

ORDINANCE NUMBER O-18270 (NEW SERIES)

ADOPTED ON March 5, 1996

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO REQUESTING THE CONVENTION CENTER EXPANSION FINANCING AUTHORITY TO AUTHORIZE AND APPROVE THE ISSUANCE AND SALE OF THE CONVENTION CENTER EXPANSION FINANCING AUTHORITY LEASE REVENUE BONDS SERIES 1996a AND APPROVAL OF CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

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

Section 1. Request for Authorization and Approval of the 1996A Bonds. The City of San Diego (the "City") hereby requests the Convention Center Expansion Financing Authority (the "Authority"), which will be formed pursuant to a Joint Exercise of Powers Agreement between the City and the San Diego Unified Port District (the "District"), to authorize and approve the issuance and sale of the Convention Center Expansion Financing Authority Lease Revenue Bonds, Series 1996A (the "1996A Bonds"), in an aggregate principal amount not to exceed Two Hundred Five Million Dollars (\$205,000,000), said principal amount to be such amount as is necessary to provide funds to fully finance the construction of an expansion to the San Diego Convention Center

(the "Expansion Project") as determined by the City and the Authority in consultation with the City's financial advisors.

Section 2. Description of Expansion Project. The Expansion Project to be financed by the issuance and sale of the 1996A Bonds will be located on real property owned by the District. The District has agreed to lease to the Authority the (i) existing Convention Center (the "Existing Center") under the Existing Center Lease, tentatively dated as of March 5, 1996 (the "Existing Center Lease"), and (ii) Expansion Project, and real property to be developed in connection with the Expansion Project (the "Expansion Site"), under the Expansion Lease, tentatively dated as of March 5, 1996 (the "Expansion Lease"). The Expansion Site and Expanded Project are hereafter collectively referred to as the "Expanded Center." The City has agreed to sublease from the Authority the Expanded Center under the Convention Center Facility Lease, tentatively dated as of March 5, 1996 (the "Facility Lease").

Section 3. Source of Revenue For Payment of the 1996A Bonds. The anticipated source of revenue for payment of the 1996A Bonds hereby authorized is the base rental payments to be made by the City to the Authority under the Facility Lease.

Section 4. Additional Source of Revenue For Payment of the 1996A Bonds. Another source of revenue for payment of the 1996A Bonds will be the support payments to be made by the District to the City under a Support Agreement, tentatively dated as of March 5, 1996 (the "Support Agreement") between the District and the City, under which the District will pay to the City the sum of \$4.5 million each year for eighteen (18) years.

Section 5. Authorization and Approval of JPA Agreement.

The form and content of the Joint Exercise of Powers Agreement, tentatively dated as of March 5, 1996 (the "JPA Agreement"), between the City and the District creating the Convention Center Expansion Financing Authority (the "JPA Agreement"), a copy of which is before this Council and is on file in the office of the City Clerk as Document No. 00-18270-1, is hereby approved. The City Manager of the City of San Diego ("City Manager") is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the JPA Agreement in substantially the form presented to and considered at this meeting, and the Clerk of the City is authorized to attest thereto, with such additions and changes therein as the City Manager shall approve as being in the best interests of the City, and as is approved as to form by the City Attorney, and with such

other changes that may be required by nationally recognized bond counsel in order to maintain the tax exempt status of the interest with respect to the 1996A Bonds, such approval to be conclusively evidenced by the City Manager's execution and delivery of said JPA Agreement, which form of JPA Agreement is hereby in all respects approved and incorporated by reference and made a part hereof.

Section 6. Authorization and Approval of Facility Lease.

The form and content of the Facility Lease, pursuant to which Existing Center and the Expanded Center are subleased to the City, a copy of which is before this Council and is on file in the office of the City Clerk as Document No. 00-18270-2, is hereby approved. The City Manager is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Facility Lease in substantially the form presented to and considered at this meeting, and the City Clerk of the City is authorized to attest thereto, with such additions and changes therein as the City Manager shall approve as being in the best interests of the City, and as is approved as to form by the City Attorney, and with such other changes that may be required by nationally recognized bond counsel in order to maintain the tax exempt status of the interest on the 1996A

Bonds, such approval to be conclusively evidenced by the City Manager's execution and delivery of said Facility Lease, which form of Facility Lease is hereby in all respects approved and incorporated by reference and made a part hereof.

Section 7. Authorization and Approval of Support Agreement.

The form and content of the Support Agreement, pursuant to which the District will pay the sum of \$4.5 million per year for eighteen (18) years, as an additional source of revenue for the payment of the 1996A Bonds, a copy of which is before this Council and is on file in the office of the City Clerk as Document No. 00-18270-3, is hereby approved. The City Manager is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Support Agreement in substantially the form presented to and considered at this meeting, and the City Clerk of the City is authorized to attest thereto, with such additions and changes therein as the City Manager shall approve as being in the best interests of the City, and as is approved as to form by the City Attorney, and with such other changes that may be required by nationally recognized bond counsel in order to maintain the tax exempt status of the interest on the 1996A Bonds, such approval to be conclusively evidenced by the City Manager's execution and delivery of said

Support Agreement, which form of Support Agreement is hereby in all respects approved and incorporated by reference and made a part hereof.

