

## **RESOLUTION NO. 113-08**

**A RESOLUTION OF THE CITY COUNCIL AUTHORIZING THE  
DIRECTOR OF FINANCE TO DETERMINE THE INTEREST  
RATE PERIOD AND MODE OF THE CITY'S VARIABLE RATE  
WASTEWATER REVENUE REFUNDING BONDS, SERIES  
2008A AND AUTHORIZING CERTAIN INTEREST RATE  
HEDGING TRANSACTIONS IN CONNECTION THEREWITH**

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WHEREAS, the City Council, by resolution adopted on September 16, 2008, authorized the issuance of its Variable Rate Wastewater Revenue Refunding Bonds, Series 2008A (the "Series 2008A Bonds") pursuant to the Master Indenture, as supplemented by a Third Supplemental Indenture, dated as of October 1, 2008 (the "Third Supplemental Indenture" and together with the Master Indenture, as previously supplemented, the "Indenture") between the City and the Trustee, for the purpose of refunding the City of Richmond Wastewater Revenue Refunding Bonds, Series 2006B, and to pay costs of issuance of the Series 2008A Bonds; and

WHEREAS, the Indenture permits the Series 2008A Bonds to be issued in weekly interest rate mode or a term interest rate mode; and

WHEREAS, due to recent turmoil in the credit markets, it may be in the interest of the City to issue the Series 2008A Bonds initially in a term interest rate mode and to hedge the interest rate on the Series 2008A Bonds either with an amendment to the existing interest rate swap or by entering into a new fixed-receiver interest rate swap with JP Morgan (the current interest rate swap provider with respect to the Series 2006B Bonds) during the initial term of the Series 2008A Bonds in accordance with the City's adopted Swap Policy;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Richmond, as follows:

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

Section 2. The Director of Finance is hereby authorized and directed to determine the initial interest rate mode of the Series 2008A Bonds, in consultation with the City's financial advisor and underwriter, so as to provide the City with the lowest interest cost on the Series 2008A Bonds, in the judgment of the Director of Finance.

Section 3. In the event that the Director of Finance determines that the Series 2008A Bonds should be initially issued in a term interest rate mode as opposed to a weekly interest rate mode, the Director of Finance is hereby authorized and directed to determine, in consultation with the City's financial and swap advisors, whether it would be advantageous to the City to either amend the existing swap with JP Morgan or enter into a fixed-receiver interest rate swap during the initial term of the Series 2008A Bonds to hedge the City's exposure to interest rate risk during such period. If the Director of Finance so determines, the Director of Finance is hereby authorized and directed to execute a schedule and confirmation with respect to that certain ISDA Master Agreement, dated as of September 13, 2006, by and between the City and JP Morgan, as successor to Bear Stearns Capital Markets, Inc., in order to effectuate such interest rate hedge (the "Fixed-Receiver Swap"). The City hereby determines that the amendment of the existing swap or entering into of the Fixed-Receiver Swap pursuant to Section 5922 of the California Government Code in a notional amount not exceeding the aggregate authorized principal amount of the Series 2008A Bonds if such bonds are issued in an initial term interest rate mode would be designed to reduce the City's cost of borrowing for the Series 2008A Bonds; provided, however, that the Director of Finance shall not execute and deliver the swap documents or any amendments thereto unless: (a) such agreements are designed (i) to reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk, or (ii) to result in a lower cost of borrowing when used in combination with the issuance of the Series 2008A Bonds; (b) the term of such swap does not exceed the initial interest rate period of the Series 2008A Bonds; (c) the initial aggregate notional amount of such swap does not exceed the initial aggregate principal amount of the Series 2008A Bonds; (d) the amounts payable by the City with

respect to such swap documents shall be payable solely and exclusively from Net Revenues (as defined in the Indenture); and (e) such swap documents conform with the Swap Policy.

Section 4. This resolution shall take effect immediately upon its passage.

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I certify that the foregoing Resolution was duly passed and adopted by the City Council of the City of Richmond at a meeting thereof held on October 7, 2008, by the following vote:

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

NOES: None

ABSTENTIONS: None

ABSENT: None

DIANE HOLMES  
Clerk of the City of Richmond

(SEAL)

Approved:

GAYLE McLAUGHLIN  
Mayor

Approved as to form:

RANDY RIDDLE  
City Attorney

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

I certify that the foregoing is a true copy of Resolution No. 113-08, finally passed and adopted by the Council of the City of Richmond at a meeting held on October 7, 2008.

CLERK'S CERTIFICATE

I, Diane Holmes, City Clerk of the City of Richmond, do hereby certify as follows:

The foregoing resolution is a full, true and correct copy of a resolution duly adopted at a meeting of the City Council of said City duly and regularly held at the regular meeting place thereof on the \_\_\_ of October, 2008, of which meeting all of the members of said City Council had due notice and at which a majority thereof were present; and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

An agenda of said meeting was posted before said meeting at City Hall, 1401 Marina Way South, Richmond, California 94804, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda.

I have carefully compared the foregoing with the original on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

Dated: October \_\_, 2008.

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City Clerk of the  
City of Richmond

(SEAL)