

An Ordinance by Councilmembers
Michael Bond, Cleta Winslow,
Sherry Dorsey, C.T. Martin, and
Jim Maddox as substituted by
Full Council

CITY COUNCIL
ATLANTA, GEORGIA

01-0-0032

FIRST SUPPLEMENTAL BOND ORDINANCE

A FIRST SUPPLEMENTAL BOND ORDINANCE TO RATIFY, REAFFIRM, AND SUPPLEMENT THAT CERTAIN MASTER BOND ORDINANCE ADOPTED ON MARCH 31, 1999; TO PROVIDE FOR THE EXECUTION AND DELIVERY BY THE CITY OF ATLANTA OF AN INTEREST RATE SWAP AGREEMENT FOR THE PURPOSE OF HEDGING A PORTION OF ITS WATER AND WASTEWATER REVENUE BONDS, SERIES 1999A; AND FOR OTHER RELATED PURPOSES.

WHEREAS, the City of Atlanta (the "City"), by a Master Bond Ordinance duly and validly adopted on March 31, 1999 (the "Master Ordinance"), authorized, issued, and delivered \$1,096,140,000 in original aggregate principal amount of its Water and Wastewater Revenue Bonds, Series 1999A (the "Series 1999A Bonds"), now outstanding in the aggregate principal amount of \$1,086,140,000; and

WHEREAS, terms used in this First Supplemental Bond Ordinance and not otherwise defined herein shall have the meaning assigned to such terms in the Master Ordinance; and

WHEREAS, the Master Ordinance provides that (1) in connection with the issuance of any Bonds or at any time thereafter so long as such Bonds remain Outstanding, the City may enter into Hedge Agreements with Qualified Hedge Providers, and no other providers, with respect to any Bonds, (2) the City shall authorize the execution, delivery, and performance of each Hedge Agreement in a Supplemental Ordinance, in which it shall designate the related Hedged Bonds, and (3) the City's obligation to pay Hedge Payments may be secured by a pledge of, and lien on, the Pledged Revenues on a parity with the lien created by Section 4.1 of the Master Ordinance to secure the related Hedged Bonds, or may be subordinated in lien and right of payment to the payment of the Bonds, as determined by the City; and

WHEREAS, the City has determined to enter into an ISDA Master Agreement and a Schedule to the Master Agreement with UBS AG (the "Swap Provider"), to be supplemented by (1) a Confirmation of Transaction ("Confirmation #1") relating to \$145,000,000 in aggregate principal amount of the Series 1999A Bonds maturing on November 1, 2029 and 2038 (the "Series 1999A-1 Hedged Bonds") and (2) a Confirmation of Transaction ("Confirmation #2") relating to \$71,850,000 in aggregate principal amount of the Series 1999A Bonds maturing on November 1, 2022 and 2038 (the "Series 1999A-2 Hedged Bonds"), each to be entered into between the City and the Swap Provider (collectively the "Swap Agreement"), the forms of which have been filed with the City; and



WHEREAS, under the terms of Confirmation #1, on a basis determined by reference to notional amounts corresponding in amount and date to the principal maturities of the Series 1999A-1 Hedged Bonds, (1) the Swap Provider will agree to pay the City a semi-annual fixed amount based on interest rates that are identical to the fixed interest rates on the Series 1999A-1 Hedged Bonds, and (2) the City will agree to pay the Swap Provider a monthly floating amount based on the TBMA Municipal Swap Index plus or minus a spread; and

WHEREAS, under the terms of Confirmation #2, the Swap Provider will pay the City a swap premium on or about the trade date of Confirmation #2, and, on a basis determined by reference to notional amounts corresponding in amount and date to the principal maturities of the Series 1999A-2 Hedged Bonds, effective from May 1, 2004, to November 1, 2038, (1) the Swap Provider will pay the City a semi-annual fixed amount based on interest rates that are identical to the fixed interest rates on the Series 1999A-2 Hedged Bonds, and (2) the City will pay the Swap Provider a semi-annual floating amount based on the TBMA Municipal Swap Index minus 0.0656% per annum, subject to a floor of 5.00% per annum; and

WHEREAS, the Swap Agreement complies with the applicable provisions of the Master Ordinance and is being entered into in compliance with the procedures set forth in the "Resolution Establishing Procedures for Entering into Hedge Agreements for Revenue Bonds" adopted by the City Council of the City on February 5, 2001; and

WHEREAS, after careful study and investigation, the City desires to enter into the Swap Agreement to effectuate the transactions described above;

NOW, THEREFORE, The City Council of the City of Atlanta, Georgia, hereby ordains as follows:

