

RESOLUTION NO. 41-14

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$35,000,000 CITY OF RICHMOND, CALIFORNIA, 2014-15 TAX AND REVENUE ANTICIPATION NOTES; APPROVING THE FORMS OF AND DIRECTING THE DISTRIBUTION OF A NOTE PURCHASE AGREEMENT, AN OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE AGREEMENT; DELEGATING TO OFFICERS OF THE CITY AUTHORIZATION TO NEGOTIATE A SALE OR PLACEMENT OF SAID NOTES; AND AUTHORIZING TAKING OF NECESSARY ACTIONS AND EXECUTION OF NECESSARY DOCUMENTS

WHEREAS, the City of Richmond (the “City”) is a political subdivision of the State of California;

WHEREAS, pursuant to Sections 53850 et seq. of the Government Code of the State of California (the “Government Code”), this City Council (the “City Council”) has found and determined that the sum of not to exceed thirty-five million dollars (\$35,000,000) is needed for the requirements of the City to satisfy obligations payable from the general fund of the City (the “General Fund”) and that it is necessary that said sum be borrowed for such purpose at this time by the issuance of notes (the “Notes”) in one or more series therefor in anticipation of the receipt of taxes, revenue, cash receipts and other moneys to be received by the City for the General Fund of the City allocable to Fiscal Year 2014-15 or accrued to or held by the City and provided for or attributable to Fiscal Year 2014-15;

WHEREAS, pursuant to Section 53858 of the Government Code, it appears, and the City Council hereby finds and determines, that said sum of thirty-five million dollars (\$35,000,000) when added to the interest estimated to be payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue, cash receipts and other moneys of the City for the General Fund of the City attributable to Fiscal Year 2014-15 and available for the payment of the principal of and interest on the Notes;

WHEREAS, no money has heretofore been borrowed by the City through the issuance of any notes in anticipation of the receipt of, or payable or secured by, taxes, income, revenue, cash receipts or other moneys of the City received or accrued during or allocable to Fiscal Year 2014-15;

WHEREAS, the City wishes to authorize the issuance of Notes in two series, with an initial issuance of Notes, on or about July 30, 2014 and a second Series of Notes thereafter;

WHEREAS, pursuant to Section 53856 of the Government Code, certain revenues which will be received by the City for the General Fund and attributable to Fiscal Year 2014-15 can be pledged for the payment of the principal of and interest on the Notes;

WHEREAS, the City wishes to authorize the issuance of the Notes in an aggregate principal amount not to exceed \$35,000,000;

WHEREAS, the Notes shall be sold by negotiated sale pursuant to the terms of a Note Purchase Agreement (the “Note Purchase Agreement”);

WHEREAS, a Preliminary Official Statement describing the Notes will be distributed to potential purchasers of the Notes;

WHEREAS, this City Council has been presented with forms of the Preliminary Official Statement, the Note Purchase Agreement, and the Continuing Disclosure Agreement, as well as a form of contract with Tamalpais Advisors, Inc., and said forms are on file with City Clerk, and the City Council has examined and approved the form of each document and desires to authorize and direct the execution of such documents and the issuance of the Notes; 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. Recitals. The foregoing recitals are true and correct and this City Council hereby so finds and determines.

Section 2. Authorization and Issuance.

(A) Solely for the purpose of anticipating taxes, income, revenues, cash receipts and other moneys to be received by the City for the General Fund of the City allocable to Fiscal Year 2014-15 or accrued to or held by the City and provided for or attributable to Fiscal Year 2014-15, and not pursuant to any common plan of financing, the City hereby determines to and shall borrow a principal sum not to exceed thirty-five million dollars (\$35,000,000) in one or more series, by the issuance of notes under Sections 53850 et seq. of the Government Code, designated the "City of Richmond, California, 2014-15 Tax and Revenue Anticipation Notes." The first series of notes designated as the Series A Notes (the "Series A Notes") may be issued pursuant hereto in a principal amount not to exceed \$35,000,000. A second series of notes designated as the Series B Notes (the "Series B Notes") may hereafter be issued in a principal amount not to exceed the difference between \$35,000,000 and the principal amount in which the Series A Notes were issued.