Section 8. Authorization and Approval of the Indenture. To provide for the issuance and sale of the 1996A Bonds, the City hereby authorizes and approves of the Authority's execution, delivery and performance of an indenture, tentatively dated as of March 5, 1996 (the "Indenture"), by and between the Authority and the Trustee named therein (the "Trustee"), in substantially the form presented to and considered at this meeting as Exhibit A.

Section 9. Authorization and Approval of Assignment Agreement. The City hereby authorizes and approves of the Authority's execution and delivery of the Assignment Agreement, tentatively dated as of March 5, 1996 (the "Assignment Agreement"), by and between the Authority and Trustee in substantially the form presented to and considered at this meeting as Exhibit B.

Section 10. Authorization and Approval of Existing Center Lease. The City hereby authorizes and approves of the Authority's execution and delivery of the Existing Center Lease, by and between the District and the Authority, in substantially

the form presented to and considered at this meeting as Exhibit C.

Section 11. Authorization and Approval of the Expansion Lease. The City hereby authorizes and approves of the Authority's execution and delivery of the Expansion Lease, by and between the District and the Authority, in substantially the form presented to and considered at this meeting as Exhibit D.

Section 12. Sale of the 1996A Bonds--Competitive Bid. It is contemplated that the 1996A Bonds will be sold through a competitive bid process. In the event of a competitive bid, the 1996A Bonds shall bear interest at the rates established by offering the 1996A Bonds at public sale pursuant to the Notice of Intention to Sell Bonds, the Official Notice of Sale and the Official Bid Form (which documents are hereby approved by the City in substantially the forms attached hereto as Exhibits E, F and G, respectively, and with such changes as the City Manager deems to be in the best interests of the City and the Authority). The City Manager anticipates that he will be directed by the Authority, by way of formal resolution, to cause the publication of the Notice of Intention to Sell Bonds at least fifteen (15) days prior to the sale of the 1996A Bonds. The City Manager, on behalf of the Authority, further anticipates that he will be authorized and directed to solicit the lowest responsible bid for

the 1996A Bonds in accordance with the terms of the Official Notice of Sale, and thereafter to accept the bid of the lowest responsible bidder for the 1996A Bonds within seven hours after the opening of the bids, and no later than 5:00 p.m. on the date of sale, as prescribed in the Official Notice of Sale.

Section 13. Sale of the 1996A Bonds--Negotiated Sale. From and after the date hereof, and until the date bids are received, the City Manager is authorized to make a decision regarding the method of sale for the 1996A Bonds that would be in the best interests of the Authority and the City. If, in the judgment of the City Manager, a negotiated sale of the 1996A Bonds would be in the best interests of the Authority or the City, the City Manager shall issue a request for proposal and provide the Authority and the City Council with a recommended underwriter and a proposed form of Purchase Contract with that underwriter.

Section 14. Authorization and Approval of Preliminary and Final Official Statements. The Preliminary Official Statement, a copy of which is before this Council and is on file in the office of the City Clerk as Document No. 00-18270-4, is hereby approved for use in connection with the public offering of the 1996A Bonds, with such changes as may be approved by the City Manager, the City Attorney or the City's financial advisors, which form of



preliminary official statement ("Preliminary Official Statement") is hereby in all respects approved and incorporated by reference and made a part hereof. The City Manager is authorized to certify to the underwriters of the 1996A Bonds (the "Underwriters") on behalf of the City that the Preliminary Official Statement is deemed final as of its date within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") (except for the omission of certain final pricing, rating and related information as permitted by the Rule). The City Manager is authorized to execute and deliver a final official statement relating to the 1996A Bonds (the "Official Statement") in substantially the form of said Preliminary Official Statement, with such additions and changes as the City Manager shall approve as being in the best interests of the City, such approval to be conclusively evidenced by the execution of said Official Statement. The City Manager is authorized and directed to cause the printing and delivery of the Preliminary Official Statement and the Official Statement. The City's financial advisors and the Underwriters are hereby authorized to distribute copies of the Preliminary Official Statement and the Official Statement to prospective purchasers of

the 1996A Bonds and all actual purchasers of the 1996A Bonds from the Underwriters acting in such capacity.

Section 15. Authorization and Approval of Continuing Disclosure Agreement. The form and content of the Continuing Disclosure Agreement, tentatively dated as of March 5, 1996 (the "Disclosure Agreement"), by and between the City and the Trustee, pursuant to which the City is obligated to make secondary market disclosure, a copy of which is before this Council and is on file in the office of the City Clerk as Document No. 00-18270-5, is hereby approved. The City Manager of the City is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Disclosure Agreement in substantially the form presented to and considered at this meeting, and the City Clerk of the City is authorized to attest thereto, with such additions and changes therein as the City Manager shall approve as being in the best interests of the City, and is approved as to form by the City Attorney, such approval to be conclusively evidenced by the City Manager's execution and delivery of said Disclosure Agreement, which form of Disclosure Agreement is hereby in all respects approved and incorporated by reference and made a part hereof.

