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RESOLUTION NO. 74301

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE DIRECTOR OF FINANCE TO NEGOTIATE, EXECUTE AND DELIVER A LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT WITH LLOYDS TSB BANK PLC, ACTING THROUGH ITS NEW YORK BRANCH, A FIRST AMENDMENT AND SUPPLEMENT TO THE ISSUING AND PAYING AGENT AGREEMENT WITH DEUTSCHE BANK TRUST COMPANY AMERICAS AND DEALER AGREEMENTS WITH EACH OF CITIGROUP GLOBAL MARKETS INC., LEHMAN BROTHERS INC. AND MORGAN STANLEY & CO. INCORPORATED RELATING TO THE CITY'S SUBORDINATED COMMERCIAL PAPER NOTES FOR THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT AND OTHER NECESSARY DOCUMENTS IN CONNECTION THEREWITH; AND DELEGATING AUTHORITY TO THE DIRECTOR OF FINANCE AND TO OTHER OFFICERS OF THE CITY TO ESTABLISH TERMS AND CONDITIONS RELATING THERETO**

**WHEREAS**, the City of San José (the "City") is authorized by its charter to issue notes from time to time for the purpose of financing capital project costs in connection with the Norman Y. Mineta San José International Airport (the "Airport") and to refund such notes; and

**WHEREAS**, on October 2, 1984, the City Council of the City (the "City Council") adopted Resolution No. 57794 providing for the issuance of obligations secured by and payable from the revenues of the Airport Enterprise, as defined in said resolution (said resolution, as supplemented and amended from time to time, the "Master Bond Resolution"); and

**WHEREAS**, the City Council adopted Resolution No. 69199 (the "Tenth Supplemental Resolution"), amending and supplementing the Master Bond Resolution to provide for the issuance of obligations secured by and payable from the revenues of the Airport Enterprise on a basis and secured by a lien that is subordinate to the lien of the Airport revenue bonds issued and outstanding under the Master Bond Resolution; and

**WHEREAS**, the City Council adopted Resolution No. 70532 amending and restating the Master Bond Resolution in the form of a Master Trust Agreement dated as of July 1, 2001, between the City and The Bank of New York Trust Company, N.A. (successor to BNY Western Trust Company), as trustee (the "Trustee"), and the City and the Trustee have subsequently entered into amendments and supplements to the Master Trust Agreement (collectively, the "Master Trust Agreement"); and

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**WHEREAS**, the City Council adopted Resolution No. 69200, as amended by Resolution No. 73252 and by Resolution No. 73589 and by Resolution No. 74116, authorizing the issuance of not to exceed \$450,000,000 of the City's San José International Airport Subordinated Commercial Paper Notes consisting of Series A Notes, Series B Notes and Series C Notes (collectively, the "Existing Notes") and entered into an Issuing and Paying Agent Agreement, dated as of November 1, 1999 (the "Original Issuing and Paying Agent Agreement"), with Deutsche Bank Trust Company Americas, the successor issuing and paying agent (the "Issuing and Paying Agent"); and

**WHEREAS**, to provide for the payment of the Existing Notes, the City has entered into a Second Amended and Restated Letter of Credit and Reimbursement Agreement (the "Existing Reimbursement Agreement") with JPMorgan Chase Bank, National Association (successor to Morgan Guaranty Trust Company of New York), individually and as agent, Bank of America, N.A. and Dexia Credit Local, acting through its New York Branch (collectively, the "Existing Banks"), pursuant to which the Existing Banks have extended irrevocable, direct-pay letters of credit to the Issuing and Paying Agent for the account of the City; and

**WHEREAS**, the Original Issuing and Paying Agent Agreement provides for the issuance by the City from time to time of additional San José International Airport Subordinated Commercial Paper Notes (together with the Existing Notes, the "Notes") upon satisfaction of the conditions set forth in the Original Issuing and Paying Agent Agreement; and

**WHEREAS**, the City Council has adopted a Resolution amending Resolution No. 69200, as amended, to increase the maximum principal amount of Notes that may be outstanding at any one time from \$450,000,000 to \$600,000,000; and

**WHEREAS**, in connection with an increase in the maximum authorized amount of Notes that may be outstanding at any one time from \$450,000,000 to \$600,000,000, the City has determined to provide for the issuance of up to \$150,000,000 of Notes (collectively, the "New Notes") to be issued from time to time as Series D Notes (Non-AMT), Series E Notes (AMT) and Series F Notes (Taxable) and to enter into a separate Letter of Credit and Reimbursement Agreement (the "New Reimbursement Agreement") with Lloyds TSB Bank plc, acting through its New York Branch (the "New Bank" and together with the Existing Banks, the "Banks"); and

**WHEREAS**, the City has also determined to enter into a First Amendment and Supplement to the Issuing and Paying Agent Agreement with the Issuing and Paying Agent and into separate Dealer Agreements with each of Citigroup Global Markets Inc., Lehman Brothers Inc. and Morgan Stanley & Co. Incorporated (collectively, the "Dealers");

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

Section 1. All of the above recitals are true and correct and this Council hereby so finds and determines.

