGUEZ
DIRECTOR OF LONG BEACH AIRPORT

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Attachment: Resolution

APPROVED:



PATRICK H. WEST
CITY MANAGER

1 RESOLUTION NO.
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH, CALIFORNIA, AUTHORIZING
5 THE ISSUANCE AND SALE OF NOT TO EXCEED \$70
6 MILLION IN AGGREGATE PRINCIPAL AMOUNT OF CITY
7 OF LONG BEACH, CALIFORNIA SENIOR AIRPORT
8 REVENUE BONDS SERIES 2010A AND SENIOR
9 AIRPORT REVENUE BONDS SERIES 2010B;
10 APPROVING A SECOND SUPPLEMENTAL SENIOR
11 TRUST INDENTURE, PRELIMINARY AND FINAL
12 OFFICIAL STATEMENTS, A BOND PURCHASE
13 AGREEMENT AND A CONTINUING DISCLOSURE
14 CERTIFICATE AND CERTAIN RELATED MATTERS
15

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

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

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

25 WHEREAS, the City Council has determined that it is in the best interest of
26 the City to issue, from time to time, Bonds (as defined in the hereinafter defined Master
27 Senior Indenture) for the purposes set forth in the Charter, the Municipal Code and the
28 Master Senior Indenture, dated as of December 1, 2009 (the "Master Senior Indenture"),

1 by and between the City and The Bank of New York Mellon Trust Company, N.A., as
2 trustee (the "Senior Trustee"), and that such Bonds be payable from and secured by Net
3 Revenues (as defined in the Master Senior Indenture) and the other security provided for
4 in the Granting Clause of the Master Senior Indenture; and

5 WHEREAS, the City Council previously determined that it was in the best
6 interests of the City to issue its Senior Airport Revenue Bonds, Series 2009A (the "Series
7 2009A Bonds"), its Senior Airport Revenue Bonds, Series 2009B (the "Series 2009B
8 Bonds") and its Senior Airport Revenue Bonds, Series 2009C (Federally Taxable – Build
9 America Bonds – Direct Payment to Issuer) (the "Series 2009C Bonds," and collectively
10 with the Series 2009A Bonds and the Series 2009B Bonds, the "Series 2009 Bonds")
11 pursuant to the Master Senior Indenture and the First Supplemental Senior Indenture,
12 dated as of December 1, 2009, by and between the City and the Senior Trustee; and

13 WHEREAS, the City Council previously determined that it was in the best
14 interests of the City to issue short-term revenue certificates through the implementation of
15 a commercial paper program through the issuance of Subordinate Airport Revenue
16 Commercial Paper Notes, Series A (Governmental), Series B (Private Activity) and
17 Series C (Taxable) (the "Subordinate Commercial Paper Notes") in an aggregate
18 principal amount of not to exceed \$25 million at any one time outstanding to finance and
19 refinance ongoing capital maintenance and rehabilitation to the Airport; and

20 WHEREAS, in connection with the issuance from time to time of the
21 Subordinate Commercial Paper Notes, the City entered into the Master Subordinate Trust
22 Indenture, dated as of November 1, 2004, as amended (the "Master Subordinate
23 Indenture"), by and between the City and The Bank of New York Mellon Trust Company,
24 N.A. (formerly known as The Bank of New York Trust Company, National Association),
25 as trustee (the "Subordinate Trustee"), the First Supplemental Subordinate Trust
26 Indenture, dated as of November 1, 2004, as amended (the "First Supplemental
27 Subordinate Indenture"), by and between the City and the Subordinate Trustee, the
28 Second Supplemental Subordinate Trust Indenture, dated as of June 1, 2008 (the

1 “Second Supplemental Subordinate Indenture”), by and between the City and the
2 Subordinate Trustee, the Third Supplemental Subordinate Trust Indenture, dated as of
3 December 1, 2009 (the “Third Supplemental Subordinate Indenture”), by and between
4 the City and the Subordinate Trustee and the Fourth Supplemental Subordinate Trust
5 Indenture, dated as of December 1, 2009 (the “Fourth Supplemental Subordinate
6 Indenture,” and collectively with the Master Subordinate Indenture, the First
7 Supplemental Subordinate Indenture, the Second Supplemental Subordinate Indenture
8 and the Third Supplemental Subordinate Indenture, the “Subordinate Indenture”), by and
9 between the City and the Subordinate Trustee; and