1. The Series 1999A-1 Hedged Bonds and the Series 1999A-2 Hedged Bonds are hereby designated as "Hedged Bonds" pursuant to Section 5.9(b) of the Master Ordinance. The City's obligation to pay Hedge Payments under the Swap Agreement shall be secured by a pledge of, and lien on, the Pledged Revenues on a parity with the lien created by Section 4.1 of the Master Ordinance to secure the Series 1999A-1 Hedged Bonds and the Series 1999A-2 Hedged Bonds, which Pledged Revenues are hereby pledged for that purpose.
2. The form, terms, and conditions and the execution, delivery, and performance of the Swap Agreement, which has been filed with the City, are hereby approved and authorized. The Swap Agreement shall be in substantially the form submitted to the City with such changes, corrections, deletions, insertions, variations, additions, or omissions as may be approved by the Mayor of the City, whose approval thereof shall be conclusively evidenced by the execution of the Swap Agreement.
3. The Mayor of the City is hereby authorized and directed to execute on behalf of the City the Swap Agreement, and the Municipal Clerk of the City is hereby authorized and directed to affix thereto and attest the seal of the City, upon proper execution and delivery by the other party thereto, provided, that in no event shall any such attestation or affixation of the seal of the City be required as a prerequisite to the effectiveness thereof, and the Mayor and Municipal Clerk of the City are authorized and directed to deliver the Swap Agreement on behalf of the



City to the other party thereto, and to execute and deliver all such other contracts, instruments, documents, affidavits, or certificates and to do and perform all such things and acts as each shall deem necessary or appropriate in furtherance of the transactions authorized by this First Supplemental Bond Ordinance or contemplated by the Swap Agreement.

4. Article XIII of the Master Ordinance is hereby supplemented as follows:

Section 13.9. Hedge Agreement Provider Guidelines. As long as the Series 1999 Credit Facility is in full force and effect, any Hedge Agreement entered into by the City secured with the Bonds by a parity lien on the Pledged Revenues shall meet the following guidelines and, for purposes of calculating the “Debt Service Requirement” and establishing compliance with financial covenants under the Bond Ordinance, shall be treated as follows:

(a) Long - Dated Hedge Agreements - Term or Weighted Average Maturity of Ten Years or More.

- (1) The Hedge Agreement provider must be rated at least A-/A3 or better by Standard and Poor’s and Moody’s (the “Initial Rating Requirement”).
- (2) Assuming satisfaction of the Initial Rating Requirement, and thereafter as long as the long-term indebtedness of the Hedge Agreement provider or the claims paying ability of the Hedge Agreement provider does not fall below Baa2 or BBB by either Standard and Poor’s or Moody’s (the “Minimum Rating Requirement”), all interest rate assumptions for purposes of establishing or demonstrating compliance with a financial covenant (*e.g.*, rate covenant, reserve requirement, additional bonds test, asset transfer test, etc.) may be based upon the synthetic interest rate under the Hedge Agreement. Failure to maintain a Hedge Agreement provider holding the Minimum Rating Requirement or, if the City elects, failure to replace any such Hedge Agreement provider by another Hedge Agreement provider that holds the Initial Rating Requirement within ten business days, will have the following effects: (A) compliance with any required rate covenant for the preceding Fiscal Year will be based on the actual interest paid on the related Hedged Bonds during such Fiscal Year without regard to the Hedge Agreement; (B) in the case of any required Debt Service Reserve Account, the amount required to be on deposit therein will be re-calculated based on the formula described in the Bond Ordinance definition of “Debt Service Requirement” for the related Hedged Bonds calculated as of the date of original issuance of the related Hedged Bonds, and any resulting deficiency will be restored within the same restoration period established in the Bond Ordinance for curing Debt Service Reserve Account deficiencies; and (C) any “forward-looking” financial covenant based upon the “Debt Service Requirement” will be based upon the formula described in the Bond Ordinance definition of “Debt Service Requirement” calculated as of the date the required calculation is made, without regard to the Hedge Agreement.



(b) Short-Dated Hedge Agreements Having Terms or Weighted Average Maturities of Ten Years or Less.

The Hedge Agreement provider must meet the Initial Rating Requirement. With respect to financial covenants, the synthetic rate based on the Hedge Agreement may be utilized for purposes of demonstrating or establishing compliance with the applicable covenant. Failure to maintain a Hedge Agreement provider holding the Minimum Rating Requirement during the Hedge Period will require replacement of the Hedge Agreement provider within ten business days. Failure to replace will require re-calculation of the applicable financial covenants in the manner outlined in (a)(2) above.

5. This First Supplemental Bond Ordinance and the Swap Agreement, as approved by this First Supplemental Bond Ordinance, which is hereby incorporated in this First Supplemental Bond Ordinance by this reference thereto, shall be placed on file at the office of the City and made available for public inspection by any interested party immediately following the passage and approval of this First Supplemental Bond Ordinance.

