

RESOLUTION NO. 113-07

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND APPROVING THE EXECUTION AND DELIVERY OF AN ISDA MASTER AGREEMENT AND SCHEDULE TO EFFECT AN INTEREST RATE SWAP TRANSACTION WITH BEAR STEARNS CAPITAL MARKETS IN CONNECTION WITH THE CITY'S PENSION OBLIGATION BONDS, SERIES 2005

WHEREAS, the City of Richmond (the "City") has previously issued its Pension Obligation Bonds, Series 2005 (the "Bonds"), portions of which will convert to variable interest rates in 2013 and 2023; and

WHEREAS, in order to protect the City from rising interest rates and in light of current market conditions, the City may be able to lock in interest rates at affordable levels on such Bonds by entering into an interest rate swap agreement; and

WHEREAS, Bear Stearns Capital Markets has provided an interest rate swap to the City in conjunction with its Wastewater Revenue Bonds, and has proposed entering into an interest rate swap agreement ("Swap") with the City with respect to the Bonds in order to lock in favorable interest rates on the Bonds and eliminate the risk to the City that interest rates will rise prior to the conversion of the Bonds to variable rates in the future; and

WHEREAS, the City Council previously approved the retention of legal counsel, a swap advisor and a financial advisor to assist it in negotiating and documenting the proposed interest rate swap transaction and directed the City staff and advisors to work with Bear Stearns Capital Markets to prepare such documentation; and

WHEREAS, forms of an ISDA Master Agreement, Schedule and Credit Support Annex (collectively, the "Swap Documents") have been prepared and are presented for approval to the Council pursuant to this resolution; and

WHEREAS, the Swap Documents have been reviewed by Orrick, Herrington & Sutcliffe, LLP as legal counsel ("Bond Counsel"), Bond Logistix LLC., as swap advisor ("Swap Advisor") and Tamalpias Advisors, Inc., as financial advisor ("Financial Advisor"); and

WHEREAS, the City has full legal right, power and authority under the Constitution and the laws of the State of California to enter into the transactions hereinafter authorized;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RICHMOND HEREBY RESOLVES, AS FOLLOWS:

Section 1. The foregoing recitals are true and correct and this Council hereby so finds and determines.

Section 2. The City hereby finds and determines pursuant to Section 5922 of the California Government Code that the entering transaction contemplated by the Swap Documents is designed to reduce the City's risk associated with interest rate changes between the time the Swap Documents are entered into and the time the Bonds are converted to a variable rate and to reduce cost of borrowing for the Bonds.

Section 3. The Director of Finance is hereby authorized to execute and deliver the Swap Documents in substantially the form presented to this meeting with such changes therein, deletions therefrom and additions thereto as may be approved by the Director of Finance in consultation with the City Attorney, Bond Counsel and the Swap Advisor, with such execution to be conclusive evidence of such approval; provided, that (i) the Swap shall not have a term extending beyond the maturity date of the Bonds; (ii) the net amounts, if any, payable by the City with respect to the Swap shall be payable solely and exclusively from lawfully available moneys of the City in its General Fund or from Pension Tax Override Revenues; (iii) the notional amount of the Swap will not exceed, (A) with respect to the Bonds scheduled for conversion to variable rates on August 1, 2013 (the "2013 Bonds"), \$75,300,000 and (B) with

respect to the Bond scheduled for conversion to variable rates on August 1, 2023 (the "2023 Bonds"), \$130,000,000, and (iv) the fixed interest rate payable by the City under the Swap will not exceed (A) with respect to the 2013 Bonds, 5.75% per annum and (B) with respect to the 2023 Bonds, 5.80% per annum.

Section 4. The officers and agents of the City are, and each of them hereby is, authorized and directed to do any and all things and to execute and deliver any and all documents which they or any of them deem necessary or advisable in order to consummate the execution and delivery of the Swap Documents, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the City has approved in this Resolution. All actions heretofore taken by the officers and agents of the City with respect to the sale, execution and delivery of the Swap Documents, and the other transactions authorized and contemplated herein are hereby approved, confirmed and ratified. Notwithstanding any provision of this Resolution authorizing an officer to take any action or execute any document to the contrary, in the absence of such officer or in lieu of such officer, the person designated in writing by such officer, may take such action or execute such document with like effect as fully as though named in this Resolution instead of such officer.

Section 5. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the execution and delivery of the Swap Documents, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents or additional confirmations, settlements or revisions, may be given or taken, without further authorization by this Council, by the City Manager or Director of Finance and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officers may deem necessary or desirable to further the purposes of this Resolution.

Section 6. This Resolution shall take effect immediately upon its passage.

I hereby certify that the foregoing resolution of the City Council of the City of Richmond duly passed and adopted at a meeting thereof held on, November 6, 2007, by the following vote:

AYES: Councilmembers Bates, Butt, Lopez, Marquez, Rogers, Sandhu, Viramontes, and Mayor McLaughlin

NOES: None

ABSTENTIONS: None

ABSENT: Councilmember Thurmond

DIANE HOLMES
Clerk of the City of Richmond

(SEAL)

APPROVED:

GAYLE McLAUGHLIN
Mayor

APPROVED AS TO FORM:

LOUISE RENNE, Interim
City Attorney

State of California }
County of Contra Costa : ss.
City of Richmond }

I certify that the foregoing is true copy of Resolution No. 113-07, finally passed and adopted by the Council of the City of Richmond at a meeting held on November 6, 2007.