



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

## NB-37

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

September 23, 2008

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

### RECOMMENDATION:

Adopt the attached Resolution authorizing the issuance of Tax and Revenue Anticipation Notes (TRAN) in an amount not to exceed \$55 million under a negotiated or competitively bid structure and authorize the City Manager to execute all necessary documents. (Citywide)

### DISCUSSION

On September 9, 2008, the City Council approved a resolution authorizing the issuance of Tax and Revenue Anticipation Notes (TRAN) of up to \$55 million to fund cash flow needs during Fiscal Year 2009 (FY 09). The original City Council authorization was for the TRAN to be executed through the use of an online competitive bidding service. For a successful competitive bid sale, IRS regulation requires the participation of at least three qualified bidders. Due to the recent volatility in the financial markets, the minimum number of bidders has yet to come forth. Therefore, authorization to sell the TRAN bonds using either a competitive bid sale or a "negotiated sale" is requested to provide the flexibility and the greatest opportunity to successfully sell the TRAN bonds and ensure the City's short-term liquidity. A "negotiated sale" is one where the City can negotiate with up to two bidders to sell the bonds at the best price. The competitive bid or placement by negotiation is expected to occur in late September 2008 or early October 2008.

This matter was reviewed by Assistant City Attorney Heather Mahood and Budget Management Officer Victoria Bell on September 16, 2008.

### TIMING CONSIDERATIONS

The first property tax payments are due to be received from the County of Los Angeles on December 19, 2008, and the property tax in-lieu payments on January 20, 2009. The TRAN proceeds will be needed to meet the City's cash needs prior to those dates. Therefore, City Council action on this matter is requested on September 23 2008.

FISCAL IMPACT

This transaction will provide a more consistent cash flow to the City's General Fund and Redevelopment Fund. TRANs are tax-exempt notes and, until needed, the proceeds are invested in taxable investments, which may generate a higher market interest rate. As long as the projected cash flow needs are met, the City is permitted to keep, rather than rebate positive interest earnings. The interest income will pay for the costs of issuance and interest expense associated with the TRAN. The Department of Financial Management has worked with the City's Financial Advisor, Public Financial Management; Bond Counsel, Kutak Rock; and all three rating agencies (Standard and Poor's, Moody's, and Fitch Ratings) on this issuance. The TRAN received the highest ratings from all three agencies.

As of the week ending September 12, 2008, TRAN borrowing costs were estimated to be approximately 1.9 percent. It is anticipated that the reinvested proceeds from the TRAN will earn approximately 3.1 percent, with the principal amount of the note being repaid by September 30, 2009. The cost of issuance for this transaction is estimated at \$120,000, which includes legal, underwriting and related fees, with the final cost dependent on the TRAN amount and prevailing market conditions at the time of pricing. Based on these projections, and adjusting for the cost of issuing and repaying the TRAN, with interest, the General Fund is anticipated to realize a net income of approximately \$200,000. This amount is included in the interest earnings projection of the Fiscal Year 2009 Budget.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

LAF: DSN:EF  
K:\EXEC\COUNCIL LETTERS\TREASURY\09-23-08 CCL - FY09 TRANS ISSUANCE ADD NEGOTIATED.DOC

ATTACHMENT

APPROVED:

  
\_\_\_\_\_  
PATRICK H. WEST  
CITY MANAGER

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

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF LONG BEACH AMENDING AND RESTATING  
RESOLUTION NO. RES-08-0104 WHICH PROVIDED FOR  
THE ISSUANCE OF 2008-2009 TAX AND REVENUE  
ANTICIPATION NOTES OF THE CITY OF LONG BEACH,  
CALIFORNIA

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

WHEREAS, on September 9, 2008, the City Council passed Resolution No.  
RES-08-0104, ("Resolution RES-08-0104") whereby the City Council found and  
determined that the City needs to borrow funds in an amount not to exceed \$55,000,000  
in its 2008-2009 Fiscal Year (the "Fiscal Year") for authorized purposes of the City, and  
the City Council desires to authorize for that purpose the issuance of, and offer for sale,  
tax and revenue anticipation notes of the City in an aggregate principal amount of not to  
exceed \$55,000,000 (the "Notes"), pursuant to the cited provisions of the Government  
Code to be applied for any purposes for which the City is authorized to expend moneys;  
and

WHEREAS, the City Council hereby finds and determines that it is  
necessary to amend and restate Resolution RES-08-0104 for the purpose of providing  
flexibility in the method of sale for the Notes; and

WHEREAS, the Notes will not be outstanding for more than 12 months from  
the date on which the Notes are issued, and the maximum anticipated cumulative cash

1 flow deficit of the City to be financed by the Notes in anticipation of taxes and other  
2 revenues and expected to occur within six months of the date of issuance of the Notes,  
3 determined without excluding any working capital reserve from available amounts, as  
4 defined in Treasury Regulation Section 1.148 6(d)(3); and

5 WHEREAS, the City desires to designate the City Treasurer and his  
6 designees (each, the Treasurer”) to serve as fiscal agent (the “Fiscal Agent”) and as  
7 agent for the City in matters relating to the Pledged Revenues, defined below, and also  
8 designate The Bank of New York Mellon Trust Company, N.A. to serve as paying agent  
9 for the Notes; and

10 WHEREAS, the City desires to appoint Kutak Rock LLP to act as note  
11 counsel (“Note Counsel”) in connection with the issuance and sale of the Notes and  
12 appoint Public Financial Management, Inc. to act as financial advisor (the “Financial  
13 Advisor”) in connection with the issuance and sale of the Notes; and

14 WHEREAS, the City desires to have the flexibility to obtain competitive bids  
15 for the sale of the Notes, and in connection therewith, Note Counsel and the Financial  
16 Advisor previously prepared and presented to this City Council for approval a form of  
17 Notice of Intention to Sell and a form of Notice Inviting Bids, respectively, for the Notes;  
18 and

19 WHEREAS, given the financial turmoil and uncertainty in the municipal  
20 finance markets, the City desires to have the flexibility to negotiate the sale of the Notes,  
21 and in connection therewith, Note Counsel has prepared and presented to this City  
22 Council a form of the Contract of Purchase for the Notes; and

23 WHEREAS, in connection with the possibility of a negotiated sale of the  
24 Notes, the City deems it necessary and desirable to retain [ \_\_\_\_\_ ], as underwriter  
25 (the “Underwriter”), to assist the City in structuring the Notes financing and to purchase  
26 the Notes;

27 NOW, THEREFORE, the City Council of the City of Long Beach hereby  
28 resolves as follows:

1           Section 1.    Authorization of Issuance of Notes; Terms Thereof. Subject  
2 to the conditions set forth in this Resolution, the City Council hereby determines to and  
3 shall issue not to exceed \$55,000,000 aggregate principal amount of the City's 2008-  
4 2009 Tax and Revenue Anticipation Notes; such Notes shall be in the denominations of  
5 \$5,000 or any integral multiple thereof; be dated the date of delivery thereof; shall mature  
6 (without option of prior redemption) on a date not more than 12 months from the date of  
7 delivery thereof; and shall bear interest, payable at maturity and computed on a 30 day  
8 month/360 day year basis, at the rate determined either at the time of competitive sale of  
9 the Notes or at the time of pricing of the negotiated sale, but in no event shall the interest  
10 rate on the Notes exceed 6% per annum. The exact amount of funds to be borrowed  
11 pursuant to the authority of this Resolution shall be determined by the Treasurer or his  
12 designee prior to the sale of the Notes after consultation with Note Counsel regarding  
13 appropriate issue size such that interest on the Notes will not be includible in gross  
14 income for federal tax purposes and shall not exceed \$55,000,000 aggregate principal  
15 amount. Both the principal of and the interest on the Notes shall be payable, but only  
16 upon surrender thereof, in lawful money of the United States of America upon  
17 presentation and surrender thereof at the principal office of the Paying Agent, defined  
18 below, for the Notes.

19           The Treasurer is hereby authorized to determine which method of selling  
20 the Notes, either by competitive or negotiated sale, will be in the best interest of the City.