6. This First Supplemental Bond Ordinance shall take effect immediately upon its adoption.

7. The City hereby confirms the existence and applicability of the Master Ordinance and ratifies, restates, and reaffirms its representations, warranties, covenants, and agreements and all of the applicable terms, conditions, and provisions as set forth in the Master Ordinance and as supplemented by this First Supplemental Bond Ordinance. Except where otherwise expressly indicated in this First Supplemental Bond Ordinance, the provisions of the Master Ordinance are to be read as part of this First Supplemental Bond Ordinance as though copied verbatim herein, and provisions of this First Supplemental Bond Ordinance shall be read as additions to, and not as substitutes for or modifications of (except as otherwise specifically provided herein), the provisions of the Master Ordinance. Except as expressly amended, modified, or supplemented by this First Supplemental Bond Ordinance, all of the terms, conditions, and provisions of the Master Ordinance shall remain in full force and effect. In executing and delivering this First Supplemental Bond Ordinance, the City shall be entitled to all powers, privileges, and immunities afforded to the City and shall be subject to all the duties, responsibilities, and obligations of the City under the Master Ordinance.

8. The Swap Provider is deemed to be and is a third party beneficiary of the covenants and agreements of the City contained in the Bond Ordinance.



9. Any and all ordinances or parts of ordinances, if any, in conflict with this substituted First Supplemental Bond Ordinance are hereby waived.

CITY OF ATLANTA

(SEAL)

By: _____
Mayor

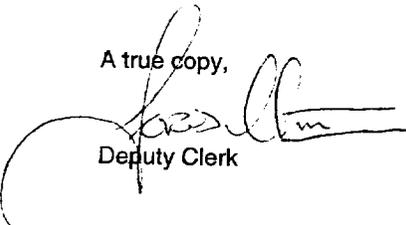
Attest:

Municipal Clerk

Approved As To Form:

City Attorney

A true copy,


Deputy Clerk

ADOPTED by the Council
APPROVED by the Mayor

March 05, 2001
March 09, 2001



RCS# 2681
3/05/01
4:10 PM

Atlanta City Council

Regular Session

01-O-0032

Interest rate swap agreement regarding
water & wastewater revenue bonds
ADOPT ON SUB

YEAS: 12
NAYS: 1
ABSTENTIONS: 0
NOT VOTING: 2
EXCUSED: 0
ABSENT 1

Y McCarty	Y Dorsey	N Moore	Y Thomas
Y Starnes	Y Woolard	Y Martin	NV Emmons
Y Bond	Y Morris	B Maddox	Y Alexander
Y Winslow	Y Muller	Y Boazman	NV Pitts

01-C-0032

(Do Not Write Above This Line)

An Ordinance

By

A FIRST SUPPLEMENTAL BOND ORDINANCE TO RATIFY, REAFFIRM, AND SUPPLEMENT THAT CERTAIN MASTER BOND ORDINANCE ADOPTED ON MARCH 31, 1999; TO PROVIDE FOR THE EXECUTION AND DELIVERY BY THE CITY OF ATLANTA OF AN INTEREST RATE SWAP AGREEMENT, FOR THE PURPOSE OF HEDGING A PORTION OF ITS WATER AND WASTEWATER REVENUE BONDS, SERIES 1999A AND 1999B; AND FOR OTHER RELATED PURPOSES.

2/5/01 - Substitute Motion to TABLE Carried Roll Call Vote
2/19/01 - Remained Tabled Without Objection
3/5/01 - Removed from Table by Motion of Cmr. Morris which CARRIED without objection of Council
3/5/01 - Substitute Brought Forward Without Objection of Council

ADOPTED BY

MAR 05 2001

- CONSENT REFER
- REGULAR REPORT REFER
- ADVERTISE & REFER
- 1st ADOPT 2nd READ & REFER
- PERSONAL PAPER REFER

COUNCIL

Date Referred

01/02/01

Referred To:

Finance / Executive

Date Referred

Referred To:

Date Referred

Referred To:

First Reading

Committee
Date
Chair
Referred to

Committee

Date

Chair

Actions:
Fav, Adv, Held (see rev. slide)
Others

Members

Refer To

Committee

Date

Chair

Actions:
Fav, Adv, Held (see rev. slide)
Conduct
Others

Members

Refer To

Committee

Date

Chair

Actions:
Fav, Adv, Held (see rev. slide)
Others

Members

Refer To

Committee

Date

Chair

Actions:
Fav, Adv, Held (see rev. slide)
Conduct
Others

Members

Refer To

FINAL COUNCIL ACTION

2nd 1st & 2nd 3rd
Readings

Consent V Vote RC Vote

CERTIFIED

CERTIFIED
MAR 5 2001
ATLANTA CITY COUNCIL PRESIDENT
Robert A. Pitts

CERTIFIED
MAR 08 2001
Paul Douglas Johnson
MUNICIPAL CLERK

MAYOR'S ACTION

CERTIFIED
MAR 09 2001
[Signature]
MAYOR