(B) The Series B Notes may be issued only if such Series B Notes are payable subsequent to the payment of the Outstanding Series A Notes. The issuance of the Series B Notes shall also be subject to the receipt of confirmation from Standard & Poor's (the "Rating Agency") that the issuance of the Series B Notes will not cause a reduction or withdrawal in such Rating Agency's rating on the Series A Notes. The terms of sale of the Series B Notes, subject to the foregoing limitations, shall be set forth in the Note Purchase Agreement for the Series B Notes. In addition, the Note Purchase Agreement for the Series A Notes when executed may contain further limitations on the terms of the Series B Notes.

(C) The Notes shall be initially issued and registered as provided in Section 9 hereof and otherwise shall be in the denominations of \$5,000 or any integral multiple thereof, and shall be dated the date of issuance thereof, shall mature (without option of prior redemption) not more than thirteen (13) months thereafter, and shall bear interest computed on the basis of a 360-day year composed of twelve 30-day months, at the rate per annum determined in accordance with this Resolution.

(D) Interest due on the Notes, prior to the maturity thereof, shall be payable to the person in whose name such Note is registered on the registration books of MUFG Union Bank, N.A., formerly known as Union Bank, N.A., as initial paying agent for the Notes (the "Paying Agent"), as of the close of business on the 15th day of the calendar month immediately preceding the interest payment date or such other record date as shall be specified in the executed Notes (the "Record Date"), such interest to be paid by check mailed to such registered owner. Both the principal of the Notes and interest due on the Notes at maturity shall be payable in lawful money of the United States of America, only to the registered owners of the Notes upon surrender thereof at the office of the Paying Agent in San Francisco, California, upon the maturity thereof. No interest shall be payable on any Note for any period after maturity during which the registered owner thereof fails to properly present such Note for payment.

(E) At any time after the sale of the Notes, the City shall execute the Notes for issuance hereunder and shall deliver them to the Paying Agent, and thereupon such Notes shall be authenticated and delivered by the Paying Agent to the purchaser thereof upon the written request of the City and upon receipt of payment therefor from the purchaser thereof.

Section 3. Sale of Notes.

(A) Negotiated Sale or Placement of Notes. The City Council hereby authorizes the City Manager, the Finance Director, or any of their designees (each, an "Authorized Officer") to sell the Notes with (i) by negotiated sale to Raymond James & Associates, Inc., acting as underwriter in connection with a public offering of the Notes or (ii) in a private placement or pursuant to a direct purchase by a purchaser as the Authorized Officer, in consultation with Raymond James & Associates, Inc., acting as placement agent, shall determine (the "Purchaser"), in each case on such terms to be finally determined in consultation with the

Tamalpais Advisors, Inc. (the "Financial Advisor"), and set forth in one or more Note Purchase Agreements between the City and the underwriter or Purchaser, as the case may be; provided that the underwriter's or Purchaser's discount for the sale of each series of Notes shall not be in excess of 0.20% of the par value of the Notes (exclusive of reasonable underwriting expenses) in the case of a negotiated sale, and the placement agent fee shall not exceed the amount of 0.50% of the par value of the Notes per note in the case of a placement or direct purchase. The Authorized Officer shall inform the Council of the selected method of sale at the next City Council meeting after the sale of the Notes. The proposed form of the Note Purchase Agreement for the Notes, in substantially the form presented to this meeting (a copy of which is on file with the City Clerk), is hereby approved and adopted as the form of Note Purchase Agreement for the Notes with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Disposition of Proceeds of Notes. The City shall, immediately upon receiving the proceeds of the sale of the Notes, place in the City General Fund maintained in the City Treasury all amounts received from such sale. Such amounts held in the City General Fund shall be invested as permitted by Section 53601 or Section 53635 of the Government Code or in the Permitted Investments identified in Section 6(C); provided that no such investments shall consist of reverse repurchase agreements. Such amounts may be commingled with other funds of the City.

