

RESOLUTION NO. 74236

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE DIRECTOR OF FINANCE OR THE DIRECTOR'S AUTHORIZED DESIGNEE TO TAKE VARIOUS ACTIONS WITH RESPECT TO THE BROKER-DEALER AGREEMENTS ENTERED INTO IN CONNECTION WITH THE CITY OF SAN JOSE AIRPORT REVENUE BONDS SERIES 2004A AND SERIES 2004B**

**WHEREAS**, on June 24, 2004, the City of San José ("City") issued its Airport Revenue Bonds, Series 2004A Bonds ("Series 2004A Bonds"), Series 2004B Bonds ("Series 2004B Bonds"), Series 2004C Bonds ("Series 2004C Bonds") and Series 2004D Bonds ("Series 2004D Bonds") pursuant to the Master Trust Agreement; and

**WHEREAS**, the Series 2004A Bonds and the Series 2004B Bonds (together, the Series 2004A/B Bonds) were issued as auction rate securities and the Series 2004C Bonds and the Series 2004D Bonds were issued as fixed rate bonds; and

**WHEREAS**, auctions for the Series 2004A/B Bonds are closed auctions whereby only the designated broker-dealer may participate in the auction; and

**WHEREAS**, Citigroup Global Markets, Inc. ("Citigroup") currently serves as the broker-dealer for the Series 2004A Bonds pursuant to an agreement by and among the City, U.S. Bank National Association (successor to Wachovia Bank National Association) as the auction agent (the "Auction Agent") and Citigroup; and

**WHEREAS**, Lehman Brothers, Inc. ("Lehman") currently serves as the broker-dealer for the Series 2004B Bonds pursuant to an agreement by and among the City, the Auction Agent and Lehman; and

**WHEREAS**, due to disruption in the financial markets, City staff has made various recommendations to the City Council related to the broker-dealer agreements with respect to the Series 2004A/B Bonds; and

**WHEREAS**, City staff has recommended opening the auctions for the Series 2004A/B Bonds to other broker-dealers within the parameters specified below; and

**WHEREAS**, City staff also has recommended that the Director of Finance or the Director's authorized designee be authorized to negotiate and execute amendments to the broker-dealer agreements related to the Series 2004A/B Bonds within the parameters specified below; and

**WHEREAS**, the form of the broker-dealer agreement is in the substantially same form as the agreement currently in effect for the Series 2004A Bonds and the Series 2004B Bonds;

**NOW, THEREFORE**, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

1. The Director of Finance or the Director's authorized designees (collectively, the "Authorized Officers") each be authorized to negotiate and execute the broker-dealer agreement by and among the City, the Auction Agent and Citigroup relating to the Series 2004B Bonds.
2. The Authorized Officers each be authorized to negotiate and execute the broker-dealer agreement by and among the City, the Auction Agent and Lehman relating to the Series 2004A Bonds.
3. The Authorized Officers each be authorized to negotiate and execute amendments to the broker-dealer agreements related to the Series 2004A/B

- Bonds in order to address changes to auction rate procedures, provided that the terms of the agreement related to compensation are not revised so as to increase the compensation payable to the broker-dealers.
4. The Authorized Officers each be authorized to negotiate and execute broker-dealer agreements with additional broker-dealers to participate in the auctions for the Series 2004A/B Bonds, provided that the selected entity meets the requirements to serve as the broker-dealer specified in the Master Trust Agreement.

ADOPTED this 12<sup>th</sup> day of February, 2008, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, CORTESE,  
LICCARDO, NGUYEN, OLIVERIO, PYLE, WILLIAMS;  
REED

NOES: NONE

ABSENT: NONE

DISQUALIFIED: NONE

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CHUCK REED  
Mayor

ATTEST:

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LEE PRICE, MMC  
City Clerk