10 WHEREAS, the Subordinate Indenture pledges and grants a subordinate
11 lien on Net Revenues to the obligations secured thereby; and

12 WHEREAS, the City has issued, from time to time, its Subordinate Airport
13 Revenue Commercial Paper Notes, Series A (the “Series A Subordinate Commercial
14 Paper Notes”) and its Subordinate Airport Revenue Commercial Paper Notes, Series B
15 (the “Series B Subordinate Commercial Paper Notes,” and together with the Series A
16 Subordinate Commercial Paper Notes, the “Subordinate Commercial Paper Notes”), to
17 finance certain capital improvements and project design costs at the Airport; and

18 WHEREAS, the City Council has determined that it is in the best interest of
19 the City to issue its City of Long Beach, California Senior Airport Revenue Bonds, Series
20 2010A (the “Series 2010A Bonds”) and the City of Long Beach, California Senior Airport
21 Revenue Bonds, Series 2010B (the “Series 2010B Bonds,” and together with the Series
22 2010 A Bonds, the “Series 2010 Bonds”) in order to, (a) finance certain capital
23 expenditures related to and arising from the design, acquisition, construction, equipping
24 and improving of a new passenger concourse at the Airport (the “Terminal Project”),
25 (b) reimburse the City, if necessary, for expenditures previously incurred by the City in
26 connection with the Terminal Project, (c) fund capitalized interest on the Series 2010
27 Bonds, if determined by a Designated Officer to be necessary or desirable, (d) current
28 refund all or a portion of the outstanding Subordinate Commercial Paper Notes previously

1 issued to pay a portion of the costs of financing the Terminal Project and other projects at
2 the Airport, (e) fund a reserve fund or purchase a reserve fund surety bond for the Series
3 2010 Bonds, (f) purchase a municipal bond insurance policy or policies, if it is determined
4 by a Designated Officer that the purchase of a municipal bond insurance policy or
5 policies results in savings to the City, and (g) pay the costs of issuance of the Series
6 2010 Bonds; and

7 WHEREAS, the Series 2010 Bonds will be issued pursuant to the Charter,
8 the Municipal Code, the Master Senior Indenture and the Second Supplemental Senior
9 Indenture (as hereinafter defined); and

10 WHEREAS, the Series 2010 Bonds will be issued so that the interest paid
11 on the Series 2010 Bonds will be excluded from the gross income of the recipients
12 thereof under the varying provisions of the Internal Revenue Code of 1986, as amended,
13 and the regulations promulgated thereunder or related thereto (collectively, the "Code");
14 and

15 WHEREAS, there have been presented to the City Council the following
16 documents:

17 (a) a form of the Second Supplemental Senior Trust Indenture
18 (the "Second Supplemental Senior Indenture"), by and between the City
19 and the Senior Trustee;

20 (b) a form of the Bond Purchase Agreement (the "Bond Purchase
21 Agreement"), by and between Morgan Stanley & Co. Incorporated, on its
22 own behalf and on behalf of Siebert Brandford Shank & Co., LLC
23 (collectively, the "Underwriters") and the City with respect to the purchase
24 and sale of the Series 2010 Bonds;

25 (c) a form of the Continuing Disclosure Certificate (the
26 "Continuing Disclosure Certificate") by the City; and

27 (d) a form of the Preliminary Official Statement (including the
28 Letter Report of the Airport Consultant and the Report of the Airport

1 Consultant, both prepared by Ricondo & Associates, Inc., to be contained
2 therein as Appendix A) (the "Preliminary Official Statement") relating to the
3 Series 2010 Bonds; and

4 WHEREAS, said documents will be modified and amended to reflect the
5 various details applicable to the Series 2010 Bonds and said documents are subject to
6 completion to reflect the results of the sale of the Series 2010 Bonds; and

