

**RESOLUTION NO. 132-06**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND DIRECTING STAFF TO PREPARE PROCEEDINGS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF AN ISDA MASTER AGREEMENT AND SCHEDULE TO EFFECT AND INTEREST RATE SWAP TRANSACTION WITH BEAR STEARNS CAPITAL MARKETS IN CONNECTION WITH THE CITY'S PENSION OBLIGATION BONDS, SERIES 2005 AND APPOINTING SPECIAL COUNSEL, A SWAP ADVISOR AND A FINANCIAL ADVISOR IN CONNECTION WITH SUCH TRANSACTION

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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 2012; 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 within the next several months 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 with the City with respect to the Bonds in order to lock in favorable interest rates on the Bonds during early 2007 and eliminate the risk to the City that interest rates will rise prior to the conversion of the Bonds to variable rates in 2012; and

WHEREAS, the City desires to retain legal counsel, a swap advisor and a financial advisor to assist it in negotiating and documenting the proposed interest rate swap transaction;

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

Section 1. The City Council hereby directs the City Manager, Director of Finance, and other appropriate officers and employees of the City to prepare or cause to be prepared legal proceedings and documents to enter into an interest rate swap transaction with Bear Stearns Capital Markets with respect to the Bonds and to submit same to the City Council for consideration at the earliest practical opportunity.

Section 2. The firm of Orrick, Herrington & Sutcliffe LLP is hereby appointed special counsel for the swap transaction in accordance with that certain agreement on file with the Clerk and presented to this meeting (the "Special Counsel Agreement"). The City Manager is hereby authorized and directed to execute and deliver the Special Counsel Agreement in substantially the form on file, with such changes, additions, amendments or supplements approved by the City Manager in the interests of the City, such approval to be conclusively evidenced by such execution and delivery.

Section 3. The firm of Bond Logistix LLC is hereby appointed swap advisor for the swap transaction in accordance with that certain agreement on file with the Clerk and presented to this meeting (the "Swap Advisory Agreement"). The City Manager is hereby authorized and directed to execute and deliver the Swap Advisory Agreement in substantially the form on file, with such changes, additions, amendments or supplements approved by the City Manager in the interests of the City, such approval to be conclusively evidenced by such execution and delivery.

Section 4. The firm of Tamalpais Advisors Inc. is hereby appointed financial advisor for the swap transaction in accordance with that certain agreement on file with the Clerk and presented to this meeting (the "Financial Advisory Agreement"). The City Manager is

hereby authorized and directed to execute and deliver the Financial Advisory Agreement in substantially the form on file, with such changes, additions, amendments or supplements approved by the City Manager in the interests of the City, such approval to be conclusively evidenced by such execution and delivery.

Section 5. This resolution shall take effect immediately upon its passage.

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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 December 12, 2006 by the following vote:

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

NOES: None

ABSENTIONS: None

ABSENT: Councilmember Thurmond

DIANE HOLMES  
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. 132-06, finally passed and adopted by the Council of the City of Richmond at a meeting held on December 12, 2006.