Section 16. Ratification of Actions. All actions heretofore taken by any officers, employees or agents of the City with respect to the issuance, execution, delivery or sale of the 1996A Bonds, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed and ratified.

Section 17. Designated Officer; General Authorization. The City Manager of the City or his designee, any Deputy City Manager of the City, the City Attorney, any Deputy City Attorney, the City Clerk and any Assistant City Clerk of the City (each, a "Designated Officer"), and each of them acting alone or together, are hereby authorized and directed, for and in the name of and on behalf of the City, to take such actions, and to execute such documents and certificates as may be necessary to effectuate the purposes of this Ordinance.

Section 18. Notice of Public Hearing. The City Clerk shall cause notice of the public hearing to be held on March 4, 1996, at 2:00 p.m. at the regular meeting place of the City Council of the City, on the approval of the proposed JPA Agreement, Facility Lease, Existing Center Lease, Expansion Lease, Support Agreement, Indenture, Assignment Agreement, Preliminary Official Statement, Official Statement and Disclosure Agreement, and the issuance of

the 1996A Bonds, to be published at least ten (10) days in advance of such public hearing in the San Diego Daily Transcript, a daily newspaper of general circulation, published and circulated in the City of San Diego, as required by Section 99 of the City Charter.

Section 19. Notice of Adopting of Ordinance. The City Clerk is hereby directed to cause publication of notice of the adoption of this Ordinance for five (5) consecutive days in the San Diego Daily Transcript, a daily newspaper of general circulation published and circulated in the City/County of San Diego, as required by California Government Code Section 6040.1, within fifteen (15) days from the passage hereof pursuant to California Government Code Section 6547.2.


Section 20. Referendum; Effective Date. This Ordinance is subject to the provisions for referendum contained in Section 27.2601 *et seq.* of the San Diego Municipal Code. Subject to those provisions, this Ordinance shall take effect and be in force thirty (30) days from the date of its adoption and, prior to the expiration of fifteen (15) days from the passage hereof, the City Clerk shall cause this Ordinance to be published at least once in the San Diego Daily Transcript, a daily newspaper

of general circulation, published and circulated in the City of San Diego.

Section 21. Title Insurance. The City Manager is hereby authorized to make necessary arrangements with an appropriate title insurance company to issue a title insurance binder with respect to land that may become the subject of the Existing Center Lease and the Expansion Lease and to execute any agreement required for retention of such title insurance company or companies.

Section 22. This ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: JOHN W. WITT, City Attorney

By   
Theresa C. McAteer  
Deputy City Attorney

TCM:pev  
02/14/96  
Or.Dept:Mgr.  
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Form=o+t

## NOTICE OF INTENTION TO SELL BONDS

\$ \_\_\_\_\_ \*

**CONVENTION CENTER EXPANSION FINANCING AUTHORITY  
LEASE REVENUE BONDS, SERIES 1996A**

The Convention Center Expansion Financing Authority (the "Authority") intends to offer the above-captioned Bonds for sale at public sale and receive sealed bids therefor until \_\_: \_\_ .m., San Diego time, on \_\_\_\_\_,

\_\_\_\_\_

at the office of Orrick, Herrington & Sutcliffe, 777 S. Figueroa Street, 32nd Floor, Los Angeles, CA 90017, for the above-captioned Bonds, dated \_\_\_\_\_, 1996 and maturing on January 15 in the years \_\_\_\_ to \_\_\_\_, commencing on January 15, \_\_\_\_ and ending on January 15, \_\_\_\_, or on such other dates as described in the Notice of Sale. The Authority reserves the right to postpone, from time to time, the date and time established for the receipt of bids. Any such postponement will be announced via Munifacts all as more fully described in the Notice of Sale. If the purchase of the Bonds is not awarded on \_\_\_\_\_, \_\_\_\_, an alternative sale date and time for the sale of the Bonds will be announced by the Authority via Munifacts prior to such alternative sale date all as more fully described in the Notice of Sale. If one or more satisfactory bids are received by the Authority, the Bonds will be awarded to the lowest responsible bidder. If no bids are received or if the Authority determines that the bids received are not satisfactory as to price or responsibility of the bidders, the Authority may reject all bids received and either re-advertise or sell such Bonds at private sale. Bidders are urged to watch Munifacts for any changes in the date or time for receiving bids. Copies of the Preliminary Official Statement distributed in connection with the sale of said Bonds, the Notice of Sale, the Official Bid Form, and the relevant legal documents may be obtained from the City of San Diego at 202 C Street, Mail Station 8A, San Diego, CA 92101 or from the Authority's Co-Financial Advisors: Public Financial Management, Inc., 505 Montgomery Street, Suite 800, San Francisco, CA 94111; or Municipal Capital Management, Inc., 12247-1/2 Gorham Avenue, Los Angeles, CA 90049.

