

**CITY COUNCIL RESOLUTION NO. 108-15**

**A RESOLUTION OF THE CITY COUNCIL APPROVING THE ISSUANCE BY THE RICHMOND JOINT POWERS FINANCING AUTHORITY OF NOT TO EXCEED \$40,000,000 AGGREGATE PRINCIPAL AMOUNT OF LEASE REVENUE BONDS, SERIES 2015; AUTHORIZING THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF A SITE LEASE, A FACILITY LEASE, A BOND PURCHASE CONTRACT, AN OFFICIAL STATEMENT AND A CONTINUING DISCLOSURE AGREEMENT; AUTHORIZING FORMS OF TERMINATION AGREEMENTS AND DIRECTING THE TERMINATION OF AN INTEREST RATE SWAP AND OPTION ON INTEREST RATE SWAP ASSOCIATED WITH THE RICHMOND JOINT POWERS FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS (CIVIC CENTER PROJECT), SERIES 2009; AUTHORIZING A FORM OF NOVATION AGREEMENT AND DIRECTING THE NOVATION OF TWO INTEREST RATE SWAPS ASSOCIATED WITH THE OUTSTANDING CITY OF RICHMOND TAXABLE PENSION FUNDING BONDS, SERIES 2005B-1 AND SERIES 2005B-2, DIRECTING THE EXECUTION OF AN AMENDED AND RESTATED SCHEDULE AND TWO CONFIRMATIONS RELATED THERETO; AND APPROVING 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 and pursuant to that certain Joint Exercise of Powers Agreement, dated as of December 1, 1989 (the "Joint Powers Agreement"), by and between the City and the Successor Agency to the Richmond Community Redevelopment Agency, formerly known as the Richmond Redevelopment Agency; and

**WHEREAS**, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "JPA Law") and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing and refinancing working capital and public capital improvements and whenever there are significant public benefits; and

**WHEREAS**, the Authority has heretofore authorized and issued its \$101,420,000 Lease Revenue Bonds (Refunding and Civic Center Project), Series 2007 (the "2007 Civic Center Bonds") for the purpose of financing 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 "Civic Center Project"); and

**WHEREAS**, in accordance with the JPA law, this City Council (the "Council") of the City held a public hearing regarding the Civic Center Project on July 17, 2007 following publication of the notice of the public hearing at least five days prior thereto in a newspaper of general circulation in the City and the Council thereafter approved the Civic Center Project, finding that it would result in significant public benefits, including demonstrable savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs; and

**WHEREAS**, Section 5922 of the California Government Code (hereafter, "Section 5922") 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**, 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 Section 5922 and the Swap Policy providing for fixed swap rates on the 2007 Civic Center 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 Civic Center Swap Agreement”), each between the Authority and the Royal Bank of Canada (“RBC”); and

**WHEREAS**, the Authority has redeemed the outstanding 2007 Civic Center Bonds through the issuance by the Authority of \$89,795,000 of its Lease Revenue Refunding Bonds (Civic Center Project), Series 2009 (the “2009 Civic Center Bonds”); and

**WHEREAS**, in connection with the issuance of the 2009 Civic Center Bonds, the City requested that the Authority effect an amendment to the 2007 Civic Center Swap Agreement (as amended, the “2009 Civic Center Swap Agreement”) pursuant to an amended and restated schedule and confirmation, each between the Authority and RBC, and in compliance with Section 5922 and the Swap Policy; and

**WHEREAS**, in connection with a proposed refunding of the 2009 Civic Center Bonds and in compliance with Section 5922 and the Swap Policy, the City requested that the Authority sell a cash-settled option to RBC to enter into an interest rate swap transaction (the “2014 Swaption Transaction” and together with the 2009 Civic Center Swap Agreement, the “Civic Center Swap Agreements”) evidenced by a confirmation entered into pursuant to the 2009 Civic Center Swap Agreement thereby allowing the City to capture the approximate value of the Authority’s optional early redemption rights with respect to the 2009 Civic Center Bonds without incurring the prohibitive negative arbitrage cost associated with an advance refunding on the trade date of the 2014 Swaption Transaction; and

