

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF RICHMOND,  
CALIFORNIA, ADOPTING THE SWAP POLICY FOR FISCAL YEAR 2021-2022**

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**WHEREAS**, the City of Richmond (the "City") is a charter city that operates under the Council-Manager form of government for the purposes of providing a full range of municipal services including police and fire protection; construction and maintenance of highways, streets and infrastructure; library services; storm water and municipal sewer systems; a wastewater treatment facility; and the administration of recreational activities and cultural events; and

**WHEREAS**, the City also operates the Richmond Memorial Convention Center and the Port of Richmond; and

**WHEREAS**, the City has established and maintains a well-managed debt program pursuant to a comprehensive debt policy that sets forth the parameters for issuing debt and managing the debt portfolio, including post-issuance compliance; and

**WHEREAS**, in the credit rating process, the rating agencies believe it is appropriate to place significant value on debt policies that have been adopted by cities; and

**WHEREAS**, the City established a Debt Policy that requires annual commitments relating to the General Fund debt cannot exceed ten percent (10%) of annual General Fund revenues; and

**WHEREAS**, the City has established interest rate swap agreements that are recognized as financial tools by municipal issuers throughout the nation and the use of swap agreements has become a regular tool whereby the Government Finance Officers Association (GFOA) has adopted an official position, viewing swap policies as a governing use and management of such swaps as a "Recommended Practice"; and

**WHEREAS**, the City has established that the scope of interest rate swaps is beyond that of the traditional fixed rate long-term bonds covered by the Debt Policy and that it is important for the City to maintain a policy that provides guidance in how interest rate swaps entered into prior to April 20, 2021, related to City bond issues, were selected, implemented, and administered; and

**WHEREAS**, the City adopted a debt management policy on April 20, 2021, which states that the City will no longer be permitted to use interest rate swaps when issuing debt, therefore limiting the scope of the City's swap policies to those swaps entered into prior to that date and prohibiting the City from entering into interest rate swaps that relate to currently held and future debt; and

**WHEREAS**, the City established a Swap Policy whereby Standard & Poor's (S&P) Rating Agency assigns a Debt Derivative Profile (DDP) in which the City has achieved a

DDP score of "1.5" (low risk) on all of its swap transactions; and

**WHEREAS**, the City has determined that an appropriate level of the General Fund reserves is a policy decision; and

**WHEREAS**, the GFOA recommends that reserve levels be directly related to the degree of uncertainty the local government faces; and

**WHEREAS**, the adoption of the financial policies listed in this document is consistent with "best practices" and the City's fiduciary oversight of the Fiscal Policies of FY2021-22.

**NOW THEREFORE BE IT RESOLVED**, that the City Council hereby adopts the Swap Policy for the City of Richmond that is attached hereto as Exhibit A.

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

AYES:

NOES:

ABSTENTIONS:

ABSENT:

\_\_\_\_\_  
CLERK OF THE CITY OF RICHMOND  
(SEAL)

Approved:

\_\_\_\_\_  
Mayor

Approved as to form:

\_\_\_\_\_  
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.**\_\_\_\_\_, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on\_\_\_\_\_.