

(R-92-719 COR.COPY)

RESOLUTION NUMBER R- 273032

ADOPTED ON NOV 25 1991

WHEREAS, the City Council of The City of San Diego ("City") has, by Ordinance No. O-15586 (New Series), adopted by the Council on September 14, 1981, enacted an Act of The City of San Diego entitled "Economic Development Revenue Bond Law" (the "Law"), amending Article 7 of Chapter IX of the Municipal Code of the City by adding Divisions 1, 2, 3 and 4, authorizing and establishing the procedures for the sale and issuance of revenue bonds by the City for the purpose of providing financing to participating parties for economic development purposes and authorizing the appropriate officers of the City to take any and all action and to execute and deliver any and all agreements and documents necessary or advisable to consummate the lawful issuance and delivery of the bonds authorized by the Law; and

WHEREAS, in accordance with the Law, the City has previously assisted National Steel and Shipbuilding Company (the "Participating Party") with the acquisition, construction and installation by the Participating Party of certain port facilities within the City (the "Facilities") through the issuance of the City's Port Facilities Revenue Bonds, Series 1982 (National Steel and Shipbuilding Company Project) in the aggregate principal amount of \$21,000,000 (the "Series 1982 Bonds") pursuant to an Indenture of Trust dated as of December 1, 1982 (the "Indenture"), by and between the City and Morgan

Guaranty Trust Company of New York, as Trustee (the "Trustee");
and

WHEREAS, by its Application dated October 11, 1991, the Participating Party has requested financial assistance from the City to refinance the cost of acquiring and constructing the Facilities and to refund the Series 1982 Bonds, and further that the City take action, subject to appropriate conditions, to authorize the issuance of its Economic Development Revenue Bonds for such purposes; and

WHEREAS, pursuant to notice published in The San Diego Daily Transcript on October 25, 1991, the Council of the City has held a public hearing to discuss the refinancing of the Facilities and the issuance of bonds to refund the Series 1982 Bonds; and

WHEREAS, the City desires to assist the Participating Party in refinancing the cost of the Facilities, and the City is authorized under the Law to issue bonds for the purpose of replacing or refunding any bonds then outstanding; and

WHEREAS, it has been determined that the amount necessary to refinance the cost of the Facilities and to refund the Series 1982 Bonds will require the issuance, sale and delivery of refunding revenue bonds in a principal amount of \$21,000,000 in accordance with the Law; and

WHEREAS, there has been presented to this meeting a proposed form of First Supplemental Indenture (the "First Supplemental Indenture"), by and between the City and the Trustee, amending the terms of the 1982 Indenture to provide for the redemption of the Series 1982 Bonds prior to maturity; and

WHEREAS, on November 12, 1991, the City introduced Ordinance

No. O- 17715 (New Series) (the "Ordinance"), approving and authorizing the execution and delivery of (i) a Loan Agreement and Guaranty (the "Loan Agreement"), by and among the City,, the Participating Party and Morrison Knudsen Corporation, as Guarantor (the "Guarantor"), and (ii) an Indenture of Trust (the "1991 Indenture"), by and between the City and Morgan Guaranty Trust Company of New York, as Trustee, providing for the issuance of bonds designated "City of San Diego Port Facilities Refunding Revenue Bonds, Series 1991 (National Steel and Shipbuilding Company Project)" (herein referred to as the "Series 1991 Bonds"); and

WHEREAS, there has been presented to this meeting the proposed form of Bond Purchase Agreement (the "Bond Purchase Agreement"), by and among the City, the Participating Party, the Guarantor and J.P. Morgan Securities Inc. (the "Purchaser"), pursuant to which the Purchaser will purchase the Series 1991 Bonds from the City; and

WHEREAS, there has been prepared and presented to this meeting a form of preliminary official statement (the "Preliminary Official Statement") describing the issuance of the Series 1991 Bonds, a copy of which form is on file in the office of the City Clerk as Document No. RR- 279032-1; and

WHEREAS, the City Council proposes to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the issuance and sale of the Series 1991 Bonds, the refinancing of the Facilities and the refunding of the Series 1982 Bonds, all as provided herein; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, as follows:

Section 1. The Council of the City finds and determines that refinancing of the cost of the Facilities and refunding of the Series 1982 Bonds will be in furtherance of one or more of the public purposes set forth in the Law and will promote the health, safety and welfare of the residents of the City. The Council of the City further finds that the Series 1982 Bonds are eligible for refunding under the Law.

Section 2. The form of First Supplemental Indenture by and between the City and the Trustee, a copy of which is on file in the office of the City Clerk as Document No. RR- 279032-2, is hereby approved. The officials of the City are, and each of them acting alone is, hereby authorized, for and in the name and on behalf of the City, to execute and deliver the First Supplemental Indenture in substantially the form presented to and considered at this meeting, with such changes therein as the persons executing the same on behalf of the City may approve, in their discretion, as being in the best interests of the City, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The City hereby authorizes the issuance, sand and delivery of up to an aggregate of \$21,000,000 of the Series 1991 Bonds, as may be requested by the Participating Party in amounts sufficient to refinance the cost of the Facilities and to refund the Series 1982 Bonds, to the extent that, in the opinion of bond counsel, the interest on the Bonds issued for such purposes shall be excluded from gross income for federal income

tax purposes under existing statues, regulations, rulings and court decisions. Subject to the conditions set forth herein, the officials of the City are, and each of them acting alone is, authorized, for and in the name and on behalf of the City, to execute and deliver the Series 1991 Bonds to the Trustee under the 1991 Indenture for authentication and delivery to the Purchaser.