**WHEREAS**, for the purpose of refunding the City’s obligations to the California Public Employees’ Retirement System, the City duly issued its City of Richmond Taxable Pension Funding Bonds, Series 2005A, its City of Richmond Taxable Pension Funding Bonds, Series 2005B-1 and its City of Richmond Taxable Pension Funding Bonds, Series 2005B-2 (collectively, “Pension Obligation Bonds”); and

**WHEREAS**, the outstanding Pension Obligation Bonds currently bear, or will bear, interest at certain variable interests rates; and

**WHEREAS**, in connection with the issuance of the Pension Obligation Bonds and in conformance with Section 5922 and the Swap Policy, the City and Bear Stearns Capital Markets, Inc., as counterparty (hereafter, “Bear Stearns”) entered into an ISDA Master Agreement and related Schedule, Credit Support Annex and separate Confirmations associated with the outstanding Pension Obligation Bonds, each dated as of November 7, 2007 (collectively, the “POB Swap Agreements”); and

**WHEREAS**, Bear Stearns thereafter assigned its rights under the POB Swap Agreements to JPMorgan Chase Bank, N.A., as assignee (“JPM”); and

**WHEREAS**, as a result of rating action taken on August 4, 2015 by Moody’s Investors Service, Inc., JPM has the option to terminate the POB Swap Agreements, which would result in the City owing a termination payment to JPM pursuant to the terms of the POB Swap Agreements; however, as of this date, JPM has not elected to so terminate the POB Swap Agreements, but has reserved all of its rights to do so; and

**WHEREAS**, JPM, the City and RBC desire to enter into a novation of JPM’s interest in the POB Swap Agreements in favor of RBC (the “Novation”) and thereafter terminate the Civic Center Swap Agreements pursuant to those certain Termination Agreements between RBC and the Authority related to the 2009 Civic Center Swap Agreement and the 2014 Swaption Transaction, respectively (collectively, the “Termination Agreements”); and

**WHEREAS**, the City desires to approve the sale and issuance by the Authority of not to exceed \$40,000,000 in aggregate principal amount of Richmond Joint Powers Financing Authority Lease Revenue Bonds, Series 2015 in one or more series (the “Series 2015 Bonds”), pursuant to a trust agreement, dated as of December 1, 2015, (the “Trust Agreement”), between

the Authority and MUFG Union Bank, N.A., as trustee (the “Trustee”), for the purpose of, (a) financing of certain payments in connection with the termination of the Civic Center Swap Agreements (the “Termination Payment”), (b) paying all costs incidental to or connected thereto, and (c) funding a reserve fund if necessary; and

**WHEREAS**, the payment of the Termination Payment is necessary to induce RBC to enter into the Termination Agreements and the Novation and thereafter amend the POB Swap Agreements pursuant to an amended and restated schedule and two confirmations (collectively, the “POB Swap Amendments”) each between the City and RBC in order to: (i) eliminate the references to Moody’s Investors Service in the provisions related to Additional Termination Events; (ii) change the description for an Additional Termination Event related to Standard & Poor’s ratings to “the reduction of the Issuer Credit Rating of Party B below a rating of BBB”; (iii) provide for a mandatory early settlement of the POB Swap Agreements no earlier than August 1, 2023; (iv) increase (but not above 6.00%) or decrease the fixed interest rate percentage payable by the City as deemed necessary and appropriate by the City Manager and the Director of Finance, in consultation with the Swap Advisor (as defined herein) to reflect interest rate and credit spread market conditions prevailing at (x) the time of the Termination Payment, and (y) at the time such business terms of the Novation and the POB Swap Amendments are finalized, and (z) make such other conforming changes as are necessary to implement these changes and otherwise execute the transactions contemplated herein; and