Amounts in the City General Fund attributable to the sale of the Notes shall be withdrawn and expended by the City for any purpose for which the City is authorized to expend funds from the General Fund of the City, but (except for costs related to the issuance of the Notes) only after exhausting funds otherwise available for such purposes (which are not restricted funds), and only to the extent that on any given day such other funds are not then available, and for purposes of this section, otherwise available funds excludes amounts that are held or set aside in a reasonable working capital reserve (as described in the tax certificate of the City delivered upon issuance of the Notes and, in any event, not exceeding five percent (5%) of the City's total working capital expenditures from its available funds in Fiscal Year 2013-14). If on the date that is six months from the date of issuance of the Notes all amounts attributable to the proceeds of the Notes (including investment earnings thereon) have not been so expended, the City shall promptly notify Orrick, Herrington & Sutcliffe LLP ("Bond Counsel") and, to the extent of its power and authority, comply with the instructions from Bond Counsel as to the means of satisfying the rebate requirements of Section 148 of the Internal Revenue Code of 1986 (the "Code").

Section 5. Sources of Payment.

(A) The principal of and interest on the Notes shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the City for the General Fund during Fiscal Year 2014-15 or accrued to or held by the City and provided for or attributable to Fiscal Year 2014-15 and which are lawfully available for the payment of current expenses and other obligations of the City (the "General Fund Revenues").

(B) As security for the payment of the principal of and interest on the Series A Notes, the City hereby pledges to deposit in trust in a special fund established by the City Finance Director and designated as the "2014-15 Tax and Revenue Anticipation Note Repayment Fund" (the "Repayment Fund") (i) an amount equal to twenty percent (20%) of the principal amount of the Notes from General Fund Revenues received by the City during the month ending January 31, 2015, inclusive (the "First Pledge Period"), (ii) an amount equal to twenty percent (20%) of the principal amount of Notes from General Fund Revenues received by the City during the month ending February 28, 2015, inclusive (the "Second Pledge Period"), and (iii) an amount equal to sixty percent (60%) of the principal amount of the Notes from General Fund Revenues received by the City during the month ending April 30, 2015, inclusive (the "Third Pledge Period" and together with the First Pledge Period and the Second Pledge Period, each a "Pledge Period" and collectively, the "Pledged Periods") together with an amount sufficient (net of anticipated earnings on moneys in the Repayment Fund) (x) to satisfy and make up any deficiency in the Repayment Fund with respect to any prior Pledge Period and (y) to pay the interest on the Series A Notes due at or prior to maturity. The amounts pledged by the City for deposit into the Repayment Fund from the General Fund Revenues received during each indicated accounting period, which accounting periods are subject to change at the discretion of an Authorized Officer, are hereinafter called the "Pledged Revenues." The Authorized Officer is hereby authorized upon a determination that it is in the best interests of the City to adjust the

Pledge Periods and percentages and to set forth the definitive Pledge Periods and percentages in the Note Purchase Agreement for the Series A Notes. The Authorized Officer is hereby authorized to set forth the Pledge Periods and percentages for the Series B Notes in the Note Purchase Agreement for the Series B Notes.

(C) In the event that there have been insufficient General Fund Revenues received by the City by the third business day prior to the end of any such Pledge Period to permit the deposit into the Repayment Fund of the full amount of the Pledged Revenues required to be deposited with respect to such Pledge Period, then the amount of any deficiency in the Repayment Fund shall be satisfied and made up from any other moneys of the City lawfully available for the payment of the principal of the Notes and the interest thereon (all as provided in Sections 53856 and 53857 of the Government Code) (the "Other Available Moneys") on such date or thereafter on a daily basis, when and as such Pledged Revenues and Other Available Moneys are received by the City.

