

RESOLUTION NO. 86-06

A RESOLUTION OF THE CITY COUNCIL PROVIDING FOR THE ISSUANCE OF THE CITY'S WASTEWATER REVENUE REFUNDING BONDS, SERIES 2006; AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER INDENTURE, A FIRST SUPPLEMENTAL INDENTURE, A SECOND SUPPLEMENTAL INDENTURE, ESCROW AGREEMENTS, A MASTER SWAP DOCUMENT, A STANDBY AGREEMENT, A REMARKETING AGREEMENT, PURCHASE CONTRACTS, AND AN OFFICIAL STATEMENT OR OFFICIAL STATEMENTS; APPROVING A FORM OF PRELIMINARY OFFICIAL STATEMENT IN CONNECTION THEREWITH, AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to the City's Charter and Chapter 13.56 of Title 13 of the Richmond Municipal Code (the "Bond Law"), the City is authorized to issue revenue bonds to finance the acquisition, construction, improvement, furnishing, equipping, remodeling, repair, reconstruction or rehabilitation of the wastewater treatment and collection facilities of the City (the "Enterprise") or for the purpose of refunding bonds issued for such purposes; and

WHEREAS, in accordance with the Bond Law and an Indenture of Trust, dated as of September 1, 1999 (the "Prior Indenture"), the City has previously issued its Wastewater Revenue Bonds, Series 1999 (the "Prior Bonds") in an aggregate principal amount of \$37,435,760 to provide funds to fund improvements to the Enterprise; and

WHEREAS, the City, after due investigation and deliberation, has determined that it is in the interests of the City at this time to issue its Wastewater Revenue Refunding Bonds, Series 2006A (the "Series 2006A Bonds") and its Wastewater Revenue Bonds, Series 2006B (the "Series 2006B Bonds" and, together with the Series 2006B Bonds, the "Bonds") pursuant to a Wastewater Revenue Bond Indenture, dated as of August 1, 2006 (the "Master Indenture"), between the City and J.P. Morgan Trust Company, National Association, as trustee (the "Trustee"), a First Supplemental Water Revenue Bond Indenture, dated as of August 1, 2006 (the "First Supplemental Indenture"), between the City and the Trustee and a Second Supplemental Water Revenue Bond Indenture, dated as of August 1, 2006 (the "Second Supplemental Indenture and together with the Master Indenture, the "Indenture"), between the City and the Trustee, for the purpose of refunding the Prior Bonds, to fund capital improvements to the Enterprise, to fund a reserve fund for the Bonds and to pay costs of issuance relating to the Bonds;

WHEREAS, in order to provide for the refunding of the Prior Bonds, the City desires to enter into two Escrow Agreements (the "Escrow Agreements") between the City and J.P. Morgan Trust Company, National Association, as escrow agent (the "Escrow Agent");

WHEREAS, as the Bonds may be issued in a daily rate period or weekly rate period, the City desires to approve a form of Standby Purchase Agreement (the "Standby Agreement") and a form of Remarketing Agreement (the "Remarketing Agreement") in order to provide a source of payment for the purchase of Bonds tendered by the owners thereof when such purchase is required in accordance with the terms of the Indenture;

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");

WHEREAS, in order to reduce the amount of interest rate risk or lower the cost of borrowing in combination with the issuance of the Bonds, the City may determine to enter into an interest rate swap agreement pursuant to an ISDA Master Agreement (the "Master Swap Document"), together with the schedule and confirmation thereto (the "Ancillary Swap Documents" and, together with the Master Swap Document, the "Swap Agreement");

WHEREAS, the City desires (i) to enter into the Indenture and two purchase

contracts with respect to the Bonds (the “Purchase Contracts”), and (ii) to deliver one or more Preliminary Official Statements (the “Preliminary Official Statements”) and one or more final Official Statements with respect to the Bonds;

WHEREAS, in furtherance of implementing the Bond issuance, the following documents have been prepared, reviewed and approved as to form by City staff, and presented at this meeting:

1. Master Indenture, together with a First Supplemental Indenture and a Second Supplemental Indenture;
2. Escrow Agreements;
3. Standby Agreement;
4. Remarketing Agreement;
5. Master Swap Document;
6. Purchase Contracts;
7. Remarketing Agreement,
8. Preliminary Official Statement (form); 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, 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 issuance of the Bonds, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture as finally executed, is hereby authorized and approved. The Bonds may be issued with any interest rate period permitted under the Indenture; provided, however, that (a) the aggregate initial principal amount of the Bonds shall not exceed \$50,000,000, (b) the interest rate on the Bonds which are fixed rate bonds shall not exceed seven percent (7.0%), and (c) the interest rates on the Bonds which are issued with any interest rate period other than a fixed rate period shall not exceed the applicable rates permitted under the Indenture. The Director of Finance or the City Manager (the “Authorized Representatives”) are each hereby authorized and directed, severally, or any such officer’s designee, for and on behalf of the City, to determine the Interest Rate Period with which the Bonds will be issued. Each such determination shall be conclusively evidenced by the issuance of such series of Bonds.

Section 3. The form of the Indenture (including the First Supplemental Indenture and the Second Supplemental Indenture) on file with the City Clerk of the City and incorporated into this Resolution by reference is hereby approved. The Authorized Representatives are each hereby authorized and directed, severally, or any such officer’s designee, for and on behalf of the City, to execute and deliver the Indenture in substantially the form on file with the City Clerk and presented to this meeting, with such additions thereto or changes or insertions that hereafter become necessary in the interest of the City and which are approved by such Authorized Representative, in consultation with the City’s bond counsel and financial advisor, such approval to be conclusively evidenced by such execution and delivery.

Section 4. The form of the Escrow Agreements on file with the City Clerk of the City and incorporated into this Resolution by reference is hereby approved. The Authorized Representatives are each hereby authorized and directed, severally, or any such officer’s designee, for and on behalf of the City, to execute and deliver the Escrow Agreements in substantially the forms on file with the City Clerk and presented to this meeting, with such additions thereto or changes or insertions that hereafter become necessary in the interest of the

City and which are approved by such Authorized Representative, in consultation with the City's bond counsel, such approval to be conclusively evidenced by such execution and delivery.

Section 5. The form of the Standby Agreement on file with the City Clerk of the City and incorporated into this Resolution by reference is hereby approved. In the event the Bonds are issued with a daily rate period or a weekly rate period, the Authorized Representatives are each hereby authorized and directed, severally, or any such officer's designee, for and on behalf of the City, to execute and deliver a Standby Agreement, between the City and a credit provider relating to such Bonds, in substantially the form on file with the City Clerk and presented to this meeting, with such additions thereto or changes or insertions that hereafter become necessary in the interest of the City and which are approved by such Authorized Representative, in consultation with the City's bond counsel, such approval to be conclusively evidenced by such execution and delivery. Further, in the event the Bonds are issued with a daily rate period or a weekly rate period, such Authorized Officer, or designee, is hereby authorized, for and in the name and on behalf of the City, to execute and deliver a Remarketing Agreement, between the City and a Remarketing Agent (as defined in the Indenture), relating to such Bonds, in substantially the form on file with the City Clerk and presented to this meeting, upon such terms and conditions which are approved by such Authorized Officer, in consultation with the City's bond counsel and financial advisor, such approval to be conclusively evidenced by the execution and delivery of such Remarketing Agreement.

Section 6. The City hereby determines that if the Bonds are issued as variable rate bonds, the entering into of a Swap Agreement with a counterparty pursuant to Section 5922 of the California Government Code in a notional amount not exceeding the aggregate authorized principal amount of the Bonds would be designed to reduce the City's cost of borrowing for the Bonds, and the Authorized Representatives are each hereby authorized and directed, severally, or any such officer's designee, for and on behalf of the City, to negotiate a Swap Agreement with a counterparty in a notional amount not exceeding the aggregate principal amount of any Bonds, with a view to reducing the City's cost of borrowing evidenced and represented by such Bonds, and the such Authorized Officer is hereby authorized to execute and deliver the Master Swap Document in substantially the form presented to this meeting with such changes therein, deletions therefrom and additions thereto, including the Ancillary Swap Documents, as may be approved by such Authorized Representative 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 Authorized Officer shall not execute and deliver the Swap Documents 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 Bonds; (b) the term of such Swap Documents does not exceed the final maturity of the Bonds; (c) the initial aggregate notional amount of such Swap Documents does not exceed the initial aggregate principal amount of the 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); (e) such Swap Documents conform with the Swap Policy; and (f) the interest rate on the fixed rate portion under the Swap Agreement shall not exceed seven percent (7.0%).