21           Section 2.    Approval and Ratification of Notice Inviting Bids. In the event  
22 of a competitive sale of the Notes, the form of Notice Inviting Bids attached hereto as  
23 Exhibit "A" is hereby approved in the form attached hereto with such changes as shall be  
24 acceptable to the Treasurer and as shall be approved as to form by the City Attorney,  
25 such approval to be conclusively evidenced by the publication of the Notice Inviting Bids  
26 as described below. The Treasurer and the Financial Advisor, pursuant to the authority  
27 granted in Resolution RES-08-0104, previously caused the Notice Inviting Bids to be  
28 distributed to persons who may be interested in purchasing the Notes. The City Council

1 hereby ratifies and approves the action of distributing the Notice Inviting Bids. The  
2 Treasurer is hereby further authorized to supplement and amend the previously  
3 distributed Notice Inviting Bids to reflect the new details for the competitive sale of the  
4 Notes, should a competitive sale of the Notes be determined to be in the City's best  
5 interest.

6           Section 3.    Approval of Notice of Intention To Sell. In the event of a  
7 competitive sale of the Notes, attached hereto as Exhibit "B" is the form of Notice of  
8 Intention to Sell giving notice of the City's intention to sell the Notes by competitive sale.  
9 Pursuant to Section 53692 of the California Government Code, such Notice of Intention  
10 to Sell must be published once in The Bond Buyer or other financial publication meeting  
11 the requirements of said Section 53692 at least 15 days prior to the date fixed for receipt  
12 of sealed proposals for the Notes. The Treasurer and the Financial Advisors previously  
13 published the Notice of Intention to Sell. We hereby ratify and approve the actions of  
14 publishing the Notice of Intention to Sell.

15           Section 4.    Authorization To Receive and Accept Bids. In the event of a  
16 competitive sale of the Notes, the period ending at 9:30 a.m. (Pacific Daylight Time) on or  
17 after the date of September 24, 2008, as such date is more specifically determined by the  
18 Treasurer, is hereby approved as the time and date that proposals will be received with  
19 respect to the Notes upon the terms and in the manner set forth in the Notice Inviting  
20 Bids approved above; provided that the Treasurer is hereby authorized to select such  
21 other time(s) and date(s) to receive such proposals as such person shall, in his or her  
22 discretion, deem necessary or desirable. The Treasurer, on behalf of the City, is hereby  
23 authorized to read such bids in the manner described in the Notice Inviting Bids. The  
24 Treasurer is hereby further authorized to award the Notes to the responsible bidder  
25 submitting the best bid in accordance with the terms and conditions of the Notice Inviting  
26 Bids.

27           Section 5.    Approval of Contract of Purchase. In the event of a  
28 negotiated sale of the Notes, the form of Contract of Purchase attached hereto as Exhibit

1 "C" is hereby approved in the form attached hereto with such changes as shall be  
2 acceptable to the Treasurer and as shall be approved as to form by the City Attorney,  
3 such approval to be conclusively evidenced by the execution and delivery thereof.  
4 Pursuant to the Contract of Purchase, the Certificates may be sold to the Underwriter for  
5 the purchase price set forth in the Contract of Purchase, said price to be not less than the  
6 principal amount represented by the Certificates less an underwriting discount of not to  
7 exceed 1.00% and less any original discount. The Treasurer is authorized to execute the  
8 final form of the Contract of Purchase.

9 Section 6. Form of Notes. The Notes may be issued in bearer form  
10 without coupons or, if the Notes are delivered in book entry only form pursuant to Section  
11 10 hereof, in registered form, and shall be substantially in the form and substance set  
12 forth in the example attached hereto as Exhibit "D", the blanks in said form to be filled in  
13 with the appropriate terms and figures.

14 Section 7. Deposit of the Note Proceeds. The moneys representing the  
15 proceeds of sale of the Notes shall be deposited pursuant to the direction of the  
16 Treasurer into the City's general fund (the "General Fund"). Following such deposit, said  
17 proceeds shall be withdrawn and expended by the City for any lawful purpose for which  
18 the City is authorized to expend moneys, including, but not limited to, current expenses,  
19 capital expenditures and the discharge of any obligation or indebtedness of the City.

20 Section 8. Payment of Notes.

21 (a) Source of Payment. The principal amount of the Notes,  
22 together with the interest thereon, shall be payable from taxes, income,  
23 revenue, cash receipts and other moneys which are received by the City  
24 during the Fiscal Year and which are available therefor. Pursuant to  
25 Section 53857 of the Government Code, the Notes shall be the general  
26 obligations of the City, and to the extent the Notes are not paid from the  
27 Pledged Revenues (as defined in paragraph (b) below), the Notes shall be  
28 paid with interest thereon from any other moneys of the City lawfully

1 available therefor, as provided in this Resolution and otherwise by law.

2 (b) Pledged Revenues. As security for the payment of the  
3 principal of and interest on the Notes, by this Resolution, the City hereby  
4 pledges an amount equal to 33% of the principal amount of the Notes from  
5 the first unrestricted revenues received by the City in the month ending  
6 May 31, 2009; an amount equal to 33% of the principal amount of the  
7 Notes from the first unrestricted revenues received by the City during the  
8 month ending June 30, 2009; and an amount equal to 34% of the principal  
9 amount of the Notes, plus an amount sufficient to pay interest on the  
10 Notes at maturity, from the first unrestricted revenues received by the City  
11 during the month ending July 31, 2009 (collectively, the "Pledged  
12 Revenues"). The term "unrestricted revenues" shall mean taxes, income,  
13 revenue, cash receipts and other moneys of the City, as provided in  
14 Section 53856 of the Government Code, which are intended as receipts  
15 for the General Fund and which are generally available for the payment of  
16 current expenses and other obligations of the City. There is hereby  
17 established and created an account within the General Fund that is a  
18 special reserve general ledger subaccount and designated as the  
19 "Repayment Account" and more particularly defined in paragraph (c)  
20 below to be maintained by the Treasurer in the name and on behalf of the  
21 City, into which the Treasurer shall promptly cause to be deposited all  
22 Pledged Revenues of the City when and as received, without further  
23 permission of or instruction by the City Council. The Treasurer may elect  
24 for such Pledged Revenues in the Repayment Account to be held by the  
25 Fiscal Agent or the Paying Agent. From the dates of receipt by the Fiscal  
26 Agent or the Paying Agent, as applicable, of any Pledged Revenues, the  
27 City shall have no right, title or interest therein, and the Fiscal Agent shall  
28 have the sole right of withdrawal from the Repayment Account hereinafter



1 established for the purposes described in this Resolution.

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

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

13 (c) Deposit of Pledged Revenues in Repayment Account.

14 Pledged Revenues shall be held by the City in an account within the  
15 General Fund that is a special reserve general ledger subaccount and  
16 designated as the "City of Long Beach, California, 2008-2009 Tax and  
17 Revenue Anticipation Notes Repayment Account" (the "Repayment  
18 Account"), and applied as directed in this Resolution. Moneys placed in  
19 the Repayment Account shall be held for the sole benefit of the holders of  
20 the Notes, and until the Notes and all interest thereon are paid in full or  
21 until provision has been made for the payment of the Notes at maturity  
22 with interest to such date, the moneys in the Repayment Account shall be  
23 applied only for the purposes for which the Repayment Account was  
24 created.

25 (d) Disbursement and Investment of Moneys in Repayment  
26 Account. From the date this Resolution takes effect, all Pledged  
27 Revenues shall, when received, be deposited into the Repayment  
28 Account. After such date as the amount of the Pledged Revenues

1 deposited in the Repayment Account shall be sufficient to pay in full the  
2 principal of and interest on the Notes, when due, any moneys in excess of  
3 such amount remaining in or accruing to the Repayment Account shall be  
4 transferred by the Fiscal Agent to the General Fund. On the maturity date  
5 of the Notes, moneys on deposit in the Repayment Account shall be used,  
6 to the extent necessary, to pay the principal of and interest on the Notes  
7 and shall be remitted by the Fiscal Agent to the Paying Agent on such  
8 date.