Section 6. Pledged Revenues.

(A) The Pledged Revenues shall be deposited by the Finance Director in the Repayment Fund on or prior to the last business day of each respective Pledge Period, and applied as directed in this Resolution; and the Other Available Moneys, if any, shall be deposited by the Finance Director in the Repayment Fund on the last business day of such Pledge Period and on each business day thereafter, until the full amount of the moneys required by Section 5(B) has been so deposited in the Repayment Fund; provided that, if on the date that is six months from the date of issuance of the respective Series of Notes all amounts attributable to the proceeds of such Series of Notes (including investment earnings thereon) have not been expended in accordance with Section 4, the amounts to be deposited in the Repayment Fund during the period in which received shall be deposited as soon as received. The principal of and interest on the Notes constitute a first lien and charge on, and shall be payable from, moneys in the Repayment Fund. Moneys in the Repayment Fund shall be applied only as hereinafter in this Section 6 provided.

(B) The Finance Director shall transfer moneys in the Repayment Fund to the Paying Agent on the interest payment date or dates of each series of Notes to pay interest on the Notes then due and on the maturity date or dates of each series of Notes to pay the principal of and interest on the Notes then due. Any moneys remaining in the Repayment Fund after all such payments, or after provision for such payments have been made, shall be transferred to the General Fund of the City. If for any reason amounts in the Repayment Fund are insufficient to pay the Notes in full, such amounts shall be applied pro rata to the payment of the Notes based on the total principal of and interest payable upon the Notes at the respective maturities thereof, taking into account anticipated earnings to be received on amounts in the Repayment Fund prior to the final maturity date of the Notes.

(C) Moneys in the Repayment Fund shall be invested in Permitted Investments as defined below, which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. The proceeds of any such investments shall be retained in the Repayment Fund until payment of the principal of and interest on the Notes (or provision therefor) has been made in accordance with paragraph (B), at which time any excess amount shall be transferred to the General Fund of the City.

(D) Permitted Investments mean any of the following:

(1) United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank (FHLB); (b) Federal Farm Credit Bank (FFCB); (c) Government National Mortgage Association (GNMA); (d) Federal Agricultural Mortgage Association; and (e) guaranteed portions of Small Business Administration (SBA) notes.

(3) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances. Purchases of bankers acceptances may

not exceed a maturity of 180 days. The financial institution must have a minimum short-term rating of “P-1” and “A-1” by S&P, and a long-term rating of no less than “A.”

(4) Commercial paper of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided for by S&P (“A-1”). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000). Purchases of eligible commercial paper may not exceed a maturity of 270 days.

(5) Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank in each case which has, or which is a subsidiary of a parent company which has, the highest letter and numerical rating from S&P (“A-1”).

(6) Investments in repurchase agreements of any securities listed in (1) through (4) above. Investments in repurchase agreements may be made with financial institutions which are rated in one of the two highest long-term rating categories by S&P, when the term of the agreement does not exceed 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above.

(7) Money market funds rated at least “AAm” or “AAM-G” by S&P.

(8) Forward purchase and delivery agreements (i) the securities delivered under which are described in Section (1) through (4) above, and (ii) entered into with, or the obligations of which are guaranteed by, a domestic bank, financial institution, broker, dealer or insurance company the financial capacity to honor its senior obligations of which is rated at least “AA-” by S&P.