Section 4. The Series 1991 Bonds shall be payable solely from the revenues to be received by or payable to the City pursuant to the Loan Agreement to be entered into by the City, the Participating Party and the Guarantor in connection with the refinancing of the cost of the Facilities, under which the Participating Party and the Guarantor will be obligated to pay amounts sufficient to make all payments of principal of and interest on the Series 1991 Bonds when due, and the Series 1991 Bonds shall not be deemed to constitute a debt or liability of the City under any constitutional charter or statutory debt limitations. Neither the faith and credit nor the taxing power of the City shall be subject to the payment of the principal of or interest on the Bonds.

Section 5. Preparation of the necessary documents and issuance of the Bonds shall be subject to the following conditions:

a. The City and the Participating Party shall first agree to mutually acceptable terms for the offer and sale of the Bonds and the sale and delivery thereof, and mutually acceptable terms and conditions for the loan or other agreement for refinancing the cost of the Facilities and

refunding the Series 1982 Bonds, reserving to each party the unrestricted discretion to determine when in each such party's sole judgment such terms are acceptable; and

b. All requisite governmental approvals for the issuance of the Series 1991 Bonds shall have first been obtained; and

c. The City and the Trustee shall execute and deliver the First Supplemental Indenture; and

d. The holder of the outstanding Series 1982 Bonds shall consent to and approve the execution by the City and the Trustee of the First Supplemental Indenture; and

e. The Series 1991 Bonds shall be "investment grade" and shall receive a rating from Standard and Poor's Corporation of "BBB" or better; and

f. The Trustee shall use the proceeds from the sale of the Series 1991 Bonds immediately to refund the Series 1982 Bonds and discharge the 1982 Indenture; and

g. The Series 1991 Bonds shall be issued in compliance with the Law.

Section 6. The form of Bond Purchase Agreement by and between the City, the Participating Party, the Guarantor and the Purchaser, a copy of which is on file in the office of the City Clerk as Document No. RR- 279032 is hereby approved. The officials of the City are, and each of them acting alone is, hereby authorized, for and in the name of and on behalf of the City, to execute and deliver the Bond Purchase Agreement in substantially the form presented to and considered at this meeting, with such changes therein as the persons executing the

same on behalf of the City may approve, in their discretion, as being in the best interests of the City, such approval to be conclusively evidenced by the execution and delivery thereof. In connection with the execution and delivery of the Bond Purchase Agreement, the City officials are further authorized to negotiate the price and the interest rate for the Series 1991 Bonds to be sold pursuant to the Bond Purchase Agreement such that (i) the maximum principal amount of the Series 1991 Bonds shall not exceed \$21,000,000, and (ii) the interest rate on the Series 1991 Bonds shall not exceed 11.00%.

Section 7. The form and distribution of the Preliminary Official Statement, as presented to and considered at this meeting, with such changes therein as the City officials deem appropriate and in the best interests of the City, are hereby authorized and approved. Prior to the distribution of the Preliminary Official Statement, the City Manager or his authorized representative is authorized to deem the Preliminary Official Statement final as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, such action to be conclusively evidenced by distribution of the Preliminary Official Statement.

Section 8. The preparation and distribution of an official statement in connection with the sale and delivery of the Series 1991 Bonds, with such revisions from the Preliminary Official Statement as are reasonable and customary (the "Official Statement"), are hereby approved. The City officials are, and each of them acting alone is, hereby authorized to execute and deliver the Official Statement.

Section 9. The officials of the City are, and each of them acting alone is, hereby authorized to do any and all things, take any and all actions and execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the issuance, execution, delivery and sale of the Series 1991 Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, the Ordinance, the Loan Agreement, the 1991 Indenture, the Series 1991 Bonds, the Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement, and all actions heretofore taken by any of them with respect to the subject matter of this resolution are hereby ratified, approved and confirmed.

Section 10. The issuance and sale of the Series 1991 Bonds are in compliance with Article 7 of Chapter IX of the Municipal Code of the City, section 97.0301.

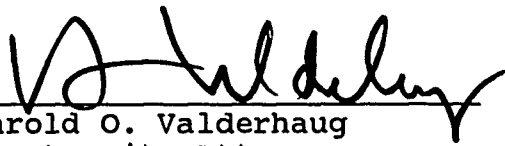
Section 11. It is the purpose and intent of the City that this resolution constitutes official action toward the issuance of obligations by the City to refinance the cost of the Facilities and to refund the Series 1982 Bonds in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended.

Section 12. The Participating Party's selection of the law firm of O'Melveny & Myers to serve as bond counsel is hereby approved.

Section 13. Whether any of the Bonds are issued or not, the City shall not be put to any expense hereby and any and all costs of the Application shall be borne by the Participating Party.

Section 14. This resolution shall take effect immediately upon its passage.

APPROVED: JOHN W. WITT, City Attorney

By 
Harold O. Valderhaug
Deputy City Attorney

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11/01/91
11/22/91 COR.COPY
Or.Dept:Prop.
R-92-719
Form=r-t

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Passed and adopted by the Council of The City of San Diego on.....NOV. 25 1991.....,
by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Abbe Wolfsheimer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Hartley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Wes Pratt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tom Behr	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Bruce Henderson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Judy McCarty	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Filner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Maureen O'Connor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

MAUREEN O'CONNOR
Mayor of The City of San Diego, California.

(Seal)

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California.

By *Charles G. Abdelnour* Deputy.

Office of the City Clerk, San Diego, California

Resolution Number **R-279032** Adopted **NOV. 25 1991**

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SAN DIEGO, CA