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

15 Section 9. Execution of Notes. The Treasurer is hereby directed to  
16 cause to be lithographed, engraved or otherwise printed or produced a sufficient number  
17 of blank Notes of suitable quality, showing on their face the interest rate applicable  
18 thereto. The Treasurer, is hereby authorized to sign the Notes manually or by facsimile,  
19 and the City Manager, or any duly designated deputy thereof (each, the "City Manager"),  
20 is hereby authorized to sign the Notes manually or by facsimile signature, and the City  
21 Clerk, or any duly designated deputy thereof (each, the "City Clerk"), is hereby authorized  
22 to countersign the Notes manually or by use of his or her facsimile signature, with at least  
23 one of said signatures being manual, and the City Clerk is hereby authorized to affix the  
24 seal of the City thereto by facsimile impression thereof, and said officers are hereby  
25 authorized to cause the blank spaces on the form of Notes to be filled in prior to initial  
26 delivery as may be appropriate. The Notes shall be manually authenticated by the  
27 Paying Agent (as defined in Section 14 below).

28 Section 10. Delivery of Notes in Book Entry Only Form. As an alternative

1 to printing, executing and delivering certificated Notes, the City may elect to deliver the  
2 Notes in book entry only form by appointing the Depository Trust Company ("DTC"), 19th  
3 Floor, 55 Water Street, New York, New York 10041, to act as securities depository for the  
4 Notes. In that event, a single Note substantially in the form of Exhibit "D" hereto,  
5 representing all of the outstanding Notes, will be executed and, on the date prior to  
6 closing, delivered to DTC. In that event, upon closing, the City shall notify DTC at which  
7 time DTC will credit the account of the successful bidder, and process the book entry  
8 deliveries to the accounts of the subsequent purchasers of interests in the Notes. The  
9 single Note certificate will be lodged with DTC until maturity of the Notes. On the date of  
10 maturity of the Notes, the Treasurer shall remit to the Paying Agent or DTC, as  
11 appropriate, sufficient funds to pay all outstanding principal and interest due with respect  
12 to the Notes.

13           Section 11. Tax Covenants. The City covenants that it will make no use  
14 of the proceeds of the Notes or any other amounts that would cause the Notes to be  
15 "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended  
16 (the "Tax Code"); and, to that end, the City agrees to comply with all requirements of said  
17 Section 148 and the Treasury Regulations promulgated thereunder, including restrictions  
18 on the use and investment of proceeds of the Notes and certain other amounts and the  
19 rebate of a portion of the investment earnings on proceeds of the Notes and certain other  
20 amounts, if required, to the United States. The City further covenants to do and perform  
21 all acts and things within its power and authority necessary to comply with each  
22 applicable requirement of Section 103 and Sections 141 through 150, inclusive, of the  
23 Tax Code. In furtherance of the covenants contained in this Section 11, the City agrees  
24 to comply with the tax compliance certificate of the City to be delivered concurrently with  
25 the issuance and delivery of the Notes. The City covenants that it will take no action that  
26 would cause the interest on the Notes to be included in gross income for federal income  
27 tax purposes, nor will it refrain from taking action required to maintain the exclusion of  
28 interest on the Notes from gross income for federal income tax purposes.

1                   Section 12. Approval and Ratification of Preliminary Official Statement.  
2 The Treasurer, pursuant to the authority granted in Resolution RES-08-0104, previously  
3 caused to be distributed the Preliminary Official Statement on September 10, 2008, the  
4 form of which is attached hereto as Exhibit "E". The City Council hereby ratifies and  
5 approves the form of the Preliminary Official Statement and the action of distributing the  
6 Preliminary Official Statement. The Treasurer and the City Manager, with the advice of  
7 counsel to the City, are hereby authorized to make the necessary changes to the  
8 Preliminary Official Statement to reflect the method of selling the Notes. The Treasurer is  
9 hereby authorized to certify that the Preliminary Official Statement is deemed final for  
10 purposes of Rule 15c2 12 of the Securities and Exchange Commission (the "Rule"). The  
11 Treasurer and the Financial Advisor are each hereby authorized to cause to be prepared  
12 and distributed in both electronic and printed form the Preliminary Official Statement for  
13 use in the marketing and sale of the Notes.

14                   Section 13. Approval of Official Statement. Prior to the sale and issuance  
15 of the Notes, the City Council hereby provides for the preparation, publication, execution  
16 and delivery of an Official Statement relating to the Notes in substantially the form of the  
17 draft Preliminary Official Statement presented at this meeting of the City Council. The  
18 City Manager is hereby authorized and directed to execute and deliver the Official  
19 Statement. The execution thereof shall constitute conclusive evidence of the City  
20 Council's approval of any and all changes or revisions therein from the form of the  
21 Preliminary Official Statement now before this meeting.

22                   Section 14. Delivery of Notes. The City Manager is hereby authorized  
23 and directed to deliver the Notes to either the successful bidder upon payment therefor in  
24 accordance with the Notice Inviting Bids in the case of a competitive sale, or to the  
25 Underwriter in accordance with the Contract of Purchase in the case of a negotiated sale.  
26 All actions heretofore taken with respect to the sale and issuance of the Notes are hereby  
27 approved, confirmed and ratified, and the City Manager is hereby authorized, confirmed  
28 and directed, for and in the name and on behalf of the City, to do any and all things and

1 take any and all actions and execute and deliver any and all certificates, agreements and  
2 other documents, which may be deemed necessary or advisable in order to consummate  
3 the lawful issuance and delivery of the Notes in accordance with this Resolution.

4           Section 15. Appointment of Fiscal Agent and Paying Agent for the Notes.  
5 The Treasurer shall serve as the Fiscal Agent for the Notes. The City hereby appoints  
6 The Bank of New York Mellon Trust Company, N.A. as authenticating and paying agent  
7 (the "Paying Agent") for the Notes. The form of Paying Agent/Registrar Agreement  
8 attached hereto as Exhibit "F" is hereby approved in the form attached hereto with such  
9 changes as shall be acceptable to the Treasurer and as shall be approved as to form by  
10 the City Attorney. The Treasurer is authorized to execute the final form of the Paying  
11 Agent/Registrar Agreement.

12           Section 16. Appointment of Note Counsel and Financial Advisor. Kutak  
13 Rock LLP is hereby appointed as Note Counsel for the issuance of the Notes on the  
14 terms and conditions approved by the Treasurer and the City Attorney, payable from the  
15 proceeds of the Notes. Public Financial Management, Inc. is hereby appointed Financial  
16 Advisor for the issuance of the Notes on the terms and conditions approved by the  
17 Treasurer and the City Attorney, payable from the proceeds of the Notes.

18           Section 17. Approval of Continuing Disclosure Agreement. The City  
19 Council does hereby covenant and agree, for the benefit of the holders of the Notes, that  
20 the City will comply with the provisions of the Rule relating to secondary market and  
21 continuing disclosure. Failure of the City to comply with such provisions shall not be  
22 considered an event of default with respect to the Notes; however, any holder of the  
23 Notes may take such action as may be necessary and appropriate, including seeking  
24 mandate or specific performance by court order, to cause the City to comply with its  
25 obligations under this provision.

26           The City Council hereby authorizes the City Manager to execute and deliver  
27 by and on behalf of the City, for the benefit of the holders of the Notes, a Continuing  
28 Disclosure Certificate (as it may be amended from time to time in accordance with the

1 terms thereof, the "Continuing Disclosure Certificate") in form and substance substantially  
2 similar to that attached as Exhibit "G", said Continuing Disclosure Certificate to be dated  
3 the date of issuance of the Notes.

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

7           Section 18. Amendment and Restatement of Prior Resolution; Additional  
8 Authorization. This resolution serves as an amendment and restatement of Resolution  
9 No. RES-08-0104, previously approved by the City Council on September 9, 2008; and  
10 the actions authorized thereunder. The City Manager and Treasurer shall be, and hereby  
11 are, authorized and directed to execute the Tax Compliance Certificate and any  
12 additional certificates relating to the issuance of the Notes, and to take such other actions  
13 as they deem necessary or advisable in order to carry out and perform the purposes of  
14 this Resolution, and the execution or taking of such action shall be conclusive evidence  
15 of such necessity or advisability.