Given by order of the Convention Center Expansion Financing Authority.

Dated: \_\_\_\_\_, \_\_\_\_.

\*Preliminary, not to exceed amount.

**EXHIBIT F**

**NOTICE OF SALE**

\$ \_\_\_\_\_  
**CONVENTION CENTER EXPANSION FINANCING AUTHORITY**  
 Lease Revenue Bonds  
 Series 1996A

Sealed proposals will be received by the City Manager of the City of San Diego, California (the "City"), or his designated representative, for the purchase of \$ \_\_\_\_\_ Convention Center Expansion Financing Authority Lease Revenue Bonds, Series 1996A (the "1996A Bonds"). The 1996A Bonds are being issued by the Convention Center Expansion Financing Authority (the "Authority"), a public entity created by a joint exercise of powers agreement between the City of San Diego (the "City") and the San Diego Unified Port District (the "Port") to fund the expansion of the San Diego Convention Center. Sealed proposals will be received until the following time at the following location:

**Date & Time:** \_\_\_\_\_, 1996  
 9:00 a.m. (California time)  
 or thereafter as established by the City Manager and communicated through Munifacts News Service not later than 1:00 p.m. (New York Time) on the last Business day prior to any announced date for the receipt of bids.

**Location:** Orrick, Herrington & Sutcliffe  
 777 S. Figueroa Street  
 32nd Floor  
 Los Angeles, CA 90017  
 Attention: [            ]  
**NO TELECOPIED BIDS WILL BE ACCEPTED.**

**Description of the 1996A Bonds**

The 1996A Bonds will be issued only as fully registered bonds in book-entry form. The 1996A Bonds will be dated [        ], 1996 and will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the 1996A Bonds will be calculated on a 30/360 day basis and will be payable semi-annually on [        ] and [        ], commencing [        ].

Principal on the 1996A Bonds will be paid (subject to the right of prior redemption) either through serial maturities or by sinking fund redemption, or a combination thereof, on [        ] in the years and in the amounts set forth below (subject to adjustment described below):

<u>Maturity</u>	<u>Preliminary Annual Principal Amount*</u>	<u>Maturity</u>	<u>Preliminary Annual Principal Amount*</u>
January 15, 1997	\$ _____	January 15, 2012	\$ _____
January 15, 1998	\$ _____	January 15, 2013	\$ _____
January 15, 1999	\$ _____	January 15, 2014	\$ _____
January 15, 2000	\$ _____	January 15, 2015	\$ _____
January 15, 2001	\$ _____	January 15, 2016	\$ _____
January 15, 2002	\$ _____	January 15, 2017	\$ _____
January 15, 2003	\$ _____	January 15, 2018	\$ _____
January 15, 2004	\$ _____	January 15, 2019	\$ _____
January 15, 2005	\$ _____	January 15, 2020	\$ _____
January 15, 2006	\$ _____	January 15, 2021	\$ _____
January 15, 2007	\$ _____	January 15, 2022	\$ _____
January 15, 2008	\$ _____	January 15, 2023	\$ _____
January 15, 2009	\$ _____	January 15, 2024	\$ _____
January 15, 2010	\$ _____	January 15, 2025	\$ _____
January 15, 2011	\$ _____	January 15, 2026	\$ _____

\* Preliminary, subject to change as described herein.

**Authorization and Security**

The Authority and the City will enter into the Convention Center Facility Lease between the City, as lessee, and the Authority, as lessor, dated as of [ ], 1996 (the "Facility Lease"). The 1996A Bonds are limited obligations of the Authority and are payable solely from the revenues derived from the Base Rental Payments to be paid by the City for the Leased Property as long as the City has such use and occupancy of the Leased Property, and certain other monies as described in the Indenture ("Revenues"). The Base Rental Payments are subject to abatement in the event of damage, destruction, condemnation or title defects with respect to the Leased Property.

**Optional Redemption**

The 1996A Bonds maturing on or after \_\_\_\_\_ are redeemable at the option of the Authority on or after \_\_\_\_\_, in whole or in part at any time, from any monies that may be provided for such purpose and at the redemption prices set forth in the table below expressed as a percentage of the principal amount of such 1996A Bonds so redeemed plus accrued interest to the date fixed for redemption:

Redemption Period (Both Dates Inclusive) _____	Redemption Price (Expressed as Percentage) [_____] %
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**Extraordinary Redemption**

The 1996A Bonds are subject to redemption, in whole or in part, on any date, from prepaid Base Rental Payments made by the City from Net Proceeds received by the City pursuant to the title insurance policies required to be maintained under the Facility Lease or due to a casualty loss or award in eminent domain for any portion of the Leased Property, at a redemption price equal to the principal amount represented thereby together with accrued interest to the date fixed for redemption, without premium. Base Rental Payments would be prepaid in the event the City elects not to apply such amounts to repair, reconstruct or replace the damaged or destroyed portion of the Leased Property in accordance with the provisions of the Facility Lease and the Indenture. If any portion of the Leased Property has been affected by a title defect which will result in any abatement of Base Rental Payments payable by the City under the Facility Lease, then the Trustee shall use the proceeds of any policy of title insurance to redeem the 1996A Bonds.