7 WHEREAS, the City held a public hearing (the "Public Hearing") on October
8 13, 2010 in accordance with Section 147(f) of the Internal Revenue Code of 1986, as
9 amended, with respect to the issuance of up to \$70,000,000 in aggregate principal
10 amount of one or more series of City of Long Beach, California Airport Revenue Bonds,
11 including, but not limited to, the Series 2010 Bonds, to be used to finance and refinance
12 certain capital improvements to be located at the Airport;

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

15 Section 1. Issuance of the Series 2010 Bonds; Terms of the Series 2010
16 Bonds. Subject to the provisions of this Resolution and for the purposes set forth in the
17 foregoing recitals, the City Council hereby authorizes the issuance by the City of its
18 Series 2010 Bonds in an aggregate principal amount not to exceed \$70 million, plus the
19 amount of any original issue premium at which the Series 2010 Bonds may be sold. The
20 Series 2010 Bonds shall bear interest at such rates with respect to the various maturities
21 such that the true interest cost for the Series 2010 Bonds does not exceed 6.00% per
22 annum, and no Series 2010 Bond shall have a maturity greater than 35 years. The true
23 interest cost shall be that rate which, when used in computing the present worth of all
24 payments of principal and interest to be paid on the Series 2010 Bonds (compounded on
25 the first interest payment date, and semiannually thereafter), produces an amount equal
26 to the purchase price of the Series 2010 Bonds taking into account any original issue
27 premium/discount, accrued interest, underwriters' fees and any and all costs of issuance
28 of the Series 2010 Bonds.

1 The Series 2010 Bonds shall be in fully registered form and may be issued
2 as Book-Entry Bonds as provided for in the Master Senior Indenture and the Second
3 Supplemental Senior Indenture. Payment of principal and premium, if any, of, and
4 interest on the Series 2010 Bonds shall be made at the place or places and in the
5 manner provided in the Master Senior Indenture and the Second Supplemental Senior
6 Indenture. The Series 2010 Bonds shall be payable in accordance with the provisions of
7 the Master Senior Indenture and the Second Supplemental Senior Indenture solely from
8 the Net Revenues and such other amounts, funds and accounts provided for in the
9 Master Senior Indenture and the Second Supplemental Senior Indenture.

10 The Series 2010 Bonds shall be issued as current interest bonds in
11 authorized denominations of \$5,000 and integral multiples thereof. The Series 2010
12 Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as
13 shall be provided in the Second Supplemental Senior Indenture. The Series 2010 Bonds
14 may be issued as serial bonds or as term bonds or as both serial bonds and term bonds,
15 all as set forth in the Master Senior Indenture and the Second Supplemental Senior
16 Indenture. Each maturity of Series 2010 Bonds shall bear interest at a rate not in excess
17 of 6.00% per annum. Interest on the Series 2010 Bonds shall be paid on the dates set
18 forth in the Second Supplemental Senior Indenture. The Series 2010 Bonds shall be
19 subject to redemption at the option of the City on such terms and conditions as shall be
20 set forth in the Master Senior Indenture and the Second Supplemental Senior Indenture.
21 The Series 2010 Bonds which are term bonds shall also be subject to mandatory sinking
22 fund redemption as shall be set forth in the Master Senior Indenture and the Second
23 Supplemental Senior Indenture.

24 The Series 2010 Bonds shall be sold in a manner by which the interest
25 thereon is excludable from gross income under the Code.

26 The proceeds from the sale of the Series 2010A Bonds shall be used by the
27 City to (a) finance and refinance the Terminal Project, (b) current refund all or a portion of
28 the outstanding Subordinate Commercial Paper Notes previously issued to pay a portion

1 of the costs of financing the Terminal Project and other projects at the Airport,
2 (c) reimburse the City, if necessary, for expenditures previously incurred by the City in
3 connection with the Terminal Project, (d) fund capitalized interest on the Series 2010A
4 Bonds, if determined by a Designated Officer to be necessary or desirable, (e) fund a
5 reserve fund or purchase a reserve fund surety bond for the Series 2010A Bonds,
6 (f) purchase a municipal bond insurance policy or policies, if it is determined by a
7 Designated Officer that the purchase of a municipal bond insurance policy or policies
8 results in savings to the City, and (g) pay the costs of issuance of the Series 2010A
9 Bonds.