16           Section 19. This resolution shall take effect immediately upon its adoption  
17 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

18 ///

19 ///

20 ///

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of September 23, 2008, 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

**EXHIBIT "A"**

**NOTICE INVITING BIDS**

**\$49,000,000\***  
**CITY OF LONG BEACH**  
**(CALIFORNIA)**  
**2008-2009 Tax and Revenue Anticipation Notes**  
**[AMENDED]**

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

- Time:** 9:30 AM, Pacific Daylight Time, on or after Wednesday, September 24,\* as established by the City and communicated through The Bond Buyer Wire not less than 24 hours prior to the time bids are to be received
- Manner:** Electronic Bids, via Grant Street Group's PFMAuction ("PFMAuction"). No other provider of electronic bidding services and no other means of delivery of bids (e.g., telephone, fax, telegraph or personal delivery) will be accepted. See "TERMS OF SALE AND ELECTRONIC BIDDING PROCEDURES – ELECTRONIC BIDDING PROCESS" herein
- Award:** Bidders may only bid to purchase all of the Notes (All-or-None bids only). No bid will be considered which does not offer to purchase all of the Notes. Each bid must specify only one rate of interest and a dollar purchase price for the entire issue of Notes.

for the purpose of purchasing \$49,000,000\* principal amount of 2008-2009 Tax and Revenue Anticipation Notes (the "Notes") of the City pursuant to a Resolution approved by the City Council on September 9, 2008 (the "Resolution"). The Notes will be issued in full conformity with the Constitution and laws of the State of California (the "State"), including Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"), and under such statute the Notes are general obligations of the City payable solely from taxes, income, revenue, cash receipts, and other moneys of the City attributable to the fiscal year commencing on October 1, 2008 ("Fiscal Year 2008-2009") and legally available therefor.

**ISSUE:** The Notes shall be sold in an aggregate principal amount of \$49,000,000\* to be designated "City of Long Beach, California, 2008-2009 Tax and Revenue Anticipation Notes." The principal amount of the Notes issued and delivered may be reduced as provided below under "PURCHASE PRICE."

**DATE, MATURITY AND INTEREST PAYMENT DATES:** The Notes will be dated their date of delivery, which is expected to be on or about **October 6, 2008,\*** and will mature on **September 30, 2009.\*** Interest on the Notes will be payable, at maturity, on **September 30, 2009.\***

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

**SECURITY:** The Notes, in accordance with California law, are a general obligation of the City of Long Beach, California. The Notes and the interest thereon are payable from taxes, income, revenues, cash receipts and other moneys of the City attributable to Fiscal Year 2008-2009 (the "Pledged Revenues")

---

\* Preliminary, subject to change.



and are legally available for payment thereof. Certain of the Pledged Revenues have been specifically pledged to the payment of the principal of the Notes and the interest rate thereon, to wit:

1. An amount equal to 33% of the principal amount of the Notes from the first unrestricted revenues received by the City in the month ending May 31, 2009;
2. An amount equal to 33% of the principal amount of the Notes from the first unrestricted revenues received by the City during the month ending June 30, 2009;
3. An amount equal to 34% of the principal amount of the Notes, plus an amount sufficient to pay interest on the Notes at maturity, from the first unrestricted revenues received by the City during the month ending July 31, 2009.

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

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

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

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

**FULL BOOK ENTRY:** The Notes, when delivered to the purchaser thereof, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Notes. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes purchased.

#### **TERMS OF SALE AND ELECTRONIC BIDDING PROCEDURES**

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

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

**ELECTRONIC BIDDING PROCESS:** To bid via the PFMAuction website, bidders must have both:

1. Completed the registration form on the PFMAuction website; and
2. Requested and received admission to the City's auction, as described under "Registration and Admission to Bid" below.

The use of PFMAuction shall be at the bidder's risk and expense, and the City shall have no liability with respect thereto. By submitting a bid for the Notes, a prospective bidder represents and warrants to the City that such bidder's bid for the purchase of the Notes (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Notes. By registering to bid for the Notes, a prospective bidder is not obligated to submit a bid in connection with the sale.

If any provisions of this Notice Inviting Bids shall conflict with information provided by PFMAuction, an approved provider of electronic bidding services, this Notice Inviting Bids shall control, except for any Amendments to this Notice Inviting Bids posted on the PFMAuction website, in which case such Amendments shall control.

Further information about PFMAuction, including qualification, registration, rules and any fee charged, may be obtained from Grant Street Group by calling Grant Street Group's auction support at (412) 391-5555 (Extension 370).

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

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

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

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

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

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

In the event that the winning bid contains a premium in excess of \$1,000,000, the principal amount of the Notes issued and delivered shall be reduced such that the principal amount of the Notes issued, together with premium thereon, does not exceed \$50,000,000.\*

**INTEREST RATE:** Interest with respect to the Notes will be calculated on a 30/360 day-count basis and is payable on September 30, 2009.\* In connection with the bids submitted for the Notes:

1. Each bidder must bid an interest rate in a multiple of one one-thousandth of one percent (1/1000 of 1%) per annum which rate must be no greater than 6% per annum;
2. Interest with respect to the Notes shall be computed annually from its date to the stated maturity date, September 30, 2009,\* at the interest rate specified in the bid;
3. The same interest rate shall apply to all of the Notes; and
4. Any premium must be paid as part of the purchase price, and no bid will be accepted which contemplates the waiver of any interest or other concession by the bidder as a substitute for payment in full for the purchase price.

All bids that do not conform to the terms of this paragraph will be rejected.

---

\* *Preliminary, subject to change.*

**GOOD FAITH DEPOSIT:** Each bid must be accompanied by a cashier's check or a financial surety bond equal to 1% of the par amount of the Notes, as adjusted, payable to the order of the "City of Long Beach," to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid (the "Good Faith Deposit"). The financial surety bond must be from an insurance company licensed to issue such a financial surety bond policy in the State of California, whose claims-paying ability is rated in the highest rating category (without regard to subcategories) by Moody's Investors Service and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

Such cashier's check or financial surety bond must be submitted *prior* to the time bids are to be received to:

Public Financial Management  
633 West Fifth Street, Suite 6700  
Los Angeles, CA 90071

**Attn:** Julio Morales  
**Phone:** (213) 489-4075  
**Fax:** (213) 489-4085

The financial surety bond must identify each bidder whose good faith deposit is guaranteed by such financial surety bond, and the City assumes no responsibility for any failure of a financial surety bond to list any bidder or to be received on a timely basis as described in the preceding sentence. Once the Notes are awarded to a bidder utilizing a financial surety bond, then that bidder shall deliver its good faith deposit to the Treasurer of the City in the form of a cashier's check (meeting the requirements set forth above) or by wire transfer no later than 12:00 noon (Pacific Daylight Time) on the business day immediately following the award. Wiring instructions for the Good Faith Deposit are as follows:

Union Bank of California  
Los Angeles, California  
Account #: 27400-16582  
Account: City of Long Beach  
ABA#: 122-000-496

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

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

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

damages in such an event may be greater or may be less than the amount of such Purchaser's Good Faith Deposit. Each bidder waives any right to claim that the City's actual damages are less than such amount.

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

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

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

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

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

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

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

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

**PAYMENT:** Payment of the purchase price must be made in funds immediately available to the Treasurer of the City of Long Beach, California on the date of delivery of the Notes, which is expected to be on or about October 6, 2008.\*

---

\* Preliminary, subject to change.

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

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

**OFFICIAL STATEMENT:** The Preliminary Official Statement, together with any supplements thereto, is in a form "deemed final" by the City for purposes of SEC Rule 15c2-12, but is subject to revision, amendment and completion in a final Official Statement. The City will provide each Purchaser such number of printed copies of the Official Statement for this issue as such Purchaser may reasonably request. Up to 50 copies of the Official Statement will be furnished without cost within seven days of the sale, and any additional copies will be furnished at the expense of the Purchaser.