(9) Investment agreements with, or the obligations of which are guaranteed by, (a) a domestic bank, financial institution or insurance company the financial capacity to honor its senior obligations of which is rated at least “AA-” by S&P; or (b) a foreign bank the long-term debt of which is rated at least “AA-” by S&P (each, a “Qualified Provider”); provided, that, by the terms of the investment agreement:

(i) if for the Repayment Fund, interest and principal payments are to be made to the Paying Agent at times and in amounts as necessary to pay debt service on the Notes;

(ii) if for the proceeds of the Notes, the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice (which notice may be amended or withdrawn at any time prior to the specified withdrawal date); provided, that, the Paying Agent shall give notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(iii) the investment agreement states that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof;

(iv) a fixed guaranteed rate of interest is to be paid on invested funds and all future deposits, if any, required to be made to such funds;

(v) the term of the investment agreement does not exceed the term of the Notes;

(vi) the City or the Paying Agent receives the opinion or opinions of domestic counsel (which opinion shall be addressed to the City and the Paying Agent) that such investment agreement is legal, valid, binding and enforceable upon the provider and the guarantor, if any, in accordance with its terms; and

(vii) the investment agreement provides that if during its term the provider's (or, if guaranteed, the guarantor's) rating by S&P falls below "AA-," the provider must within 10 business days assign the investment agreement to a Qualified Provider reasonably acceptable to the City or collateralize the investment agreement by delivering or transferring in accordance with applicable State and federal laws (other than by means of entries on the provider's books) to the City, the Paying Agent or a third party acting solely as agent therefor United States Treasury and Agency Obligations which are free and clear of any third-party liens or claims at such collateral levels and valued at such frequencies as shall be necessary to maintain the highest short-term ratings on the Notes by S&P.

(10) Deposits in the State of California Finance Director's Local Agency Investment Fund (LAIF).

(11) Shares of beneficial interest issued by the Investment Trust of California (CalTRUST) pursuant to California Government Code Section 6509.7 and authorized for local agency investment pursuant to California Government Code Section 53601(o).

(12) The City of Richmond Investment Portfolio.

(13) The County of Contra Costa Investment Pool.

Section 7. Form of Notes and Certificate of Authentication and Registration. The Notes shall be issued in fully registered form without coupons and the Notes and the Certificate of Authentication and Registration shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures.

Only those Notes bearing thereon a certificate of authentication and registration in the form hereinafter recited, executed manually and dated by the Paying Agent, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Paying Agent shall be conclusive evidence that the Notes so authenticated have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

Section 8. Execution of Notes. Each Authorized Officer or their designee is hereby authorized to execute the Notes by use of their manual or facsimile signature, and the City Clerk of the City (the "City Clerk") or one of his or her assistants is hereby authorized to countersign, by manual or facsimile signature, the Notes and to affix the seal of the City thereto by impressing the seal or by imprinting a facsimile of the seal thereon. Said officers are hereby authorized to cause the blank spaces in Exhibit A to be filled in as may be appropriate and to deliver the Notes to the respective purchasers thereof. In the case of Notes executed by facsimile signature of both an Authorized Officer and the City Clerk, the Notes shall not be valid unless and until the Paying Agent or his designee shall have manually authenticated such Notes.

In case any officer whose signature appears on the Notes shall cease to be such officer before the delivery of the Notes to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Notes.

Section 9. Use of Depository; Registration, Exchange and Transfer.

(A) The Depository Trust Company, New York, New York, is hereby appointed depository for the Notes. The Depository Trust Company shall act as depository pursuant to the Blanket Issuer Letter of Representations on file with the Depository Trust Company. The Notes shall be initially issued and registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York and shall be evidenced by a single Note in the aggregate principal amount of Notes bearing interest at the same rate and maturing on the same date. Registered ownership of each Note, or any portion thereof, may not thereafter be transferred except as set forth in Section 9(B).

(B) The Notes shall be initially issued and registered as provided in Section (A) hereof. Registered ownership of the Notes, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or of any substitute depository designated pursuant to clause (2) of this subsection (B) (“Substitute Depository”); provided that any successor of Cede & Co., as nominee of The Depository Trust Company or Substitute Depository, shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository not objected to by the Finance Director, upon (i) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (ii) determination by the Finance Director to substitute another depository for The Depository Trust Company (or its successor) because the Depository Trust Company (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (i) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (ii) a determination by the Finance Director to discontinue using The Depository Trust Company or a depository.