Section 2. The form of the First Amendment and Supplement to the Issuing and Paying Agent Agreement (the "First Amendment"), by and between the City and the Issuing and Paying Agent, amending and supplementing the Original Issuing and Paying Agent Agreement and that is on file with the City Clerk, is hereby approved. The Director of Finance of the City or any of the Director's authorized designees each acting alone (collectively, the "Authorized Officers"), is authorized hereby to execute and deliver the First Amendment in substantially the form on file with the City Clerk, with such additions, changes and corrections therein as necessary and desirable to provide for the addition of the New Notes and to establish and confirm the terms and conditions of the Notes, including the principal amount thereof and the interest rates thereon (provided that the aggregate combined principal amount of the Notes and the New Notes, including accrued interest thereon, outstanding at any one time shall not exceed \$600,000,000 and that the maximum interest rate on the Notes, including the New Notes, and the maximum true interest cost to the City shall not exceed the maximum permitted by law in each case); and with such additional terms as an Authorized Officer, after consulting with the City Attorney, shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. (a) The form of the New Reimbursement Agreement, on file with the City Clerk, providing for the issuance by the New Bank to the Issuing and Paying Agent for the account of the City of one or more irrevocable, direct-pay letters of credit to secure timely payment of the New Notes in a maximum combined aggregate principal amount of \$150,000,000 including accrued interest on such Notes, and providing for the security and repayment to the New Bank of funds advanced thereunder on the City's behalf, plus interest thereon and fees in connection therewith, is hereby approved. The Authorized Officers, each acting alone, are authorized hereby to execute and deliver the New Reimbursement Agreement in substantially the form on file with the City Clerk, with such additions, changes and corrections therein as necessary and desirable, as such Authorized Officer, after consulting with the City Attorney, shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

(b) The Authorized Officers, each acting alone, are authorized hereby to select a substitute or additional letter of credit bank or banks, and to approve the assignment of any of the Banks' obligations to another bank or banks pursuant to the terms of the New Reimbursement Agreement or the Existing Reimbursement Agreement, provided that such substitute bank or assignee bank, at the time of the substitution or assignment, is a "Qualified Bank" as defined in subsection 3 (c) of this Resolution, and to enter into a reimbursement agreement with each such substitute or additional bank on substantially the same terms as contained in the New Reimbursement Agreement hereby approved or upon the terms set forth in the Existing

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Reimbursement Agreement, in each case with such additions, changes and corrections therein as necessary and desirable and as an Authorized Officer, after consulting with the City Attorney, shall require or approve, such approval to be conclusively evidenced by the execution and delivery of such substitute reimbursement agreements.

(c) The Authorized Officers, each acting alone, are authorized hereby to negotiate, execute and deliver future amendments to the New Reimbursement Agreement and/or to the Existing Reimbursement Agreement without further authorization of this Council as follows: (1) to substitute for any of the Banks currently providing credit support pursuant to the New Reimbursement Agreement or the Existing Reimbursement Agreement other commercial banks having at the time of the substitution a long-term rating in at least the "A" rating category, without regard to any numerical modifier, plus or minus sign or other modifier, from each rating agency then rating the Notes, and a short-term rating in at least the "P-3" rating category, or its equivalent, taking into account any numerical modifier, but not any plus or minus sign or other modifier, from each rating agency then rating the outstanding Notes (each a "Qualified Bank"); (2) to approve extensions of the Commitment Expiration Date and the Letter of Credit Expiration Date (as such terms are defined in the New Reimbursement Agreement and the Existing Reimbursement Agreement) provided that the total compensation payable by the City under the New Reimbursement Agreement or the Existing Reimbursement Agreement, respectively, does not exceed 0.95% per annum of the Maximum Stated Amount (as defined in the New Reimbursement Agreement or the Existing Reimbursement Agreement, respectively); and (3) other amendments that do not materially adversely affect the City or the Airport.

Section 4. (a) The form of Dealer Agreements by and between the City and each of Citigroup Global Markets Inc., Lehman Brothers Inc. and Morgan Stanley & Co. Incorporated (collectively, the "Dealers"), as commercial paper dealers for the City in connection with the offering and sale of the Notes and that is on file with the City Clerk, is hereby approved. The Authorized Officers, each acting alone, are authorized hereby to execute and deliver each of the Dealer Agreements in substantially the form presented to this Council, with such additions, changes and corrections therein as an Authorized Officer, after consulting with the City Attorney, shall determine are necessary and desirable, such approval to be conclusively evidenced by the execution and delivery thereof.

(b) Each of the Authorized Officers is authorized hereby to select substitute commercial paper dealers and to enter into commercial paper dealer agreements with such substitute dealers on substantially the same terms as contained in the Dealer Agreements hereby approved, with such additions, changes and corrections therein as necessary and desirable, as the Authorized Officer after consulting with the City Attorney, shall require or approve, such approval to be conclusively evidenced by the execution and delivery of such substitute commercial paper dealer agreements

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Section 5. All actions heretofore taken by the officers and agents of the City with respect to the preparation, execution and delivery of the First Amendment, the New Reimbursement Agreement, each of the Dealer Agreements and the other transactions authorized and contemplated herein are hereby approved, confirmed and ratified, and the officers and employees of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

ADOPTED this 25th day of March, 2008, by the following vote:

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

NOES: NONE.

ABSENT: WILLIAMS.

DISQUALIFIED: NONE.

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CHUCK REED  
Mayor

ATTEST:

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LEE PRICE, MMC  
City Clerk

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CITY CLERK'S CERTIFICATE

I, Lee Price, City Clerk of the City of San José, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the City Council of said City duly, regularly and legally held at the San José City Hall, 200 E. Santa Clara Street, San José, California, on March 25, 2008 and entered into the minutes thereof, of which meeting all of said members of the Council had due notice and at which a quorum thereof were present.

At said meeting said resolution was adopted by the following vote:

Ayes: CAMPOS, CHIRCO, CHU, CONSTANT, CORTESE, LICCARDO,  
NGUYEN, OLIVERIO, PYLE, REED

Noes: NONE

Absent: WILLIAMS.

Disqualified: NONE.

An agenda of said meeting was posted at least 72 hours before said meeting at 200 E. Santa Clara Street, San José, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the foregoing with the original synopsis of said meeting on file and of record in my office. Said original 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: March 25, 2008.

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City Clerk of the City of San José, California