Section 7. The form of Purchase Contracts both between the City and Stone & Youngberg, LLC (the "Underwriter") on file with the City Clerk of the City and incorporated into this Resolution by reference are hereby approved. The Authorized Representatives are each hereby authorized and directed, severally, or any such officer's designee, for and on behalf of the City to accept the offer of the Authority and the Underwriter to purchase the Bonds as reflected in the Purchase Contracts and to execute and deliver the Purchase Contracts in substantially the form on file with the City Clerk and presented to this meeting, with such additions thereto or changes or insertions that hereafter become necessary in the interest of the City and which are approved by such Authorized Representative, in consultation with the City's financial advisor and bond counsel, such approval to be conclusively evidenced by the execution and delivery of the Purchase Contracts; provided, however, that such additions, changes or insertions in the Purchase Contracts shall not specify an underwriter's discount in excess of 1.0% of the principal amount of the Bonds.

Section 8. The form of Preliminary Official Statement relating to the Bonds on file with the City Clerk of the City and incorporated into this resolution by reference, is hereby approved. The Authorized Representatives are each hereby authorized and directed,

severally, or any such officer's designee, for and on behalf of the City, to execute a certificate or certificates deeming one or more Preliminary Official Statements in said form final as of its date, except for certain final pricing and related information, pursuant to Securities Exchange Commission Rule 15c2-12. The Underwriter is hereby authorized to distribute one or more preliminary official statements in said form as so deemed final to prospective purchasers of the Bonds. The Authorized Representatives are each hereby authorized and directed, severally, or any such officer's designee, for and on behalf of the City, to execute one or more final official statements relating to the Bonds in substantially the form of such deemed final Preliminary Official Statement or Preliminary Official Statements, including such final pricing and related information and with such additions thereto or changes therein as hereafter become necessary in the interest of the City and which are approved by such Authorized Representative, in consultation with disclosure counsel, such approval to be conclusively evidenced by the execution and delivery of such official statement or official statements. The Underwriter is hereby authorized to distribute copies of said final official statement or official statements to all actual purchasers of the Bonds.

Section 9. 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 sale of the Bonds, including, but not limited to, the execution and delivery of a continuing disclosure certificate or agreement and a tax certificate, and the execution of the Swap Documents (including any documents necessary in connection with bond insurance or other credit enhancement for the bonds or the investment of proceeds of the bonds), 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 Bonds, and the other transactions authorized and contemplated herein are hereby approved, confirmed and ratified. Notwithstanding any provision of this resolution authorizing an Authorized Representative to take any action or execute any document to the contrary, in the absence of such Authorized Representative or in lieu of such Authorized Representative, the person designated in writing by such Authorized Representative, may take such action or execute such document with like effect as fully as though named in this resolution instead of such Authorized Representative.

Section 10. This resolution shall take effect immediately upon its passage.

I certify that the foregoing resolution was passed and adopted by the City Council of the City of Richmond, California at a meeting thereof, held on July 25, 2006, by the following vote:

AYES: Councilmembers Bates, Butt, Griffin, McLaughlin, Rogers, Thurmond, Viramontes and Mayor Anderson

NOES: None

ABSTENTIONS: None

ABSENT: Councilmember Marquez

DIANE HOLMES
City Clerk of the City of Richmond
(SEAL)

Approved:

IRMA L. ANDERSON
Mayor

Approved as to form:

JOHN EASTMAN
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. 86-06, finally passed and adopted by the Council of the City of Richmond at meeting held on July 25, 2006.

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 special meeting of the City Council of said City duly and regularly held at the special meeting place thereof on the 25th day of July, 2006, 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: Councilmembers Bates, Butt, Griffin, McLaughlin, Rogers, Thurmond, Viramontes and Mayor Anderson

NOES: None

ABSTENTIONS: None

ABSENT: Councilmember Marquez

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 minutes of said meeting 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: July 25, 2006.

DIANE HOLMES
Clerk of the City of Richmond

[SEAL]