**Notice of Redemption**

Notice of redemption shall be given at least 30 days and not more than 60 days before the redemption date. Such notice shall be given by the Registrar by mail. During the period that The Depository Trust Company, New York, New York ("DTC") or its nominee is registered owner of the 1996A Bonds, the Authority shall not be responsible for mailing notices of redemption to beneficial owners (the "Beneficial Owners").

**Book-Entry Only**

Initially, one Bond certificate for each maturity will be issued to DTC, which will be designated as the securities depository for the 1996A Bonds. So long as DTC is acting as securities depository for the 1996A Bonds, a book-entry system will be employed, evidencing ownership of the 1996A Bonds in principal amounts of \$5,000 and integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Principal of, redemption premium, if any, and interest on the 1996A Bonds will be payable in clearinghouse funds to DTC or its nominee as registered owner of the 1996A Bonds. Principal of, redemption premium, if any, and interest on the 1996A Bonds will be payable in lawful money of the United States of America by the Trustee. Transfers of principal, redemption premium, if any, and interest payments to beneficial owners (the "Beneficial Owners") will be the responsibility of such participants and other nominees of the Beneficial Owners. The Authority will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the 1996A Bonds, (b) the Authority determines that DTC is incapable of discharging its duties or that continuation with DTC as securities depository is not in the best interests of the Authority, or (c) the Authority determines that continuation of the book-entry system of evidence and transfer of ownership of the 1996A Bonds is not in the best interests of the Authority or the Beneficial Owners, the Authority will discontinue the book-entry system



with DTC. If the Authority fails to identify another qualified securities depository to replace DTC, the Authority will cause the execution and delivery of replacement 1996A Bonds in the form of fully registered certificates.

#### **Bid Specifications**

Bidders are invited to name the rate or rates of interest that the 1996A Bonds are to bear, in multiples of 1/8 or 1/20 of one percent. Any number of rates may be named. Each bidder must specify in its bid the amount and maturities of 1996A Bonds of each rate. 1996A Bonds maturing on the same date must bear interest at the same rate. No maturity of the 1996A Bonds may bear an interest rate lower than the interest rate on any earlier maturity of the 1996A Bonds. Bids must be for not less than [99.25%] of the par value of the aggregate principal amount of the 1996A Bonds (based on the Revised Amounts as described below), plus accrued interest from the dated date (\_\_\_\_\_ 1996) to the date of delivery of the 1996A Bonds. No bid for other than all of the 1996A Bonds will be considered. No telephone, telegraph or facsimile bids will be accepted.

All bids must be unconditional and must be on the official bid form, without alteration or change, which may be obtained from the offices of the Co-Financial Advisors, at the addresses shown in the last paragraph of this Notice of Sale. Each bid should be enclosed in a sealed envelope, marked on the outside "Bid for Convention Center Expansion Financing Authority Lease Revenue Bonds, Series 1996A".

#### **Good Faith Deposit**

A Good Faith Deposit (the "Deposit") in the form of a certified or cashier's check drawn on a responsible bank or trust company conducting business in California or a Financial Surety Bond in the amount of [\$ \_\_\_\_\_] payable to the order of the [Authority] is required for each bid to be considered. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of California and which is rated either Aaa by Moody's Investors Service or AAA by Standard & Poor's Ratings Group and such bond must be submitted to the Authority or its Co-Financial Advisors prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose Deposit is guaranteed by such Financial Surety Bond. If the 1996A Bonds are awarded to a bidder utilizing a Financial Surety Bond, then that purchaser (the "Purchaser") is required to submit its Deposit to the City in the form of a wire transfer not later than 9:00 a.m. (California time) on the next business day following the award of the 1996A Bonds. The Deposit should be sent to [wire instructions here]. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Authority to satisfy the Deposit requirement. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the 1996A Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the Authority in satisfaction of the damages the Authority suffers by reason of the successful bidder's failure to honor its bid. The bidders agree that such damages are incapable of calculation and that the amount of the Deposit is appropriate as liquidated damages for such nonperformance of the successful bidder(s).

#### **Adjustments to Principal Amount**

The preliminary aggregate principal amount of the 1996A Bonds and the preliminary annual principal amounts as set forth in this Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Annual Principal Amounts," respectively, collectively, the "Preliminary Amounts") may be revised before the opening of the sealed bids for the purchase of the 1996A Bonds. Any such revision (the "Revised Aggregate Principal Amount" and the "Revised Annual Principal Amounts," respectively, collectively, the "Revised Amounts") WILL BE ANNOUNCED ON MUNIFACTS NOT LATER THAN 10:00 A.M. (CALIFORNIA TIME) ON THE LAST BUSINESS DAY PRIOR TO ANY ANNOUNCED DATE FOR RECEIPT OF BIDS. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS.