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

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

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

Public Financial Management  
633 West Fifth Street, Suite 6700  
Los Angeles, CA 90071

**Attn:** Janice Mazyck or Julio Morales  
**Phone:** (213) 489-4075  
**Fax:** (213) 489-4085

CITY OF LONG BEACH

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

Dated: September 24, 2008

## EXHIBIT "B"

### NOTICE OF INTENTION TO SELL

\$55,000,000\*

City of Long Beach, California  
2008-2009 Tax and Revenue Anticipation Notes

NOTICE IS HEREBY given that the City of Long Beach, California (the "City") intends to receive electronic proposals for the purchase of \$55,000,000\* principal amount of City of Long Beach, California 2008-2009 Tax and Revenue Anticipation Notes (the "Notes"), as follows:

- Time: 9:30 a.m., Pacific Daylight Time, on or after September 17, 2008, as established by the City and communicated through *The Bond Buyer Wire* not less than 24 hours prior to the time bids are to be received.
- Manner: Electronic Bids, via the Grant Street Group's PFM Auction ("PFM Auction"). No other provider of electronic bidding services, and no other means of delivery of bids (e.g., telephone, facsimile, telegraph or personal delivery) will be accepted.

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

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

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

Dated: August 29, 2008

---

\*Preliminary: subject to change.



EXHIBIT C

CONTRACT OF PURCHASE

\$[AMOUNT]  
CITY OF LONG BEACH, CALIFORNIA  
2008-2009 TAX AND REVENUE ANTICIPATION NOTES

[\_\_\_\_], 2008

City Council  
City of Long Beach  
333 W. Ocean Blvd.  
Long Beach, CA 90802

Ladies and Gentlemen:

The Underwriter, [UNDERWRITER], hereby proposes to purchase all of the Notes from the City and to make a public offering of the Notes, subject to the written acceptance of this Note Purchase Contract by the City and the delivery of such acceptance to the Underwriter at or prior to 11:50 p.m., Pacific Time, on the date hereof, and subject to the following provisions:

**Section 1. Definitions.** The following terms shall have the following meanings in this Contract of Purchase, unless the context plainly does not so permit:

“*Accountants*” means KPMG LLP, and independent accounting firm.

“*City*” means the City of Long Beach, California, whose mailing address is 333 W. Ocean Boulevard, Long Beach, California 990802.

“*Closing*” refers to the transaction at which the Notes are delivered by the City to the Underwriter, and paid for by the Underwriter.

“*Closing Documents*” means the documents described in Section 9 hereof to be delivered to the Underwriter at the Closing.

“*Contract of Purchase*” means this Contract of Purchase between the Underwriter and the City.

“*Disclosure Counsel*” means Kutak Rock LLP whose mailing address is 1801 California Street, Suite 3100, Denver, Colorado 80202-2658.

“*Governmental Authority*” means any legislative board or governmental official, department, commission, board, bureau, agency, instrumentality, body, public corporation, City or entity.

“*Note Counsel*” means Kutak Rock LLP whose mailing address is 1801 California Street, Suite 3100, Denver, Colorado 80202-2658.

“*Note Proceedings*” refers to all proceedings necessary to be completed by the City to authorize the issuance and delivery of the Notes.

“*Notes*” means the \$[AMOUNT] City of Long Beach, California 2008-2009 Tax and Revenue Anticipation Notes, due September 30, 2009, bearing interest at a rate of [\_\_\_\_\_] % per annum computed on the basis of a 360-day year, as described in the Official Statement.

“*Official Statement*” means the Official Statement of the City with respect to the Notes, in form satisfactory to the Underwriter, dated [\_\_\_\_\_] , 2008, duly executed on its behalf by the City Manager, or designee, including the cover page and all appendices, exhibits, statements and letters included therein or attached thereto, and all supplements thereto, with such changes as shall be approved in writing by the Underwriter and the City.

“*Paying Agent*” means The Bank of New York Mellon Trust Company, N.A., with the functions and roles of paying agent, registrar and authenticating agent, whose address is 700 S. Flower Street, Suite 500, Los Angeles, California 90017.

“*Paying Agent Agreement*” means the Paying Agent/Registrar Agreement by and between the City and the Paying Agent, dated as of October [\_\_\_], 2008.

“*Pledged Revenues*” means the moneys pledged to the payment of the principal of and interest on the Notes, as described in the Official Statement.

“*Preliminary Official Statement*” means the Preliminary Official Statement of the City with respect to the Notes, dated [\_\_\_\_\_] , 2008, including the cover page and all appendices, exhibits, statements and letters included therein or attached thereto.

“*Resolution*” means Resolution No. [\_\_\_\_\_] adopted by the Board of Directors of the City on September 23, 2008.

“*Rule*” means Rule 15c2-12 of the Securities Exchange Act of 1934, as amended.

“*State*” means the State of California.

“*Underwriter*” means [UNDERWRITER], whose address is [\_\_\_\_\_].

**Section 2. Purchase Price.** Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriter hereby agrees to purchase from the City for reoffering to the public, and the City hereby agrees to sell to the Underwriter for such purpose, all, but not less than all, of the Notes, for an aggregate purchase price of \$[\_\_\_\_\_] (which equals the par amount of the Notes plus an original issue premium of \$[\_\_\_\_\_] , less an underwriter’s discount of \$[\_\_\_\_\_] ).

**Section 3. Public Offering of Notes.** The Underwriter agrees to make a bona fide public offering of all the Notes at the respective initial public offering prices as set forth on the cover page of the Official Statement. Subsequent to such initial public offering, the Underwriter reserves the right to change the public offering prices as it may deem necessary in its professional judgment in connection with the marketing of the Notes.

**Section 4. Official Statement.** The City agrees to deliver to the Underwriter, at such addresses as the Underwriter shall specify, as many copies of the Official Statement (but not to exceed 200) as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of the Rule and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The City agrees to deliver such Official Statements within seven business days after the execution of this Contract of Purchase.

The City hereby authorizes and approves the Preliminary Official Statement and the Official Statement, consents to their distribution and use by the Underwriter in connection with the public offering of the Notes by the Underwriter prior to the date hereof and authorizes the approval of the Official Statement by execution thereof by a duly authorized officer of the City.

The Underwriter shall give notice to the City on the date after which no Participating Underwriter, as such term is defined in the Rule, remains obligated to deliver Official Statements pursuant to paragraph (b)(4) of the Rule.

Prior to the earlier to occur of (a) receipt of notice from the Underwriter pursuant to the immediate preceding paragraph that Official Statements are no longer required under the Rule; or (b) 90 days after the date of Closing, the City shall provide the Underwriter with such information regarding the City, its current financial condition and ongoing operations as the Underwriter may reasonably request.

**Section 5. Closing, Delivery and Payment.** The Closing shall take place at [9:00 a.m.], Pacific Time, on October [\_\_\_], 2008, or at such other time or on such later business day as shall have been mutually agreed upon in writing by the City and the Underwriter. At the Closing, the City shall deliver to the Paying Agent, for the account of the Underwriter, in Los Angeles, California, the Notes in definitive form, duly executed, together with the Closing Documents; and the Underwriter shall accept such delivery and pay the purchase price as set forth in Section 2 of this Contract of Purchase in immediately available funds, by wire transfer, to the order of the City for deposit in the General Fund as directed pursuant to the terms of the Paying Agent Agreement. Physical delivery of the Notes will be delivered to the Paying Agent, as agent of The Depository Trust Company (“*DTC*”) under the Fast Automated Securities Transfer (“*FAST*”) system, or otherwise as instructed by the City or the Paying Agent, at the office of the Paying Agent.

**Section 6. Representations of the City.** The City represents and warrants to the Underwriter that:

(a) The City is a duly organized municipal corporation and a political subdivision of the State, organized and existing under the State Constitution and the City’s Charter, with full legal right, power and authority to adopt the Resolution, issue the Notes, and to execute, deliver and perform its obligations under this Contract of Purchase, the Paying Agent Agreement, the Resolution and the Notes.

(b) (i) At or prior to the Closing, the City shall have taken all action required to be taken by it to authorize the performance of its obligations thereunder and to complete the Note Proceedings; (ii) the City has, and at the date of the Closing will

continue to have, full legal right, power and authority to adopt the Resolution and to enter into this Contract of Purchase, and the Paying Agent Agreement and, at the date of the Closing, will have full legal right, power and authority to issue and deliver the Notes to the Underwriter and to perform its obligations thereunder as provided in the Resolution, this Contract of Purchase and the Paying Agent Agreement; (iii) this Contract of Purchase and the Paying Agent Agreement have been duly executed and delivered and constitute the valid and legally binding obligations of the City; (iv) the City has fully authorized the consummation by it of all transactions relating to the City and contemplated by this Contract of Purchase and the Paying Agent Agreement; and (v) at or prior to the Closing, the execution and delivery of, and the performance by the City of its obligations contained in the Notes, the Resolution, the Paying Agent Agreement and this Contract of Purchase shall have been duly authorized.

