

ORDINANCE NUMBER O- 18292 (NEW SERIES)

ADOPTED ON APR 16 1996

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF INDUSTRIAL DEVELOPMENT REVENUE REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$151,000,000 AND AUTHORIZING ONE OR MORE LOAN AGREEMENTS WITH SAN DIEGO GAS & ELECTRIC COMPANY AND ONE OR MORE INDENTURES IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS AND RELATED ACTIONS AND MATTERS.

WHEREAS, the City Council of The City of San Diego (the "City") has, by Ordinance No. O-15586 (New Series), adopted by the City Council on September 14, 1981, enacted an Act of the City entitled the Economic Development Revenue Bond Law, as amended by Ordinance No. O-16469 (New Series), adopted on July 22, 1985, and by Ordinance No. O-16760 (New Series), adopted on November 10, 1986 (as so amended, the "Law"), adding Divisions 1, 2, 3 and 4 to Article 7 of Chapter IX of the Municipal Code of the City, authorizing and establishing a procedure for the sale and issuance of revenue bonds or other evidences of indebtedness by the City for the purpose of providing financing to participating parties for economic development purposes; and

WHEREAS, under Section 97.0309 of the Law, the City is authorized to issue bonds for the purpose of replacing or refunding any bonds issued under the Law and then outstanding; and

WHEREAS, San Diego Gas & Electric Company (the "Company") has requested that the City authorize and approve the issuance of one or more series of such refunding bonds or other evidences of

indebtedness to refund or replace currently outstanding bonds of the City (the "Prior Bonds"), which were previously issued to fund loans to the Company to finance the acquisition and construction of local distribution facilities for electric energy and gas (the "Projects") for the Company; and

WHEREAS, the Company has assured the City that the interest savings the Company will realize by virtue of the City's providing tax-exempt financing to refund all or a portion of the Prior Bonds will be passed on to the Company's electric energy and gas customers, including all such customers within the boundaries of the City, by way of lower rates than would otherwise prevail through procedures established by the California Public Utilities Commission; and

WHEREAS, the City Council finds that it is in the best interests of the City to accommodate the request of the Company and to grant and delegate such authority to the officers of the City as may be necessary or appropriate to do so; NOW, THEREFORE,

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

Section 1. Pursuant to the Law, refunding revenue bonds of the City designated "The City of San Diego Industrial Development Revenue Refunding Bonds (San Diego Gas & Electric Company)," and having such series designations as may be appropriate, in an aggregate principal amount not to exceed \$151,000,000 and maturing not later than March 1, 2023 (herein called in aggregate the "Bonds"), are authorized to be issued in one or more series as the Company and the officers of the City may determine are appropriate. The issuance of an initial series of Bonds

designated as "The City of San Diego Industrial Development Revenue Refunding Bonds (San Diego Gas & Electric Company) 1996 Series A" limited in aggregate principal amount to \$44,250,000 (the "1996 Series A Bonds") is hereby approved. The issuance of additional series of Bonds (which, together with the aggregate principal amount of 1996 Series A Bonds actually issued, shall not exceed \$151,000,000) is hereby approved, subject in each case to approval by resolution of the City Council of the form of bond purchase agreement and official statement relating to such additional series of Bonds.

Section 2. The City Manager and the Community and Economic Development Manager of the City and their respective designees (the "Authorized Officers") are authorized to cause to be prepared and to enter into, for and in the name and on behalf of the City, in accordance with the Law, from time to time as needed (a) one or more indentures (the "Indentures") between the City and a trustee or trustees to be selected by the Company with the approval of an Authorized Officer (the "Trustee"), setting forth the terms of each series of Bonds and providing for the payment and security thereof; (b) one or more loan agreements (the "Loan Agreements") with the Company providing for repayment of the loans made or deemed made to it from proceeds of each series of Bonds, such repayments to be made at the times and in the amounts necessary to pay all amounts due on the Bonds at the times required therefor; (c) subject to Section 1 hereof, one or more agreements (the "Bond Purchase Agreements") providing for the purchase and sale of each series of Bonds; (d) subject to Section 1 hereof, any official statements or other disclosure

documents (the "Official Statements") in connection with each series of Bonds; and (e) all necessary and appropriate documents in connection therewith. The proposed forms of Indenture and Loan Agreement with respect to the Bonds, as well as the proposed form of Bond Purchase Agreement and Official Statement relating to the 1996 Series A Bonds, are on file in the office of the City Clerk as Document Nos. 0018292-1, 0018292-2, 0018292-3, and 0018292-4 respectively.

