

RESOLUTION NO. 145-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND PROVIDING FOR THE EXECUTION AND DELIVERY OF AN INTEREST RATE SWAP AGREEMENT WITH ROYAL BANK OF CANADA IN CONNECTION WITH THE FUTURE ISSUANCE OF BONDS FOR THE CIVIC CENTER PROJECT, AND MAKING FINDINGS IN CONNECTION THEREWITH

WHEREAS, the City Council (the "Council") of the City of Richmond (the "City") has previously appointed a financing team for the Civic Center project (the "Project"), and directed staff to work with said financing team to bring proposed financing terms back to this Council; and

WHEREAS, the City Council reasonably expects that tax-exempt debt obligations will be issued in an amount of at least \$94 million for the Project, and that as a part of the financing for the Project, the City will refund certain existing tax-exempt obligations by issuing an additional amount of tax-exemption obligations in an amount of approximately \$36 million (such new financing referred to collectively as the "Bonds"); and

WHEREAS, although the financing for the Project will not go forward until final construction documents and agreements are in place with the developer of the project, and that the Bonds will be issued no later than December 15, 2007; and

WHEREAS, City staff is concerned that increases in interest rates over the coming months may make the project less feasible for the City; and

WHEREAS, in order to protect the City against such rising interest rates, it is possible for the City to enter into an interest rate swap agreement (the "Swap") with Royal Bank of Canada, the Swap Counterparty previously appointed by the City Council, which will have the effect of locking in interest rates at favorable levels; and

WHEREAS, forms of an ISDA Master Agreement, Schedule and Credit Support Annex (collectively, the "Swap Documents") have been prepared and are presented for approval to the Council pursuant to this resolution; and

WHEREAS, the Swap Documents have been reviewed by Orrick, Herrington & Sutcliffe, LLP as bond counsel, Bond Logistix LLC., as swap advisor and Tamalpias Advisors, Inc. ,as financial advisor; 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 City hereby finds and determines pursuant to Section 5922 of the California Government Code that the entering transaction contemplated by the Swap Documents is designed to reduce the City's risk associated with interest rate changes between the time the Swap Documents are entered into and the time the Bonds are issued and to reduce cost of borrowing for the Bonds.

Section 3. The Director of Finance is hereby authorized to execute and deliver a Swap Documents in substantially the form presented to this meeting with such changes therein, deletions therefrom and additions thereto as may be approved by the Director of Finance in consultation with the City Attorney, Bond Counsel and the Swap Advisor, with such execution to be conclusive evidence of such approval; provided, that (i) the Swap shall not have a term extending beyond the maturity date of the Bonds; (ii) the net amounts, if any, payable by the City with respect to the Swap shall be payable solely and exclusively from lawfully available moneys

of the City in its General Fund and under any lease arrangement with respect to the Bonds; (iii) the notional amount of the Swap will not exceed \$130 million, and (iv) the Swap will provide for automatic termination if the Bonds are not issued prior to December 15, 2007.

Section 4. The City Council hereby appropriates the sum of \$12,000,000 to be deposited with the Counterparty pursuant to the Swap Documents, as security for the City's obligation to pay any termination payments due under the Swap Documents in the event that the Swap is terminated. Such amount shall be returned to the City at the time an insurance commitment is obtained from a bond insurance firm for the Bonds and the Swap. When the Bonds are issued, any termination payment paid by the City as a result of any amendment or replacement

Section 5. The Director of Finance is hereby authorized to execute and deliver amendments to the Swap Documents, or replacement Swap Documents, in the event that Director of Finance determines in consultation with the Swap Advisor and Bond Counsel that such amendments or replacement Swap Documents are necessary to provide that the Swap matches the exact terms of the Bonds when issued or in order to comply with federal tax law; provided, that no such amendment or replacements shall cause the Swap to exceed the parameters set forth in Section 3 of this Resolution. In the event of any such amendment or replacement, when the Bonds are issued, any termination payment paid by the City shall be included in the amount of Bonds to be issued, and any termination payment received by the City shall be applied to reduce the amount of Bonds to be issued.

Section 6. This resolution shall take effect immediately upon its passage.

I certify that the foregoing Resolution was passed and adopted by the Members of the City Council of the City of Richmond, California at a meeting held on December 19, 2006 by the following vote:

AYES:	Councilmembers Bates, Griffin, Marquez, McLaughlin, Rogers, Thurmond, Viramontes, and Mayor Anderson
NOES:	Councilmember Butt
ABSTENTIONS:	None
ABSENT:	None

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. 145-06, finally passed and adopted by the Council of the city of Richmond at a meeting held on December 19, 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 19th day of December, 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: Councilmember Bates, Griffin, Marquez, McLaughlin, Rogers, Thurmond, Viramontes, and Mayor Anderson

NOES: Councilmember Butt

ABSENT: None

ABSTAINED: None

An agenda of said meeting was posted before said meeting at City Hall, 2600 Barrett Avenue, 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: December 19, 2006.

DIANE HOLMES
City Clerk of the City of Richmond

[SEAL]