(c) The City reasonably anticipates that the Pledged Revenues will be received in the amounts and by the respective dates indicated in the Official Statement; there are no present or foreseeable events, conditions or determinations of which the City is aware that will prevent the receipt of and application by the City of the Pledged Revenues as described in the Note Proceedings and the Official Statement; and as of the Closing, except as disclosed in the Official Statement, the City shall have taken all action to be taken by such date required by law, regulation or administrative order or directive, or in the City's judgment necessary and feasible, in order to qualify for and to receive the Pledged Revenues in such amounts and by such dates, and the City will use its best efforts to cause the Pledged Revenues to be received in cash in time to pay the Notes when due. The City will not issue any additional obligations of the City in anticipation of receipt of the Pledged Revenues, or, prior to the maturity of the Notes or provision for their payment, pledge any of the Pledged Revenues for any purpose other than to secure the payment of the Notes.

(d) The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the Official Statement in reliance upon and in conformity with information furnished in writing to the City by the Underwriter specifically for inclusion therein.

(e) The issuance of the Notes, the adoption of the Resolution, the execution, delivery and performance of this Contract of Purchase (except Section 15) and the Paying Agent Agreement, the performance of the City's obligations under the Notes and compliance with the provisions hereof and thereof by the City, do not and shall not conflict with or constitute on the part of the City a breach of, or a default under, any existing law, charter, ordinance, regulation, decree, order or resolution, or (to the best knowledge of the undersigned representative, after due investigation) any agreement,

indenture, mortgage, lease or other instrument, to which the City is subject or by which it is bound; and the City is not in any material way in breach of or default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any material loan agreement, indenture, bond, note, resolution or other instrument to which the City is a party or is otherwise subject and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any one or more of the foregoing.

(f) All authorizations, consents or approvals, if any, of any Governmental Authority or court necessary for the valid issuance of, and performance by the City of its obligations under the Notes shall have been duly obtained or made prior to the issuance of the Notes and disclosed to the Underwriter; provided, however, that no representation is made by the City as to compliance with federal or state “blue sky” or similar laws.

(g) As of the time of acceptance hereof and as of the Closing, except as disclosed in the Official Statement, to the best knowledge of the City, no action, suit, proceeding or investigation is or will be pending or threatened against the City or any other person in any court or before any Governmental Authority seeking to restrain or enjoin the issuance or delivery of any of the Notes or in any way contesting or affecting the validity of the Note Proceedings, the Notes, the Resolution, this Contract of Purchase, the Paying Agent Agreement, or the receipt of application of the Pledged Revenues or any other revenues of the City that could affect payment of the Notes or the payment of any other obligations of the City, or contesting the powers of the City to issue the Notes, or in any manner questioning the corporate existence or boundaries of the City or the titles to their respective offices of officials of the City who have acted with respect to the Note Proceedings.

(h) The Notes shall conform in all respects to the descriptions thereof contained in the Official Statement, and the Notes, when delivered and sold to the Underwriter as provided herein, shall constitute validly issued and legally binding general obligations of the City, secured as to principal and interest by a first lien and charge against the Pledged Revenues, and shall be payable, to the extent not paid from the Pledged Revenues, from any lawfully available unrestricted moneys of the City therefor.

(i) The audited financial statements of the City for the Fiscal Year ended September 30, 2007 and the related statements of revenues, expenditures and changes in financial position for the fiscal year ended on such date as set forth in the Official Statement are true, complete and correct and fairly present the financial condition of the City as of such date and the results of its operations for such fiscal year. There has been no material adverse change in the financial condition of the City since September 30, 2007 except as described in the Official Statement.

(j) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the City shall not have issued in the name of the City any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(k) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certificates may not be relied upon.

(l) Any certificate signed by any official or other representative of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the truth of the statements therein made.

(m) The City has never been in default at any time, as to the payment of or interest on any debt obligation which it has issued, including those it has issued as a conduit for another entity, except as specifically disclosed in the Official Statement.

**Section 7. Conditions to Underwriter's Obligations.** The Underwriter has entered into this Contract of Purchase in reliance upon the representations and warranties of the City contained herein, the Note Proceedings and the performance by the City of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Contract of Purchase are and shall be subject to the following further conditions as of the Closing:

(a) The representations and warranties of the City contained herein shall be true at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true at the Closing; and the City shall be in compliance with each of the agreements made by it in this Contract of Purchase.

(b) At the time of the Closing: (i) the Resolution, this Contract of Purchase and the Paying Agent Agreement shall be in full force and effect; (ii) the Note Proceedings and this Contract of Purchase shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (iii) all action which, in the opinion of Note Counsel shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; (iv) the Closing Documents shall have been received by the Underwriter; and (v) the City shall perform or have performed all of its obligations required under or specified in the Note Proceedings, the Resolution, this Contract of Purchase, the Paying Agent Agreement, or the Official Statement to be performed at or prior to the Closing.

(c) The provisions of law governing the payment of any of the moneys pledged to pay the Notes shall be in full force and effect and shall not have been amended in any respect that would adversely affect the prospects that such moneys will be received in the amount and by the respective dates indicated in the Official Statement.

(d) Except as disclosed in the Official Statement, no decision, ruling or finding shall have been made or entered by any court or Governmental Authority since the date of this Contract of Purchase (and not reversed on appeal or otherwise set aside) (i) which has any of the effects described in Section 6(g); or (ii) which declares the Resolution, this Contract of Purchase or the Paying Agent Agreement to be invalid or unenforceable in whole or in part.

(e) Between the date of this Contract of Purchase and the Closing, (i) no default by the City shall have occurred and be continuing with respect to any of its material obligations; and (ii) no bankruptcy, insolvency or other similar proceeding in respect of the City shall be pending or to the knowledge of the City contemplated, and there shall not have been enacted since the date of this Contract of Purchase any moratorium or similar legislation with respect to any type of transit City obligation. For all purposes of this Contract of Purchase a default shall not be deemed to be continuing if it has been cured, waived or otherwise remedied.

(f) The credit ratings on the Notes as shown in the Official Statement shall not have been changed or withdrawn.

If the conditions to the Underwriter's obligations contained in this Contract of Purchase are not satisfied, this Contract of Purchase shall terminate and neither the City nor the Underwriter shall have any further obligation hereunder, except the respective obligations of the parties to pay certain expenses as provided in Section 12 herein shall continue in full force and effect.

**Section 8. Conditions to City's Obligations.** The performance by the City of its obligations is conditioned upon (a) the performance by the Underwriter of its obligations hereunder; and (b) receipt by the City and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the City.