(C) In the case of any transfer pursuant to clause (1) or clause (2) of subsection (B) of this Section, upon receipt of all outstanding Notes by the Paying Agent (together, in the case of a successor paying agent appointed by the City pursuant to Section 12 hereof, with a written request of the Finance Director to such successor paying agent designating the Substitute Depository), a new Note for Notes for each interest rate for each series, which the City shall prepare or cause to be prepared, shall be executed and delivered, registered in the name of any such successor to Cede & Co. or such Substitute Depository, or their respective nominees, as the case may be, all as specified by the Finance Director or, in the case of a successor paying agent appointed by the City pursuant to Section 12 hereof, as specified in the written request of the Finance Director. In the case of any transfer pursuant to clause (3) of Subsection (B) of this Section 9 upon receipt of all outstanding Notes by the Paying Agent (together, in the case of a successor paying agent appointed by the City pursuant to Section 12 hereof, with a written request of the Finance Director to such successor paying agent), new Notes, which the City shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as specified by the Finance Director or, in the case of a successor paying agent appointed by the City pursuant to Section 12 hereof, as are requested in such written request of the Finance Director, subject to the limitations of this Section 9, provided that the Paying Agent shall deliver such new Notes as soon as practicable.

(D) The City and the Paying Agent shall be entitled to treat the person in whose name any Note is registered as the owner thereof for all purposes of the Resolution and for purposes of payment of principal of and interest on such Note, notwithstanding any notice to the contrary received by the Paying Agent or the City; and the City and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Notes. Neither the City nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including The Depository Trust Company or its successor (or Substitute Depository or its successor), except to the owner of any Notes, and the Paying Agent may rely conclusively on its records as to the identity of the owners of the Notes.

(E) Notwithstanding any other provision of this Resolution and so long as all outstanding Notes are registered in the name of Cede & Co. or its registered assigns, the City and the Paying Agent shall cooperate with Cede & Co. or its registered assigns, as sole registered owner, in effecting payment of the principal of and interest on the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due all in accordance with the Blanket Issuer Letter of Representations, the provisions of which the Paying Agent may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein.

(F) In the case of any transfer pursuant to clause (3) of subsection (B) of this Section, any Note may, in accordance with its terms, be transferred or exchanged for a like aggregate principal amount and tenor in authorized denominations of the same series, upon the books required to be kept by the Paying Agent pursuant to the provisions hereof, by the person in

whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, and, in the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed and in form approved by the Paying Agent.

Whenever any Note shall be surrendered for transfer or exchange, the City shall execute and the Paying Agent shall authenticate, if required, and deliver a new Note or Notes of authorized denominations, for a like aggregate principal amount and tenor. The Paying Agent shall require the owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

(G) The Paying Agent will keep or cause to be kept sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the City. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Notes as hereinbefore provided.

(H) If any Note shall become mutilated, the City, at the expense of the owner of such Note, shall execute, and the Paying Agent shall thereupon authenticate, if required, and deliver a new Note of like series, tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Paying Agent of the Note so mutilated. Every mutilated Note so surrendered to the Paying Agent shall be cancelled by the Paying Agent and delivered to, or upon the order of, the City. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and the Paying Agent and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the City, at the expense of the owner, shall execute, and the Paying Agent shall thereupon authenticate, if required, and deliver a new Note of like series, tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Paying Agent may pay the same without surrender thereof). The Paying Agent may require payment by the registered owner of a Note of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the City and the Paying Agent. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Note so alleged to be lost, destroyed or stolen be, at any time, enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Notes secured by this Resolution.