**WHEREAS**, the City desires to authorize and direct the negotiation, execution and delivery of the Novation, the Termination Agreements, and the POB Swap Amendments; and

**WHEREAS**, there have been presented to this meeting the proposed forms of:

1. a trust agreement, dated as of December 1, 2015, by and between the Authority and the Trustee,
2. a site lease, dated as of December 1, 2015, (the “Site Lease”), by and between the City and the Authority,
3. a facility lease, dated as of December 1, 2015, (the “Facility Lease”), by and between the City and the Authority,
4. a continuing disclosure agreement, to be dated the date of issuance of the Series 2015 Bonds (the “Continuing Disclosure Agreement”), by and between the City and Willdan Financial Services, as dissemination agent,
5. a bond purchase contract, to be dated the date of sale of the Series 2015 Bonds (the “Bond Purchase Contract”), among the Authority, the City and RBC Capital Markets, LLC, as representative of the Underwriters (the “Underwriter”),
6. an official statement relating to the Series 2015 Bonds (the “Official Statement”),
7. the Termination Agreements, and
8. the Novation;

**WHEREAS**, Public Resources Advisory Group is serving as financial advisor (the “Financial Advisor”) to the City and the Authority, The Majors Group is serving as swap advisor (the “Swap Advisor”) to the City and the Authority, Schiff Hardin LLP is serving as disclosure counsel to the City and the Authority (“Disclosure Counsel”) and Orrick, Herrington & Sutcliffe LLP is serving as bond counsel (“Bond Counsel”) to the City and the Authority in connection with the financing (collectively, the “City Advisors”); and

**WHEREAS**, this Council has been presented with the form of each document referred to herein relating to the Series 2015 Bonds, and the Council has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

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

**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 Council hereby approves the issuance of the Series 2015 Bonds by the Authority, in an aggregate principal amount not to exceed \$40,000,000.

Section 3. The officers of the City may, if it is determined to be necessary or desirable, assist the Authority in obtaining bond insurance for the Series 2015 Bonds and a surety bond or bonds with respect to all or a portion of any reserve requirement with respect to the Series 2015 Bonds.

Section 4. The proposed form of Site Lease on file with the City Clerk is hereby approved. The City Manager and Director of Finance 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 Site Lease in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term thereof shall not exceed forty-five years. The City Manager and Director of Finance are authorized to lease any or all of the facilities set forth on Exhibit A hereto pursuant to the Site Lease and the Facility Lease.

Section 5. The proposed form of Facility Lease on file with the City Clerk is hereby approved. The City Manager and Director of Finance 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 Facility Lease in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the maximum annual amount of base rental payable thereunder by the City shall not exceed \$4,000,000

Section 6. The proposed form of Trust Agreement on file with the City Clerk is hereby approved. The City Manager and Director of Finance are each hereby authorized and directed, severally, or any such officer's designee, for and on behalf of the City, to approve the delivery of the Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Authority. Among the changes authorized to be made to the Trust Agreement are such changes as are necessary in the event the City Manager or the Director of Finance, upon consultation with the Financial Advisor, determines it is desirable to purchase a municipal bond insurance policy and/or a surety bond for the Series 2015 Bonds.

Section 7. The proposed form of Bond Purchase Contract on file with the City Clerk is hereby approved. The City Manager and Director of Finance 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 Underwriter to purchase the Series 2015 Bonds as reflected in the Bond Purchase Contract; and to execute and deliver the Bond Purchase Contract in substantially the form on file with the City Clerk, with such additions, deletions or changes therein as such officer determines are necessary or appropriate and are approved by such officer, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Contract; provided, that the true interest cost on the Series 2015 Bonds shall not exceed eight percent (8.00%) per annum.