**Section 9. Closing Documents.** The Closing Documents shall consist of, or cover in substance, the following, each properly executed, certified or otherwise verified, dated as of or prior to the date of the Closing, and in such form as may be satisfactory to Note Counsel and the Underwriter including, but not limited to, the matters hereinafter set forth:

(a) the final approving opinion of Note Counsel substantially in the form as shown in Appendix B to the Official Statement;

(b) the supplemental opinion of Note Counsel, addressed to and solely for the benefit of the Underwriter to the effect that: (i) this Contract of Purchase has been duly authorized, executed and delivered by the City; (ii) the Notes are exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) thereof, and none of the Note Proceedings or other documents relating to the issuance of the Notes need be qualified as an indenture under the Trust Indenture Act of 1939, as amended; and (iii) the statements contained in the Official Statement under the captions "THE NOTES" and "TAX MATTERS" insofar as such statements purport to summarize the Notes, the Resolution, the Act and the Code, each as defined therein, present a fair and accurate summary thereof for the purpose of use in the Official Statement;

(c) a letter from Note Counsel to the effect that the approving opinion referred to in paragraph (b) above addressed to the City on the date of the Closing may be relied upon by the Underwriter as though such opinion were addressed to it;

(d) an opinion from Disclosure Counsel, addressed to the Underwriters and the City that, based upon its limited participation in the preparation of the Official Statement, and while it is not passing upon, and does not assume responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, Disclosure Counsel, based solely upon its discussions with members of the staff of the City and not upon any independent investigation of the City or of its financial condition, is not aware of any failure by the City to disclose any fact which would cause the Official Statement to contain a misstatement of fact or to omit to state a fact necessary to make the statements contained in the Official Statement not materially misleading in light of the circumstances under which they were made, and Disclosure Counsel does not express any belief or opinion as to any financial, technical or statistical data, including projections, included in the Official Statement;

(e) the opinion of the City's Counsel substantially in the form attached hereto as Exhibit A addressed to Note Counsel and the Underwriter;

(f) a tax compliance certificate duly executed on behalf of the City and dated as of the Closing;

(g) copies, if any, of all authorizations, consents or approvals of, or filings or registrations obtained by the City as described in Section 6(f) hereof;

(h) copies of the Note Proceedings certified by the City Clerk of the City (the "*City Clerk*") to be in full force and effect and not amended or rescinded as of the date of the Closing;

(i) executed Continuing Disclosure Undertaking;

(j) executed counterparts of the Paying Agent Agreement;

(k) a certificate of a duly authorized officer of the Paying Agent;

(l) written evidence that the Notes have been rated [MIG-1] by Moody's Investors Service, [SP-1+] by Standard and Poor's Rating Services, a division of the McGraw Hill Companies Inc. and [F1+] by Fitch, Inc.; and

(m) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Note Counsel may reasonably request to evidence compliance by the City with legal requirements, the accuracy, as of the time of the Closing, of the City's representations herein contained and the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City or by any other person.

**Section 10. Termination by Underwriter.** In recognition of the desire of the City and the Underwriter to effect a successful public offering of the Notes, and in view of the potential adverse impact of any of the following events on a public offering, the Underwriter shall have the right to cancel its obligations to acquire the Notes, by written notice from the Underwriter to the City, if between the date of this Contract of Purchase and the Closing: (a) the Official



Statement shall have been amended, modified or supplemented without the consent in writing of the Underwriter; (b) any event shall occur which, in the sole professional judgment of the Underwriter, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading; or (c) the marketability of the Notes or the market price thereof, in the sole judgment of the Underwriter, has been materially adversely affected by (i) an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Contract of Purchase in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the committee on Finance of the United States Senate or the committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for the staff of either such committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or and ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or state authority affecting the federal or state tax status of the City, or the interest on bonds or notes (including the Notes), or which would have the effect of changing directly or indirectly, the federal income tax consequences of interest on obligations of the general character of the Notes in the hands of the holders thereof; (ii) any outbreak or escalation of hostilities or other national or international calamity or crisis or an event of fiscal default by the State or a city, county, municipality, City or authority located in the State, the effect of such outbreak, calamity, crisis or default being such, in the sole judgment of the Underwriter, as would cause a material disruption in the municipal bonds market; (iii) a general suspension of trading on the New York Stock Exchange, or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other Governmental Authority having jurisdiction; (iv) a general banking moratorium declared by either federal or State authorities having jurisdiction; or (v) any action, suit, proceeding or investigation described in Section 6(h) hereof or any decision described in Section 7(d) hereof. If the Underwriter's obligations to acquire the Notes are canceled for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and neither the City nor the Underwriter shall have no further obligations hereunder, except that the respective obligations of the parties to pay certain expenses as provided in Section 12 herein shall continue in full force and effect.

**Section 11. Changes Affecting the Official Statement After the Closing.** At the Closing, the Underwriter shall advise the City as to whether or not the Underwriter is still offering Notes, and for a period of not exceeding 25 days after the Closing, if and so long as such offering continues, (a) the City shall furnish such information with respect to itself as the Underwriter may from time to time reasonably request; and (b) if any event shall occur as a result of which it is necessary, in the opinion of the City Manager of the City (the "**City**

*Manager*”), Note Counsel or the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances then existing, the City will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to Note Counsel and the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances then existing, not misleading.

**Section 12. Expenses.** The Underwriter shall be under no obligation to pay, and the City shall pay the following expenses incident to the performance of the obligations of the City hereunder: (1) the fees and disbursements of Note Counsel; (ii) the cost of posting, printing and delivering the Notes, the Preliminary Official Statement and the Official Statement; (iii) the fees and disbursements of accounts, advisers and of any other experts or consultants retained by the City, including the fees and expenses of the Financial Advisor; and (iv) any other expenses and costs of the City incident to the performance of their respective obligations in connection with the authorization, issuance and sale of the Notes, including out-of-pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

The Underwriter shall pay all expenses incurred by them in connection with the public offering and distribution of the Notes including, but not limited to: (i) all advertising expenses in connection with the offering of the Notes; (ii) all out-of-pocket disbursements and expenses incurred by the Representative in connection with the offering and distribution of the Notes, and; (iii) the fees of the California Debt and Investment Advisory Commission.

Except to the extent paid by the Underwriter under the preceding paragraph, the City shall pay for expenses (included in the expense component of the Underwriter’s spread) incurred on behalf of the City’s employees which are incidental to implementing this Contract of Purchase, including, but not limited to, meals, transportation, lodging, and entertainment of those employees.

**Section 13. Notices.** Any notice or other communication to be given to the City under this Contract of Purchase may be given by delivering the same in writing to the Treasurer of the City or the City Manager, or to such other person as may be designated in writing, and to Note Counsel at its mailing address set forth in Section 1(b) hereof, or at such other address or to such other firm as the City shall hereafter advise the Underwriter in writing, and any notice or other communication to be given to the Underwriter under this Contract of Purchase (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing to the Underwriter, at [UNDERWRITER], [\_\_\_\_\_], Attn: [\_\_\_\_\_].

**Section 14. Entire Agreement; Parties and Interests; Survival of Representations.** This Contract of Purchase when accepted by the City in writing as heretofore specified shall constitute the entire agreement between the City and the Underwriter and is made solely for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof. All the City’s representations, warranties and agreements in this Contract of Purchase shall survive regardless

of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter for the Notes hereunder; or (b) the issuance and delivery of the Notes.

**Section 15. Indemnification.** (a) To the extent permitted by laws, the City agrees to indemnify and hold harmless the Underwriter, the directors, officers, employees and agents of the Underwriter and each person who controls the Underwriter within the meaning of either the Securities Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement, the Official Statement (or in any supplement or amendment thereto), or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the City will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Preliminary Official Statement or the Official Statement, or in any amendment thereof or supplement thereto, in reliance upon and in conformity with written information furnished to the City by or on behalf of the Underwriter specifically for inclusion therein. This indemnity agreement will be in addition to any liability which the Issuer may otherwise have.

(b) The Underwriter agrees to indemnify and hold harmless the City, each of its officials, directors, officers and employees, and each person who controls the City within the meaning of either the Securities Act or the Exchange Act, to the same extent as the foregoing indemnity from the City to the Underwriter, but only with reference to written information relating to the Underwriter furnished to the City by or on behalf of the Underwriter specifically for inclusion in the Preliminary Official Statement or the Official Statement (or in any amendment or supplement thereto). This indemnity agreement will be in addition to any liability which the Underwriter may otherwise have. The City acknowledges that the statements set forth in the last paragraph of the cover page regarding the delivery of the Notes, the legend in block capital letters and the related disclosure on the first page after the cover page concerning market prices and stabilization, in the Preliminary Official Statement and the Official Statement, constitute the only information furnished in writing by or on behalf of the Underwriter for inclusion in the Preliminary Official Statement or the Official Statement (or in any amendment or supplement thereto).