All Notes surrendered for payment or registration of transfer, if surrendered to any person other than the Paying Agent, shall be delivered to the Paying Agent and shall be promptly cancelled by the Paying Agent. The City may at any time deliver to the Paying Agent for cancellation any Notes previously authenticated and delivered hereunder which the City may have acquired in any manner whatsoever, and all Notes so delivered shall promptly be cancelled by the Paying Agent. No Note shall be authenticated in lieu of or in exchange for any Notes cancelled as provided herein, except as expressly permitted hereunder. All cancelled Notes held by the Paying Agent shall be disposed of as directed by the City.

Section 10. General Covenants. It is hereby covenanted and warranted by the City Council that all representations and recitals contained in this Resolution are true and correct and that the City Council and the City, and the appropriate officials thereof, have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the levy, collection and enforcement of the taxes, income, revenue, cash receipts and other moneys pledged hereunder in accordance with law and for carrying out the provisions of this Resolution and the Notes and shall cause to be paid, in accordance with their terms, the principal of and interest on the Notes.

The City hereby covenants to deposit funds in the Repayment Fund at the times and in the amounts specified herein to provide sufficient moneys to pay the principal of and interest on the Notes when due.

Section 11. Tax Covenants; Rebate Fund.

(A) The City hereby covenants that it will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Notes under Section 103 of the Code. Without

limiting the generality of the foregoing, the City hereby covenants that it will comply with the requirements of the Tax Certificate of the City with respect to the Notes (the "Tax Certificate"), to be entered into by the City as of the date of issuance of the Notes. The provisions of this Section 11 shall survive payment in full or defeasance of the Notes.

(B) The City covenants that it shall make or cause to be made all calculations in a reasonable and prudent fashion relating to any rebate of excess investment earnings on the proceeds of the Notes due to the United States Treasury, shall segregate and set aside from lawfully available sources the amount such calculations may indicate may be required to be paid to the United States Treasury and shall otherwise at all times do and perform all acts and things necessary and within its power and authority, including complying with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and complying with the instructions of Bond Counsel referred to in Section 4 hereof, to assure that interest paid on the Notes shall, for the purposes of federal income taxes and California personal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation. As part of the performance of the covenant contained in the preceding sentence, promptly after six months from the date of the issuance of the Notes, the City will reasonably and prudently calculate the amount of the Note proceeds which have been expended, with a view to determining whether or not the City has met the requirements of Section 148(f)(4)(B) of the Code with respect to the Notes of such series, and if it has not met such requirements, it will reasonably and prudently calculate or cause to be calculated the amount, if any, of investment earnings which must be rebated to the United States and will immediately set aside, from revenues attributable to the 2014-15 Fiscal Year or, to the extent not available from such revenues, from any other moneys lawfully available, the amount of any such rebate in the Fund referred to in paragraph (C) of this Section 11.

(C) If funds are required to be deposited therein, the City Finance Director shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the "2014-15 Tax and Revenue Anticipation Note Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein in accordance with the written instructions from Bond Counsel pursuant to Section 4 hereof.

(D) Notwithstanding any other provision of this Resolution to the contrary, upon the City's failure to observe, or refusal to comply with, the covenants contained in this Section, no one other than the owners or former owners of the Notes shall be entitled to exercise any right or remedy under this Resolution on the basis of the City's failure to observe, or refusal to comply with, such covenants.

(E) Notwithstanding any provision of this section, if the City shall provide to the Paying Agent an opinion of Bond Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the Paying Agent and the City may conclusively rely on such opinion in complying with the requirements of this section, and the covenants hereunder shall be deemed to be modified to that extent.

Section 12. Paying Agent. MUFG Union Bank, N.A., formerly known as Union Bank, N.A., is hereby appointed as Paying Agent for the Notes. The City hereby directs and authorizes the payment by the Paying Agent of the interest on and principal of the Notes when such become due and payable, from the transfers made to the Paying Agent from the Repayment Fund in the manner set forth herein. Payment of the Notes shall be in accordance with the terms of the Notes and this Resolution.