10 The proceeds from the Series 2010B Bonds shall be used by the City to
11 (a) current refund all or a portion of the outstanding Subordinate Commercial Paper
12 Notes previously issued to pay a portion of the costs of financing the Terminal Project
13 and other projects at the Airport, (b) fund a reserve fund or purchase a reserve fund
14 surety bond for the Series 2010B Bonds, (c) purchase a municipal bond insurance policy
15 or policies, if it is determined by a Designated Officer that the purchase of a municipal
16 bond insurance policy or policies results in savings to the City, and (d) pay the costs of
17 issuance of the Series 2010B Bonds.

18 Section 2. Pledge to Secure the Series 2010 Bonds. Net Revenues and
19 the other security set forth in the Granting Clause of the Master Senior Indenture are
20 hereby irrevocably pledged in accordance with the terms of the Master Senior Indenture
21 and the Second Supplemental Senior Indenture to secure the Series 2010 Bonds and
22 any additional bonds which may be subsequently issued under and secured by the terms
23 of the Master Senior Indenture. Except for the Series 2009 Bonds, the City hereby
24 confirms that it has not previously granted any prior or parity interest in the Net
25 Revenues. The City hereby agrees that it will not, so long as the Series 2010 Bonds
26 remain outstanding, grant or attempt to grant any parity pledge, lien or other interest in
27 the Net Revenues to secure any other obligations of the City except as permitted in the
28 Master Senior Indenture. The City hereby approves the pledge to secure the Series

1 2010 Bonds as set forth in the Master Senior Indenture and the Second Supplemental
2 Senior Indenture. The CFO/Director of Financial Management or the City Treasurer of
3 the City are hereby authorized and directed to institute such accounting policies and
4 modifications as the CFO/Director of Financial Management or the City Treasurer deems
5 necessary to provide for the accounting of revenues and expenses contemplated by the
6 Master Senior Indenture and the Second Supplemental Senior Indenture.

7 Section 3. Special Limited Obligations. The Series 2010 Bonds shall be
8 special limited obligations of the City, payable solely from and secured by a pledge of Net
9 Revenues derived by the City from the operations of the Enterprise (as defined in the
10 Master Senior Indenture, which includes the Airport and all operations of the Airport,
11 including all of its revenue producing functions, facilities and properties, whether or not
12 directly related to the air transportation of people and goods) and such other amounts,
13 funds and accounts pledged therefor under the Master Senior Indenture and the Second
14 Supplemental Senior Indenture. None of the properties of the Enterprise shall be subject
15 to any mortgage or other lien for the benefit of the owners of the Series 2010 Bonds, and
16 neither the full faith and credit nor the taxing power of the City, the State of California (the
17 "State") or any political subdivision or agency of the State shall be pledged to the
18 payment of the principal of, premium, if any, or interest on the Series 2010 Bonds.
19 Neither the Series 2010 Bonds nor the obligation to pay principal of or interest thereon
20 shall constitute a debt of the City, the State or any of its political subdivisions within the
21 meaning of any Constitutional limitation on indebtedness.

22 Section 4. Form(s) of Bonds. The Series 2010 Bonds and the Senior
23 Trustee's certificate of authentication to appear thereon shall be in substantially the forms
24 set forth in the exhibits to the Second Supplemental Senior Indenture, with such
25 necessary or appropriate variations, omissions and insertions as permitted or required by
26 the Master Senior Indenture and the Second Supplemental Senior Indenture or as
27 appropriate to adequately reflect the terms of each series of the Series 2010 Bonds and
28 the obligations represented thereby.

1 Section 5. Execution of the Series 2010 Bonds. The Series 2010 Bonds
2 shall be executed on behalf of the City by either the City Manager, the CFO/Director of
3 Financial Management, the City Treasurer or any other Authorized City Representative
4 designated by the City Manager (each a "Designated Officer") and attested by the City
5 Clerk. Any such execution may be made by manual or facsimile signature, and each
6 Series 2010 Bond shall be authenticated by the signature of the Senior Trustee or an
7 agent of the Senior Trustee as required and permitted by the Master Senior Indenture
8 and the Second Supplemental Senior Indenture. Any facsimile signature of such
9 Designated Officer shall have the same force and effect as if such Designated Officer
10 had manually signed each of such Series 2010 Bonds.