(c) Promptly after receipt by an indemnified party under this Section 15 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 15, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such

failure results in the forfeiture by the indemnifying party of substantial rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 15 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the City and the Underwriter agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "**Losses**") to which the City and the Underwriter may be subject in such proportion as is appropriate to reflect the relative benefits received by the City on the one hand and by the Underwriter on the other from the offering of the Notes. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the City and the Underwriter shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the City on the one hand and of the Underwriter on the other in connection with the statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. In no case shall the Underwriter be responsible for any amount in excess of the purchase discount or commission applicable to the Notes purchased by the Underwriter hereunder. Benefits received by the City shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Underwriter shall be deemed to be equal to

the total purchase discounts and commissions in each case set forth on the cover of the Official Statement. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the City on the one hand or the Underwriter on the other, the intent of the parties and their relative knowledge, information and opportunity to correct or prevent such untrue statement or omission. The City and the Underwriter agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 15, each person who controls an Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of an Underwriter shall have the same rights to contribution as such Underwriter, and each person who controls the City within the meaning of either the Securities Act or the Exchange Act and each official, director, officer and employee of the City shall have the same rights to contribution as the City, subject in each case to the applicable terms and conditions of this paragraph (d).

**Section 16. Continuing Disclosure.** The City will undertake, pursuant to the Resolution, to provide notices of the occurrence of certain events, if material, as required by Section (d)(3) of the Rule. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

**Section 17. Counterparts.** This Contract of Purchase may be executed in multiple counterparts, all together constituting one and the same agreement.

**Section 18. Governing Law.** This Contract of Purchase shall be governed by and construed in accordance with the laws of the State.

Very truly yours,

By \_\_\_\_\_  
[Name, Title]

ACCEPTED:

CITY OF LONG BEACH, CALIFORNIA

By \_\_\_\_\_  
Patrick H. West, City Manager

Approved as to Form:

ROBERT E. SHANNON, City Attorney

By \_\_\_\_\_  
Heather A. Mahood  
Assistant City Attorney

[Signature Page to Purchase Contract]

## EXHIBIT A

### CITY COUNSEL OPINION

October [ ], 2008

City Council  
City of Long Beach  
333 West Ocean Boulevard  
Long Beach, CA 90802

Kutak Rock LLP  
1801 California Street  
Suite 3100  
Denver, CO 80207

Re:     \$[AMOUNT] City of Long Beach, California  
       2008-2009 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

This office has served as counsel to the City of Long Beach, California (the “City”) and has participated in the proceedings relating to the issuance by the City of \$[AMOUNT] aggregate principal amount of its 2008-2009 Tax and Revenue Anticipation Notes (the “Notes”). The Notes are being issued under the authority of the City’s Charter (the “Charter”), and California Government Code Sections 53850 *et seq.*

In connection with rendering this opinion, I have reviewed the resolution of the City Council adopted on September 23, 2008, authorizing the issuance of the Notes and the undertaking of various actions in connection therewith (the “Authorizing Resolution”) and such other documents and certificates as I have deemed necessary for the purposes of such opinion. On the basis of such examination, and on the basis of my consideration of such questions of law as I have deemed relevant in the circumstances, I am of the opinion that:

1       The City is a duly organized municipal corporation and a political subdivision of the State of California, organized and existing under the California Constitution and the Charter.

2.       The Authorizing Resolution was duly adopted at a meeting of the City Council, which was called and held pursuant to law and with all public notice required by law at which a quorum was present and acting throughout and has not been amended from the date of its respective adoption.

3.       The Notes have been duly authorized pursuant to the Authorizing Resolution and constitute legally valid and binding obligations of the City. The Notes are a general obligation of the City and are payable from taxes, income, revenues, cash receipts and other moneys of the

July 8, 2004

City attributable to the City's 2008-2009 fiscal year ending September 30, 2009, which are legally available for payment thereof.

4. The Continuing Disclosure Certificate, dated as of October 1, 2008, executed by the City, and the Paying Agent/Registrar Agreement, dated as of October 1, 2008, by and between the City and The Bank of New York Trust Company, N.A., as paying agent, have been duly authorized and, assuming due authorization, execution and delivery by any other parties thereto, constitute the legally valid and binding obligations of the City, enforceable in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws or equitable principles relating to or affecting creditors' rights heretofore or hereafter enacted, as applied to the City, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

5. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before any court or public body pending or, to the knowledge of the undersigned, threatened against the City (a) in any way affecting the existence of the City or in any way challenging the respective powers of the several offices or titles of the officials of the City to such offices; (b) to restrain or enjoin the sale, issuance or delivery of any of the Notes or the application of the proceeds thereof, or the collection of revenues or assets of the City pledged or to be pledged or available to pay the principal of and interest on the Notes, or the pledge thereof; (c) in any way contesting or affecting any authority for, or the validity or enforceability of the Notes including the federal tax-exempt status thereof, the Authorizing Resolution, the Paying Agent/Registrar Agreement or the application of the proceeds of the Notes; (d) in any way contesting the right and power of the City to act in connection with the issuance of the Notes as described in the Official Statement or with respect to the Notes, the Paying Agent/Registrar Agreement, or the Authorizing Resolution; (e) in contesting in any way the completeness or accuracy of the Official Statement; or (f) in which a final adverse decision would (i) materially adversely affect the operations of the City or the consummation of the transactions contemplated by the Authorizing Resolution, or (ii) adversely affect the exclusion of the interest paid on the Notes from gross income for federal income tax purposes or the exemption from California personal income taxation.

Very truly yours,

ROBERT E. SHANNON, City Attorney

By \_\_\_\_\_  
HEATHER A. MAHOOD  
Assistant City Attorney



**EXHIBIT D**

No. R-1

\$49,000,000

\$49,000,000  
City of Long Beach, California  
2008-2009 Tax And Revenue Anticipation Notes

<b>Dated Date</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>CUSIP No.</b>
October 6, 2008	[ ]%	September 30, 2009	542399 [ ]

Principal Amount: FORTY-NINE MILLION DOLLARS

FOR VALUE RECEIVED, THE CITY OF LONG BEACH, CALIFORNIA, a charter city of the State of California (the "City"), acknowledges itself indebted to and promises to pay to Cede & Co., at the office of the Treasurer of the City (the "Treasurer") the principal sum of \$49,000,000 in lawful money of the United States of America, on September 30, 2009, with interest thereon at the rate of [ ]% per annum, computed on a 30-day month and a 360-day year basis from the date hereof until payment in full of said principal sum. Both the principal of and the interest on this Note shall be payable upon surrender of this Note at the office of the Paying Agent as the same shall become due; provided, however, that no interest shall be payable for any period after maturity during which the registered owner hereof fails properly to present this Note for payment.

It is hereby certified, recited and declared that this Note is part of an issue of \$49,000,000 aggregate principal amount of Notes (the "Notes") issued by the City, under and in accordance with the provisions of Article 7.6 of Chapter 4, Part 1 of Division 2 of Title 5 of the California Government Code (constituting Sections 53850-53858, inclusive, of said Code), and a Resolution duly adopted by the City Council of the City on September 23, 2008.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the City during its 2008-2009 fiscal year. As security for the payment of principal of and interest on the Notes, the City has pledged an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City in the month ending April 30, 2009; and an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City during the month ending May 31, 2009; and an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City in the month ending June 30, 2009; an amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City in the month ending July 31, 2009; and amount equal to 15% of the principal amount of the Notes from the first unrestricted revenues received by the City in the month ending August 31, 2009; and an amount equal to 25% of the principal amount of the Notes plus an amount sufficient to pay interest on the Notes at maturity from the first unrestricted revenues of the City to be received in the month ending September 30, 2009 (such pledged amounts being hereinafter called the "Pledged Revenues"), and the principal

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

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

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

IN WITNESS WHEREOF, the City has caused this Note to be executed by the City Manager and the City Treasurer, and has caused it to be countersigned by the City Clerk, which signatures may be either by their manual or facsimile signatures, has caused a facsimile of its official seal to be printed thereon, and has caused this Note to be dated October 1, 2008.

CITY OF LONG BEACH, CALIFORNIA

[SEAL]

By \_\_\_\_\_  
Patrick H. West, City Manager

By \_\_\_\_\_  
David S. Nakamoto, City Treasurer

COUNTERSIGNED:

By \_\_\_\_\_  
Larry Herrera, City Clerk

**CERTIFICATE OF AUTHENTICATION**

Date of Authentication:

October 6, 2008

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

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

By \_\_\_\_\_  
[NAME, TITLE]