Section 8. The proposed form of Official Statement on file with the City Clerk is hereby approved. The City Manager and Director of Finance 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 Official Statement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby directed to distribute copies of the Official Statement to all actual purchasers of the Series 2015 Bonds. Distribution by the Underwriter of a Preliminary Official Statement relating to the Series 2015 Bonds (either in printed form or by posting electronically) is hereby approved and the City Manager and Director of Finance are

each hereby authorized and directed, acting singly, to execute a certificate confirming that the Preliminary Official Statement has been “deemed final” by the City for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 9. The Council hereby determines pursuant to Section 5922 that the entering into the Novation and the POB Swap Amendments by the City, and the Termination Agreements by the Authority, are in connection with, or incidental to, the issuance or carrying of the Pension Obligation Bonds, will reduce the amount and duration of interest rate risk with respect to the Pension Obligation Bonds and are 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 Pension Obligation Bonds and the carrying of the remaining outstanding Pension Obligation Bonds or enhance the relationship between risk and return with respect to investments.

Section 10. The termination of the Civic Center Swap Agreements is hereby approved pursuant to the form of Termination Agreements on file with the City Clerk. The City Manager and the Director of Finance are each hereby authorized and directed, acting singly, to assist the Authority in negotiating such termination in such form as the officer of the Authority executing such Termination Agreements shall determine and approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Authority. The Termination Agreements shall comply with the Swap Policy.

Section 11. The Council hereby approves the execution and delivery of the Novation on file with the City Clerk and the POB Swap Amendments, and the City Manager and the Director of Finance, are each hereby authorized and directed, acting singly, for and in the name and on behalf of the City, to enter into (x) the Novation and (y) the POB Swap Amendments with RBC in consultation with the Swap Advisor, such POB Swap Amendments shall be in a notional amount not exceeding the principal amount of the outstanding Pension Obligation Bonds and shall comply with the Swap Policy.

Section 12. 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 Series 2015 Bonds, including, but not limited to, the execution and delivery of a continuing disclosure certificate or agreement, a tax certificate, bi-lateral agreements and such documents and certificates related to the Termination Agreements or the execution and delivery of the Novation or the POB Swap Amendments (including any documents necessary in connection with bond insurance or other credit enhancement for the Series 2015 Bonds or the investment of proceeds of the Series 2015 Bonds), termination agreements with respect to any extant lease of any city facility listed on Exhibit A hereto which the City Manager and the Director of Finance may deem necessary or desirable to accomplish the financing contemplated by this Resolution; 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, including, but not limited to, the prepayment of any lease of any city facility which the City Manager and the Director of Finance may deem necessary or desirable to accomplish the financing contemplated by this Resolution. The City Manager and the Director of Finance, acting singly, are each authorized and directed to execute, amend, terminate or replace any agreement the City has or may enter into with any underwriter or purchaser, and may appoint, terminate or replace any underwriter or purchaser in connection with the sale of the Series 2015 Bonds, all as such officers may deem in the best interests of the City. All actions heretofore taken by the officers and agents of the City with respect to the sale, execution and delivery of the Series 2015 Bonds, and the other transactions authorized and contemplated herein are hereby approved, confirmed and ratified. Notwithstanding any provision of this resolution authorizing the Director of Finance and the City Manager, acting singly, to take any action or execute any document to the contrary, in the absence of such officers, the person designated in writing by the Director of Finance or the City Manager, may take such action or execute such document with like effect as fully as though named in this resolution instead of such officers.

Section 13. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the transaction, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents or additional confirmations, settlements or revisions, may be given or taken, without further authorization by

this Council, by the Director of Finance, the City Manager and each such officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officers may deem necessary or desirable to further the purposes of this Resolution. This Resolution shall take effect from and after its adoption.