11 Section 6. Sale of Series 2010 Bonds. The City hereby authorizes the
12 sale of the Series 2010 Bonds through a private, negotiated sale to the Underwriters.
13 The Designated Officers, each acting alone, are hereby authorized to approve the final
14 terms of the sale of the Series 2010 Bonds subject to the terms, conditions and
15 restrictions set forth in this Resolution. The Series 2010 Bonds shall be sold with an
16 underwriters' discount and/or underwriting fee as set forth in the Bond Purchase
17 Agreement, not to exceed one percent (1.00%) of the aggregate principal amount of the
18 Series 2010 Bonds, and subject to the terms and conditions set forth in the Bond
19 Purchase Agreement. The Bond Purchase Agreement, in the form on file with the City
20 Clerk, is hereby approved. The Designated Officers, each acting alone, are hereby
21 authorized, empowered and directed to execute, acknowledge and deliver the Bond
22 Purchase Agreement, including counterparts thereof, in the name and on behalf of the
23 City. The Bond Purchase Agreement, as executed and delivered, shall be in
24 substantially the form now before this meeting and hereby approved, or with such
25 changes therein as shall be approved by the officer or officers executing such Bond
26 Purchase Agreement, such execution to be conclusive evidence of the City Council's
27 approval of any and all changes or revisions therein from the form of the Bond Purchase
28 Agreement now before this meeting. The City Council hereby authorizes the delivery and

1 performance of the Bond Purchase Agreement and from and after the execution and
2 delivery of the Bond Purchase Agreement, the officers, agents and employees of the City
3 are hereby authorized, empowered and directed to do all such acts and things and to
4 execute all such documents as may be necessary to carry out and comply with the
5 provisions of the Bond Purchase Agreement.

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

24 Section 8. Approval of Continuing Disclosure Certificate. The Continuing
25 Disclosure Certificate, in the form on file with the City Clerk, is hereby approved. The
26 Designated Officers, each acting alone, are hereby authorized, empowered and directed
27 to execute, acknowledge and deliver the Continuing Disclosure Certificate, including
28 counterparts thereof, in the name and on behalf of the City. The Continuing Disclosure

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

12 Section 9. Approval of Preliminary Official Statement. The Preliminary
13 Official Statement (including the Letter Report of the Airport Consultant and the Report of
14 the Airport Consultant, both prepared by Ricondo & Associates, Inc. to be contained
15 therein as Appendix A) is hereby approved in substantially the form presented to and
16 considered at this meeting (a form of which is on file with the City Clerk), with such
17 changes therein as shall be approved by a Designated Officer. The Preliminary Official
18 Statement shall be circulated (via printed format and/or electronic means) for use in
19 offering and selling the Series 2010 Bonds at such time or times as a Designated Officer
20 (after consultation with the City's financial advisors, bond counsel and disclosure counsel
21 and such other advisors the City believes to be useful) shall determine that the
22 Preliminary Official Statement is final within the meaning of Rule 15c2-12 promulgated
23 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the
24 omission of certain information described in paragraph (b)(1) of Rule 15c2-12, and any
25 such action previously taken is hereby confirmed, ratified and approved. The
26 Underwriters are hereby authorized to distribute (via printed format and/or electronic
27 means) the Preliminary Official Statement, in connection with the offering and sale of the
28 Series 2010 Bonds to the public. The Underwriters are hereby further authorized to

1 distribute (via printed format and/or through electronic means) copies of the Airport
2 Enterprise Fund's most recent annual audited financial statements and such other
3 financial statements of the Airport Enterprise Fund as a Designated Officer shall approve.