This appointment shall not preclude the City from appointing one or more successor financial institutions to act as Paying Agent, all without notice to or the consent of the registered owners of the Notes. Any such successor paying agent shall be a bank or trust company organized under the laws of the United States of America or a State thereof and with a minimum of \$500 million of capital.

The Paying Agent is also appointed as registrar and upon the request of any registered owner is authorized to record the transfer or exchange of Notes in accordance with the provisions hereof.

Section 13. Authorization of Preliminary Official Statement and Official Statement. The proposed form of preliminary official statement (the “Preliminary Official Statement”) relating to the Series A Notes on file with the City Clerk, is hereby approved with such changes, additions, completion and corrections as any Authorized Officer may approve. Such Preliminary Official Statement, together with any supplements thereto, shall be in form “deemed final” by the City for purposes of Rule 15c2-12, promulgated by the Securities and Exchange Commission (“S.E.C. Rule 15c2-12”), but is subject to revision, amendment and completion in a final Official Statement (the “Official Statement”). The Official Statement in substantially said form is hereby authorized and approved, with such changes therein as any Authorized Officer may approve, which approval shall be conclusively evidenced by execution and delivery thereof to the purchaser of the Series A Notes. Each Authorized Officer, acting alone, is hereby authorized and directed, for and in the name and on behalf of the City, to execute a certificate confirming that the Preliminary Official Statement has been “deemed final” by the City for purposes of S.E.C. Rule 15c2-12 and to deliver to the Purchaser the Preliminary Official Statement. If the Authorized officer decides to sell the bonds pursuant to a negotiated sale, the Purchaser is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Series A Notes and are directed to deliver copies of the Official Statement to the purchasers of the Series A Notes.

Section 14. Continuing Disclosure. The proposed form of the Continuing Disclosure Agreement, in substantially the form presented to this meeting (a copy of which is on file with the City Clerk) is hereby approved. Each Authorized Officer, acting alone, is hereby authorized to execute one or more Continuing Disclosure Agreements on behalf of the City in connection with the issues of each series of Notes, with such changes, additions and completions as such officer executing such certificates shall approve and containing such covenants of the City as shall be necessary to comply with the requirements of S.E.C. Rule 15c2-12. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of each such Continuing Disclosure Agreement.

Section 15. Financial Advisor Contract. The proposed form of contract with Tamalpais Advisors, Inc., a copy of which is on file with the City Clerk, is hereby approved. Each Authorized Officer, acting alone, is hereby authorized said contract on behalf of the City with such changes, additions, and deletions as such officer shall deem necessary or desirable.

Section 16. Approval of Actions. All actions heretofore taken by the officers and agents of the City or the City Council with respect to the sale and issuance of the Notes are hereby approved, confirmed and ratified, and the officers of the City and the City Council are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution.

Section 17. Proceedings Constitute Contract. The provisions of the Notes and of this Resolution shall constitute a contract between the City and the registered owners of the Notes, and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and, upon issuance of the Notes, shall be irrevocable.

Section 18. Severability. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the City shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed severable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Notes, and the owners of the Notes shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The City Council hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Notes pursuant hereto irrespective of the fact that any one or more of the sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

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I hereby certify that the foregoing resolution of the Council of the City of Richmond was duly passed and adopted at a regular meeting thereof held May 20, 2014, by the following vote:

AYES: Councilmembers Bates, Boozé, Butt, Myrick, Rogers, Vice Mayor Beckles, and Mayor McLaughlin.

NOES: None.

ABSENT: None.

ABSTENTION: None.

DIANE HOLMES
CLERK OF THE CITY OF RICHMOND

(SEAL)

Approved:

GAYLE MCLAUGHLIN
Mayor

Approved as to form:

BRUCE GOODMILLER
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. 41-14**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on May 20, 2014.