After selecting the winning bid, the Authority will determine the final aggregate principal amount of the 1996A Bonds and each final semiannual principal amount (the "Final Aggregate Principal Amount" and the "Final Annual Principal Amounts," respectively, collectively, the "Final Amounts"). In determining the Final Amounts, the Authority will not increase or reduce any Revised Annual Principal Amount by the greater of [\$100,000] or [10%] of such amount. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES (AS DEFINED HEREIN) AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the 1996A Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriters' discount and original issue discount/premium, if any, but will not change the underwriters' discount per \$1,000 of par amount of bonds from the underwriters' discount that would have been received based on the

purchase price in the winning bid and the initial public offering prices. The Final Amounts and the adjusted purchase price will be communicated to the successful bidder by 8:00 a.m. (California time) on the Business day immediately following the sale.

#### **Serial Bonds and/or Term Bonds**

Bidders may provide that all the 1996A Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts may be combined into one or more term bonds. Each such term bond shall be subject to mandatory redemption as described below in "Mandatory Sinking Fund Redemption."

#### **Mandatory Sinking Fund Redemption**

If the successful bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on January 15 of the first year which has been combined to form such term bond and continuing on January 15 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth above as adjusted in accordance with the provisions described above under the caption "Adjustment of Principal Amounts." 1996A Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the 1996A Bonds then subject to redemption. The Authority, at its option, may credit against any mandatory sinking fund redemption requirement term bonds of the maturity then subject to redemption, which have been purchased and canceled by the Authority or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

#### **Basis of Award**

The 1996A Bonds will be awarded to the bidder offering to purchase all of the 1996A Bonds at the lowest interest rate to the Authority, based on the Revised Amounts described above. The lowest interest rate shall be determined in accordance with the true interest cost (TIC) method by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments from the payment dates to the date of the 1996A Bonds (\_\_\_\_\_, 1996) and to the price bid, excluding interest accrued to the date of delivery. If there is more than one such proposal making said offer at the same lowest interest rate, the 1996A Bonds will be sold to the bidder whose proposal is selected by the Authority by lot from among all such proposals at the same lowest interest rate. It is requested that each bid be accompanied by a statement of the true interest cost computed at the interest rate or rates stated in the Official Bid Form in accordance with the above method of calculation (computed to six decimal places) but such statement will not be considered as part of the bid.

Bids will be accepted or rejected promptly after opening and not later than 5:00 p.m. (California time) on the date of the sale.

The Authority reserves the right to reject any or all bids. The Authority also reserves the right, so far as permitted by law, to waive any irregularity or informality with respect to any bid.

#### **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the 1996A Bonds but failure to print such number on a Bond or any error with respect thereto shall not constitute cause for failure or refusal by the Purchaser thereof to accept delivery of or pay for the 1996A Bonds in accordance with the terms of this Notice and the Bid. All expenses in relation to the printing of CUSIP numbers on the 1996A Bonds shall be paid for by the Authority, provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

#### **California Debt Advisory Commission Fee**

The attention of bidders is directed to California Government Code Section 8856, which provides that the purchaser of the 1996A Bonds will be charged for the California Debt Advisory Commission fee relating to the 1996A Bonds.

### Undertakings of the Successful Bidder

The successful bidder shall make a bona fide public offering of the 1996A Bonds and shall, within 30 minutes of being notified of the award of the 1996A Bonds, advise the Authority in writing (via facsimile transmission) of the initial public offering prices of the 1996A Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the Authority within 24 hours after notification of the Final Amounts, furnish the following information to Co-Bond Counsel to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all 1996A Bonds are sold at the prices or yields at which the successful bidder advised the Authority that the 1996A Bonds were initially offered to the public);
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate; and
- C. Any other material information the Authority or the City determines is necessary to complete the Official Statement in final form.

Prior to the delivery of the 1996A Bonds, the successful bidder shall furnish to the Authority a certificate acceptable to Co-Bond Counsel to the effect that as of the delivery date of the 1996A Bonds, the successful bidder has sold or reasonably expects to sell a substantial amount of each maturity of the 1996A Bonds to the public (excluding bond houses, brokers or similar persons or other intermediaries) at prices no higher than, or yields lower than, those shown in that certificate.

### Delivery of the 1996A Bonds

The 1996A Bonds will be delivered on or about [ ] (unless a notice of change in the delivery date is announced on Munifacts not later than 10:00 a.m. (California time) on the last business day prior to any announced date for receipt of bids) in New York City at DTC against payment of the purchase price therefor in Federal Funds.

### Funds for Payment

Payment for the Bonds shall be made on the closing date by Federal Reserve check in immediately available funds or, upon prior arrangement with the [Authority], by wire transfer. The closing will be held on or about \_\_\_\_\_, 1996.