4 Section 10. Approval of Official Statement. Prior to the final delivery of the
5 Series 2010 Bonds, the City shall provide for the preparation, publication, execution and
6 delivery of a final Official Statement (including the Letter Report of the Airport Consultant
7 and the Report of the Airport Consultant, both prepared by Ricondo & Associates, Inc. to
8 be contained therein as Appendix A) relating to the Series 2010 Bonds in substantially
9 the form of the draft Preliminary Official Statement presented to this meeting. Each
10 Designated Officer, or any one of them, is hereby authorized and directed to execute and
11 deliver the final Official Statement, and any supplements thereto, in the name of and on
12 behalf of the City, and to make any changes or revisions necessary to the Preliminary
13 Official Statement in order for the final Official Statement to meet the requirements of the
14 City under the Bond Purchase Agreement. The execution thereof shall constitute
15 conclusive evidence of City Council's approval of any and all changes or revisions therein
16 from the form of the Preliminary Official Statement now before this meeting. The Official
17 Statement shall be circulated (via printed format and/or electronic means) for use in
18 selling the Series 2010 Bonds at such time or times as a Designated Officer (after
19 consultation with the City's financial advisors, bond counsel and disclosure counsel and
20 such other advisors the City believes to be useful) shall determine that the Official
21 Statement is a "final official statement" within the meaning of Rule 15c2 12. The
22 Underwriters are hereby authorized to distribute (via printed format and/or electronic
23 means) the Official Statement in connection with the offering and sale of the Series 2010
24 Bonds to the public.

25 Section 11. Acknowledgement of Public Hearing and Approval of
26 Issuance. That the City Council, acting as the applicable elected representative pursuant
27 to Section 147(f) of the Internal Revenue Code of 1986, as amended, does hereby
28 approve, for the purposes provided for at the Public Hearing, the issuance from time to

1 time of City of Long Beach, California Airport Revenue Bonds in an aggregate principal
2 amount not to exceed \$70,000,000 (which includes, but is not limited to, the Series 2010
3 Bonds approved pursuant to Section 1 above).

4 Section 12. Confirmation of Underwriters. The City Council hereby
5 confirms the selection of Morgan Stanley & Co. Incorporated and Siebert Brandford
6 Shank & Co., LLC, as the Underwriters of the Series 2010 Bonds.

7 Morgan Stanley, parent company of Morgan Stanley & Co. Incorporated,
8 has entered into a retail brokerage joint venture with Citigroup, Inc. As part of the joint
9 venture, Morgan Stanley & Co. Incorporated will distribute municipal securities to retail
10 investors through the financial advisor network of a new broker-dealer, Morgan Stanley
11 Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As
12 part of this arrangement, Morgan Stanley & Co. Incorporated will compensate Morgan
13 Stanley Smith Barney LLC for its selling efforts with respect to the Series 2010 Bonds.

14 Section 13. Senior Trustee, Paying Agent and Registrar. The City Council
15 hereby appoints The Bank of New York Mellon Trust Company, N.A., as Senior Trustee,
16 paying agent and registrar for the Series 2010 Bonds. Such appointments shall be
17 effective upon the issuance of the Series 2010 Bonds and shall remain in effect until the
18 City shall, by supplemental indenture or by resolution, name a substitute or successor
19 thereto.

20 Section 14. California Debt and Investment Advisory Commission and
21 Notices. Each Designated Officer, or any one of them, on behalf of the City, is further
22 authorized and directed to (a) cause written notice to be provided to the California Debt
23 and Investment Advisory Commission (the "Commission") of the proposed sale of the
24 Series 2010 Bonds, said notice to be provided in accordance with Section 8855, et seq.
25 of the Government Code of the State of California, (b) file or cause to be filed the notice
26 of final sale with said Commission, (c) file or cause to be filed the rebates and notices
27 required under Sections 148(f) and 149(e) of the Code, (d) file or cause to be filed such
28 additional notices and reports as are deemed necessary or desirable by such Designated

1 Officer in connection with the Series 2010 Bonds, and any prior notices are hereby
2 ratified, confirmed and approved.

3 Section 15. Authorization for Provision for Senior Reserve Fund. A
4 portion of the proceeds of the Series 2010 Bonds may be used to fund the Senior
5 Reserve Fund (as established pursuant to the Master Senior Indenture) and/or to pay the
6 costs of a reserve fund surety bond or any other security device for the Senior Reserve
7 Fund as set forth in the Master Senior Indenture and the Second Supplemental Senior
8 Indenture.