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I certify that the foregoing resolution was passed and adopted by the City Council of the City of Richmond at a regular meeting thereof, held on November 17, 2015, by the following vote:

|              |   |
|--------------|---|
| AYES:        | Councilmembers Bates, Beckles, Martinez, McLaughlin, Pimplé, Vice Mayor Myrick, and Mayor Butt. |
| NOES:        | None.   |
| ABSTENTIONS: | None.   |
| ABSENT:      | None.   |

PAMELA CHRISTIAN  
CLERK OF THE CITY OF RICHMOND  
(SEAL)

Approved:

TOM BUTT  
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. 108-15**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on November 17, 2015.

  
Pamela Christian, City Clerk of the City of Richmond

CLERK'S CERTIFICATE

I, Pamela Christian, 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 regular meeting of the City Council of said City duly and regularly held at the regular meeting place thereof on the 17th day of November, 2015, 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, Beckles, Martinez, McLaughlin, Pimplé, Vice Mayor Myrick, and Mayor Butt.

NOES: None.

ABSENT: None.

ABSTAINED: None.

An agenda of said meeting was posted before said meeting at City Hall, 450 Civic Center Plaza in the City of Richmond, California, 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 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.

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: November 17, 2015.

  
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City Clerk of the City of Richmond

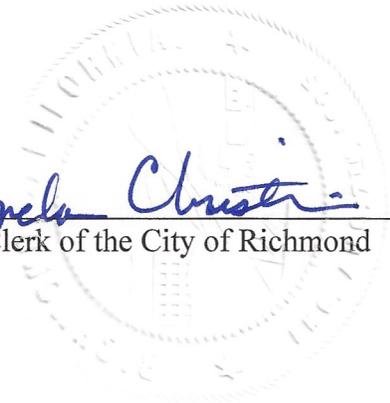


EXHIBIT A

| Site Description                | Address                                 | Total Real Property |
|---------------------------------|---|---------------------|
| CORPORATION YARD                | #6 13TH STREET                          | 710,942             |
| CORPORATION YARD                | #6 13TH STREET                          | 333,242             |
| CORPORATION YARD                | #6 13TH STREET                          | 1,364,036           |
| CORPORATION YARD                | #6 13TH STREET                          | 149,346             |
| CORPORATION YARD                | #6 13TH STREET                          | 1,135,796           |
| MERCHANT BUILDING               | 1101-49 MACDONALD AVENUE                | 2,905,772           |
| WINTER'S BUILDING               | 333 11TH STREET                         | 3,231,598           |
| PARKING GARAGE                  | 11TH & NEVIN                            | 4,873,496           |
| KENNEDY SWIM CENTER             | S. 45TH & FALL                          | 5,243,467           |
| FIRE STATION #62                | 1065 7TH STREET                         | 901,478             |
| FIRE STATION #62                | 1065 7TH STREET                         | 84,070              |
| FIRE STATION #63                | 5201 VALLEY VIEW RD                     | 1,114,298           |
| FIRE STATION #66                | 4100 CLINTON AVE.                       | 323,227             |
| FIRE STATION #66                | 4100 CLINTON AVE.                       | 25,660              |
| MAIN LIBRARY                    | 27TH & BARRETT                          | 3,528,160           |
| BART - CITY OWNED BUILDING      | 1600 NEVIN AVE                          | 6,752,649           |
| CIVIC CENTER                    | 330 25TH STREET / 2525 MACDONALD AVENUE | 6,053,749           |
| NEVIN COMMUNITY CENTER          | 6TH & NEVIN                             | 2,802,102           |
| PLUNGE BUILDING                 | 1 E. RICHMOND AVENUE                    | 6,097,147           |
| SHIELD-REID C.C/N/ RICH. C.C.C. | 1410 KELSEY STREET                      | 2,256,218           |
| BOOKER T. ANDERSON JR CC        | 960 S. 47TH STREET                      | 2,522,536           |
| BOOKER T. ANDERSON JR CC        | 960 S. 47TH STREET                      | 184,527             |
| MEMORIAL YOUTH CTR              | 3230 MACDONALD AVENUE                   | 6,534,060           |
|                                 |   | <b>59,127,576</b>   |

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