### Documents to be Delivered at Closing

- A. **Legal Opinion.** The legal opinion of Orrick, Herrington & Sutcliffe, Los Angeles, California, and Alvarado, Smith, Wolff & Sanchez, Newport Beach, California, Co-Bond Counsel, approving the validity of the 1996A Bonds will be furnished to the successful bidder at the time of delivery of the 1996A Bonds, at the expense of the Authority. Co-Bond Counsel is of the opinion that the interest on the 1996A Bonds is excluded from gross income for federal tax purposes under existing law (see the Preliminary Official Statement for a description of certain qualifications with respect to taxes on corporations and others), and that such interest is also exempt from personal income taxes of the State of California under existing law. A copy of such legal opinion of Orrick, Herrington & Sutcliffe, Los Angeles, California, and Alvarado, Smith, Wolff & Sanchez, Newport Beach, California, Co-Bond Counsel, certified by an appropriate official of the Authority by such official's facsimile signature, will be delivered with the 1996A Bonds. No charge will be made to the purchaser for such printing or certification. Certain other matters incident to the issuance of the 1996A Bonds will be passed upon for the City and the Authority by the City Attorney of the City of San Diego.
- B. **Litigation Certificate.** At the time of payment for and delivery of the 1996A Bonds, the Authority will furnish the successful bidder a certificate that there is no litigation pending affecting the validity of the 1996A Bonds.
- C. **Certificate Concerning the Official Statement.** A certificate of the City, signed by the City Manager, acting in his official capacity, to the effect that to the best of his knowledge and belief, and after reasonable investigation: (1) neither the Official Statement relating to the 1996A Bonds nor any amendment, or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading; (2) since the date of the Official Statement (or the date of the most recent amendment or supplement thereto) no event has occurred which would make the statements therein untrue or, in the light of the circumstances in which they were made, misleading in any material respect, and (3) there has not been any material adverse change in the

operation or financial affairs of the City since the date of such Official Statement. The successful bidder shall also be furnished with a letter from Orrick, Herrington & Sutcliffe, Los Angeles, California, Disclosure Counsel, addressed to the successful bidder for the 1996A Bonds, to the effect that nothing has come to the attention of Disclosure Counsel which has led it to believe that the Official Statement as of its date (other than financial and statistical information and certain other information as to which no opinion will be expressed) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

#### Official Statement

The Preliminary Official Statement dated \_\_\_\_\_, 1996 and the information contained therein have been deemed final by the Authority as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") with permitted omissions, but is subject to change without notice and to completion or amendment in the Official Statement in final form (the "Final Official Statement").

The Authority, at its expense, will make available to the successful bidder up to 250 copies of the Final Official Statement, for delivery to each potential investor requesting a copy of the Final Official Statement and to each person to whom such bidder and members of its bidding group initially sell the 1996A Bonds, within seven business days of the award of the 1996A Bonds, provided that the successful bidder cooperates in providing the information required to complete the Final Official Statement.

The successful bidder shall comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board, including an obligation, if any, to update the Final Official Statement.

#### Continuing Disclosure

In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the City will undertake, pursuant to the Facility Lease and a Continuing Disclosure Agreement, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement.

#### Postponement

The Authority reserves the right to postpone, from time to time, the date and time established for the receipt of bids. ANY SUCH POSTPONEMENT WILL BE ANNOUNCED VIA MUNIFACTS NOT LATER THAN 1:00 P.M. (CALIFORNIA TIME) ON THE LAST BUSINESS DAY PRIOR TO ANY ANNOUNCED DATE FOR RECEIPT OF BIDS. If any date and time fixed for the receipt of bids and the sale of the 1996A Bonds is postponed, an alternative sale date and time will be announced via Munifacts at least 48 hours prior to such alternative sale date. On any such alternative sale date and time, any bidder may submit a sealed bid for the purchase of the 1996A Bonds in conformity in all respects with the provisions of this Notice of Sale, except for the date and time of sale and except for any changes announced over Munifacts at the time the sale date and time are announced.

#### Additional Information

For further information relating to the 1996A Bonds, reference is made to the Preliminary Official Statement, dated \_\_\_\_\_, 1996, prepared for and authorized by the City and the Authority. Bidders are required to use the Official Bid Form which, together with the Preliminary Official Statement, may be obtained from the City's Co-Financial Advisors: Public Financial Management, Inc. 305 Montgomery Street, Suite 800, San Francisco, CA 94111 Attention: Gina Franco (telephone 415-982-5544; telecopy 415-982-4513); or Municipal Capital Management, Inc., 12247 1/2 Gorbam Avenue, Los Angeles, CA 90049 Attention: LuAnne Edwards (telephone 310-820-9840; telecopy 310-820-9783).