9 Section 16. Additional Authorization. The Designated Officers and all
10 officers, agents and employees of the City, for and on behalf of the City, are hereby
11 authorized and directed to do any and all things necessary to effect the issuance of the
12 Series 2010 Bonds and the execution and delivery of the Master Senior Indenture, the
13 Second Supplemental Senior Indenture, the Bond Purchase Agreement, the Continuing
14 Disclosure Certificate, the Preliminary Official Statement and the Official Statement and
15 to carry out the terms thereof. All such actions taken by such Designated Officers and
16 such other persons, for and on behalf of the City, pursuant to the authority of this
17 Resolution, are hereby approved. The Designated Officers and all other officers, agents
18 and employees of the City are further authorized and directed, for and on behalf of the
19 City, to execute all papers, documents, certificates and other instruments that may be
20 required in order to carry out the authority conferred by this Resolution, the Master Senior
21 Indenture, the Second Supplemental Senior Indenture, the Bond Purchase Agreement
22 and the Continuing Disclosure Certificate or to evidence said authority and its exercise.
23 The foregoing authorization includes, but is in no way limited to, the direction (from time
24 to time) by one or more Designated Officers of the investments in Permitted Investments
25 (as defined in the Master Senior Indenture) and Authorized Investments (as defined in
26 the Master Senior Indenture) of the proceeds of the Series 2010 Bonds and of the Net
27 Revenues, including the execution and delivery of investment agreements related
28 thereto, the execution by a Designated Officer and the delivery of tax compliance

1 certificates as required by the Master Senior Indenture and the Second Supplemental
2 Senior Indenture, for the purpose of complying with the rebate and arbitrage
3 requirements of the Code, any documents required by The Depository Trust Company in
4 connection with the Book-Entry Bonds (as defined in the Second Supplemental Senior
5 Indenture), any documents required by the provider of a reserve fund surety bond, if any,
6 required to fund one or more reserve funds for the Series 2010 Bonds, and any
7 documents required to obtain a municipal bond insurance policy or policies for all or a
8 portion of the Series 2010 Bonds to the extent such bond insurance shall result in cost
9 savings to the City.

10 Section 17. Costs of Issuance. The City authorizes funds on deposit in
11 the Airport Enterprise Fund, together with the proceeds of the Series 2010 Bonds, to be
12 used to pay costs of issuance of the Series 2010 Bonds, including, but not limited to,
13 costs and expenses of attorneys, consultants, accountants and financial advisors,
14 underwriting fees, costs associated with rating agencies, the Senior Trustee, the bond
15 insurance and surety bonds, printing, publications and mailing expenses; and any related
16 filing fees thereof.

17 Section 18. Series Designations Subject to Change. Prior to the posting
18 and printing of the Preliminary Official Statement, if a Designated Officer determines it to
19 be in the best interest of the City not to issued any one or more series of the Series 2010
20 Bonds, such Designated Officer shall have the authority to reassign the series
21 designations of the Series 2010 Bonds.

22 Section 19. Severability of Invalid Provisions. If any one or more of the
23 provisions contained in this Resolution shall for any reason be held to be invalid, illegal or
24 unenforceable in any respect, then such provision or provisions shall be deemed
25 severable from the remaining provisions contained in this Resolution and such invalidity,
26 illegality or unenforceability shall not affect any other provision of this Resolution, and this
27 Resolution shall be construed as if such invalid or illegal or unenforceable provision had
28 never been contained herein. The City Council hereby declares that it would have

1 adopted this Resolution and each and every Section, paragraph, sentence, clause or
2 phrase hereof and authorized the issuance of the Series 2010 Bonds pursuant thereto
3 irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or
4 phrases of this Resolution may be held illegal, invalid or unenforceable.

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

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

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

16 Section 22. Contract. This Resolution, the Master Senior Indenture, the
17 Second Supplemental Senior Indenture, and the pledge of Net Revenues contained
18 herein and therein, shall constitute a contract between the City and the holders of the
19 Series 2010 Bonds.

20 Section 23. Effective Date. This resolution shall take effect immediately
21 upon its adoption by the City Council, and the City Clerk shall certify the vote adopting
22 this resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of October 19, 2010, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664