

**RESOLUTION NO. 99-09**

**A RESOLUTION OF THE CITY COUNCIL AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTEREST RATE SWAP AGREEMENT IN CONNECTION WITH THE RICHMOND JOINT POWERS FINANCING AUTHORITY LEASE REVENUE BONDS; AND AUTHORIZING THE TAKING OF ALL NECESSARY ACTIONS IN CONNECTION THEREWITH**

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**WHEREAS**, the Richmond Joint Powers Financing Authority (the “Authority”) is empowered to assist the City of Richmond (the “City”) in financing and refinancing certain public capital improvements pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (commencing with Section 6584 et. seq.) (the “JPA Law”) and pursuant to that certain Joint Exercise of Powers Agreement (the “Joint Exercise of Powers Agreement”) by and between the City and the Richmond Redevelopment Agency, dated as of December 1, 1989; and

**WHEREAS**, the City has heretofore requested and the Authority has heretofore issued its \$101,420,000 Richmond Joint Powers Financing Authority Lease Revenue Bonds (Refunding and Civic Center Project), Series 2007 (the “Series 2007 Bonds”), pursuant to an Indenture, dated as of September 1, 2007 (the “Indenture”), by and between the Authority and Zions First National Bank as trustee (the “Trustee”) for the purpose of financing and refinancing certain public capital improvements within the City including the demolition, site preparation, construction, furnishing, and equipping of a city hall building, hall of justice building, arts center, auditorium building, conference space and civic center plaza (the “2007 Project”); and

**WHEREAS**, the Series 2007 Bonds were issued as variable rate bonds in a Weekly Interest Rate Period pursuant to the Indenture; and

**WHEREAS**, the City has previously adopted a set of standard policies governing certain financial transactions designed to reduce interest rate risk or lower overall borrowing costs set forth in the City of Richmond Swap Policy (the “Swap Policy”); and

**WHEREAS**, in order to minimize debt service and maximize benefits to the City, the City requested that the Authority execute a swap agreement in compliance with the Swap Policy providing for fixed swap rates on the Series 2007 Bonds; and

**WHEREAS**, the Authority has heretofore executed the ISDA Master Agreement and related Schedule, Credit Support Annex and Confirmation (hereinafter referred to as the “2007 Swap Agreement”), each between the Authority and the Royal Bank of Canada (the “Counterparty”); and

**WHEREAS**, the City has determined that it is necessary and desirable to refinance the 2007 Project through the issuance by the Authority of its Lease Revenue Bonds (Civic Center Refinancing Project), Series 2009 (the “Series 2009 Bonds”) as fixed rate bonds; and

**WHEREAS**, in connection with the issuance of the Series 2009 Bonds, the City deems it necessary and desirable for the Authority to maintain the 2007 Swap Agreement in full force and effect by entering into an offsetting interest rate swap agreement with the Counterparty (the “2009 Swap Agreement”) on or before the date of issuance of the Series 2009 Bonds, and in compliance with the Swap Policy; and

**WHEREAS**, Section 5922 of the California Government Code provides that in connection with, or incidental to, the issuance or carrying of bonds any public entity may enter into any contracts which the public entity determines to be appropriate to place the obligations represented by the bonds, in whole or in part, on the interest rate, cash flow or other basis desired by the public entity, including without limitation contracts commonly known as interest rate swap agreements, forward payment conversion agreements or contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cash flows or a series of payments, in each case to hedge payment, rate, spread or similar exposure; and

**WHEREAS**, pursuant to Section 5922 of the Government Code of the State of California, the City hereby finds and determines that the 2009 Swap Agreement is entered into in connection with, or incidental to, the issuance or carrying of the Series 2009 Bonds, will reduce the amount and duration of interest rate risk with respect to the Series 2009 Bonds and is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Series 2009 Bonds or enhance the relationship between risk and return with respect to investments; and

**WHEREAS**, there has been presented to this meeting the form of 2009 Swap Agreement (including ISDA Master Agreement, Schedule and Confirmation thereto), and

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

**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 so finds and determines.

Section 2. The proposed form of the 2009 Swap Agreement on file with the City Clerk is hereby approved. The Council hereby determines that on or before the date of issuance of the Series 2009 Bonds as fixed rate bonds, the entering into of the 2009 Swap Agreement with the Counterparty pursuant to Section 5922 of the California Government Code in a notional amount not exceeding the outstanding principal amount of the Series 2009 Bonds would be designed to reduce the Authority's cost of borrowing for the Series 2009 Bonds, and the City Manager and the Director of Finance of the City are each hereby authorized and directed, acting singly, for and in the name and on behalf of the City, to negotiate the 2009 Swap Agreement with the Counterparty in a notional amount not exceeding the principal amount of any Series 2009 Bonds, with a view to reducing the City's cost of borrowing evidenced and represented by such Series 2009 Bonds, and such officer is hereby authorized to execute and deliver the 2009 Swap Agreement in substantially the form presented to this meeting with such changes therein, deletions therefrom and additions thereto, as may be approved by such officer in consultation with the City's swap advisor and bond counsel, with such execution to be conclusive evidence of such approval; provided, however, that such officer shall not execute and deliver the 2009 Swap Agreement unless: (a) such agreement is 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 conversion of the Series 2009 Bonds; (b) the term of such 2009 Swap Agreement does not exceed the final maturity of the Series 2009 Bonds; (c) the initial notional amount of such 2009 Swap Agreement does not exceed the outstanding principal amount of the Series 2009 Bonds; (d) the amounts payable by the Authority with respect to such 2009 Swap Agreement shall be payable solely and exclusively from Revenues (as defined in the Indenture); and (e) such 2009 Swap Agreement conforms with the Swap Policy of the City. In accordance with Section 5922 of the California Government Code, the City hereby finds and determines that the 2009 Swap Agreement entered into in accordance with this Resolution and consistent with the requirements set forth herein is designed to reduce the amount or duration of payment, interest rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Series 2009 Bonds.

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver, on behalf of the City, any certificate, consent, request, approval, notice, amendment, confirmation, supplement or revision permitted or required to be delivered pursuant to the documents authorized hereby or otherwise as may be necessary or desirable in connection with the 2009 Swap Agreement without further authorization by this Board, and any and all documents which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution including, but not limited to, the execution and delivery of a tax certificate and any amendments to the 2007 Swap Agreement or other documents related to the Series 2007 Bonds or the Series 2009 Bonds. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

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

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I certify that the foregoing resolution was passed and adopted by the City Council at a regular meeting thereof, held on September 15, 2009, by the following vote:

AYES: Councilmembers Bates, Butt, Rogers, Ritterman, Viramontes, Vice Mayor Lopez, and Mayor McLaughlin.

NOES: None.

ABSTENTIONS: None.

ABSENT: None.

DIANE HOLMES  
City Clerk

[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. 99-09**, finally passed and adopted by the Council of the City of Richmond at a regular meeting held on September 15, 2009.