CONVENTION CENTER EXPANSION FINANCING AUTHORITY

By: \_\_\_\_\_

Chairman

OFFICIAL BID FORM

CONVENTION CENTER EXPANSION FINANCING AUTHORITY  
Lease Revenue Bonds  
Series 1996A

Mr. Jack McGrory  
c/o Orrick, Herrington & Sutcliffe  
777 S. Figueroa Street  
32nd Floor  
Los Angeles, CA 90017

\_\_\_\_\_, 1996

Dear Mr. McGrory:

Subject to the provisions and in accordance with the terms of the Notice of Sale dated \_\_\_\_\_ (the "Notice of Sale"), which is hereby made a part of this bid, we offer to purchase all of the \$ \_\_\_\_\_ \* Convention Center Expansion Financing Authority Lease Revenue Bonds, Series 1996A (the "1996A Bonds") described in said Notice of Sale and in the Preliminary Official Statement dated \_\_\_\_\_, which has been furnished to us and as revised through MuniFact no later than 10:00 a.m. (California time) on the last business day prior to today.

We offer to purchase the 1996A Bonds at a price of \$ \_\_\_\_\_, which is not less than [99.25%] of the Revised Aggregate Principal Amount of \$ \_\_\_\_\_, at the interest rates set forth below:

SERIAL BONDS

<u>Maturity</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Interest Rate</u>
January 15, 1997	_____ %	January 15, 2012	_____ %
January 15, 1998	_____ %	January 15, 2013	_____ %
January 15, 1999	_____ %	January 15, 2014	_____ %
January 15, 2000	_____ %	January 15, 2015	_____ %
January 15, 2001	_____ %	January 15, 2016	_____ %
January 15, 2002	_____ %	January 15, 2017	_____ %
January 15, 2003	_____ %	January 15, 2018	_____ %
January 15, 2004	_____ %	January 15, 2019	_____ %
January 15, 2005	_____ %	January 15, 2020	_____ %
January 15, 2006	_____ %	January 15, 2021	_____ %
January 15, 2007	_____ %	January 15, 2022	_____ %
January 15, 2008	_____ %	January 15, 2023	_____ %
January 15, 2009	_____ %	January 15, 2024	_____ %
January 15, 2010	_____ %	January 15, 2025	_____ %
January 15, 2011	_____ %	January 15, 2026	_____ %

Term Bonds (Optional)

<u>First Year of Mandatory Redemption</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %

(LEAVE BLANK IF NO TERM BONDS ARE SPECIFIED)

If term Bond(s) are included in this bid, the mandatory redemption installments and maturity of such term Bond(s) shall correspond to the Revised Annual Principal Amounts, as defined in the Notice of Sale, for the applicable years as adjusted in accordance with the Notice of Sale.

We will pay accrued interest on the 1996A Bonds from \_\_\_\_\_, 1996 to the date of delivery and will accept delivery of the 1996A Bonds in book-entry form at DTC in New York City on or about \_\_\_\_\_. We have noted that payment of the purchase price of the 1996A Bonds is to be made in immediately available funds.

\*Preliminary; Subject to change as described in the Notice of Sale.

We, if the successful bidder, will (a) within 30 minutes after being notified of the award of the 1996A Bonds, advise the City of San Diego (the "City"), for and on behalf of the Convention Center Financing Authority (the "Authority"), of the Initial Reoffering Prices of the 1996A Bonds; and (b) within 24 hours of notification of the Final Amounts of the 1996A Bonds, as defined in the Notice of Sale, furnish the City, for and on behalf of the Authority, the information described in the section of the Notice of Sale entitled "Undertakings of the Successful Bidder."

Please indicate (X) the appropriate choice regarding the good faith deposit.

\_\_\_\_\_ We have posted a surety bond in the amount of \$ \_\_\_\_\_ in accordance with the Notice of Sale.  
\_\_\_\_\_ We enclose a certified or cashier's check for \$ \_\_\_\_\_ in accordance with the Notice of Sale.

By: \_\_\_\_\_  
Name of Firm Address  
\_\_\_\_\_  
Signature City State Zip

(No addition or alteration, except as provided above, is to be made to this bid.)

#### ACCOUNT MEMBERS

Attached is a list of the members of our account on whose behalf this bid is made.

#### COMPUTATION

The following is our computation of the interest rate, computed on a true interest cost (TIC) basis as required by and in accordance with the Notice of Sale, but not constituting any part of the foregoing proposal, for the 1996A Bonds under the foregoing proposal:

\_\_\_\_\_ % (To Six Decimals)

#### CONTACT PERSON

If we are to be notified that we have been awarded the 1996A Bonds, you may contact and rely on the information provided by the following:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Telephone Number

#### AWARD

I, the City Manager of the City, for and on behalf of the Convention Center Expansion Financing Authority, hereby award the 1996A Bonds to the bidder submitting the bid set forth herein on the terms set forth herein and in the Notice of Sale dated \_\_\_\_\_ relating to the 1996A Bonds.

#### CONVENTION CENTER EXPANSION FINANCING AUTHORITY

\_\_\_\_\_  
Chairman

O-18270