Section 3. The proposed form of Indenture between the City and the Trustee, presented to this meeting, is hereby approved. The Authorized Officers are hereby authorized, on or after the effective date hereof, for and in the name and on behalf of the City, (a) to execute, acknowledge and deliver, in connection with each issuance of a series of Bonds, one or more Indentures in substantially such form, with such changes therein as the officers executing the same and the City Attorney may require or approve, and with the inclusion of such alternative or additional provisions as may be appropriate to provide or accommodate differing terms of the Bonds or types of security or collateral for the Bonds, such approval to be conclusively evidenced by the execution and delivery thereof, and (b) to approve a Trustee selected by the Company for each series of Bonds. The date, maturity date or dates, interest rate or rates (and the method for any adjustment thereof), interest payment dates, terms of redemption, terms, if any, on which the Bonds may be tendered, security and other terms of the Bonds shall be as provided in each such Indenture as finally executed; provided that the aggregate principal amount of the Bonds shall not exceed

\$151,000,000, and all such Bonds shall mature no later than March 1, 2023.

Section 4. The proposed form of Loan Agreement, between the City and the Company, presented to this meeting, is hereby approved. The Authorized Officers are hereby authorized, on and after the effective date hereof, for and in the name and on behalf of the City, to execute, acknowledge and deliver, in connection with each issuance of a series of Bonds, one or more Loan Agreements, or supplements thereto, in substantially such form, with such changes therein as the officers executing the same and the City Attorney may require or approve, and with the inclusion of such alternative or additional provisions as may be appropriate to provide or accommodate differing terms of the Bonds or types of security or collateral for the Bonds, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Company's selection of Orrick, Herrington & Sutcliffe and Williams & Gilmore as Co-Bond Counsel with respect to the 1996 Series A Bonds is hereby approved. The Company's selection of Citicorp Securities Inc. and Grigsby Brandford & Co., Inc., as co-managing underwriters with respect to the 1996 Series A Bonds (the Underwriters) is hereby approved. The proposed form of Bond Purchase Agreement relating to the 1996 Series A Bonds among the City, the Company and the Underwriters, presented to this meeting, is hereby approved. The Authorized Officers are hereby authorized, for and in the name and on behalf of the City, to execute, acknowledge and deliver, in connection with the 1996 Series A Bonds, a Bond Purchase Agreement in

substantially such form, with such changes therein as the officers executing the same and the City Attorney may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The proposed form of Official Statement relating to the 1996 Series A Bonds presented to this meeting is hereby approved. The Authorized Officers are hereby authorized, for and in the name and on behalf of the City, to approve and sign, in connection with the 1996 Series A Bonds, an Official Statement in substantially such form, with such changes therein as the officers executing the same and the City Attorney may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. Bonds in an aggregate principal amount not to exceed \$151,000,000 shall be executed by the manual or facsimile signature of the Mayor, and the seal of the City shall be affixed or imprinted thereon and attested by the manual or facsimile signature of the City Clerk, in forms as set forth in and otherwise in accordance with the applicable Indenture. The seal of the City may be reproduced in facsimile form. The Bonds, when so executed, shall be delivered for authentication to the Trustee or other designated person under the applicable Indenture. Each Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the underwriters of such Bonds in accordance with written instructions executed on behalf of the City by one or more Authorized Officers, which instructions said

officers are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Trustee. The actual form of Indenture, Loan Agreement and Bond Purchase Agreement executed and delivered in connection with each series of Bonds shall be filed in the office of the City Clerk.

Section 8. The City Clerk is hereby authorized and directed to attest the signature of the Mayor and the Authorized Officers and to affix and attest the seal of the City as may be requested in connection with the execution and delivery of the Bonds and each Loan Agreement, Indenture and Bond Purchase Agreement as may be prepared in connection with one or more series of Bonds in accordance with this ordinance.

Section 9. In connection with the issuance of each series of Bonds, there shall be redeemed or otherwise retired and canceled an equal amount of all or a portion of the following series of Prior Bonds: The City of San Diego Industrial Development Revenue Bonds (San Diego Gas & Electric Company) 1986 Series A, issued July 15, 1986 in the original aggregate principal amount of \$44,250,000; The City of San Diego Industrial Development Revenue Bonds (San Diego Gas & Electric Company) 1986 Series B, issued December 15, 1986 in the original aggregate principal amount of \$81,350,000; and The City of San Diego Industrial Development Revenue Bonds (San Diego Gas & Electric Company) 1987 Series A, issued September 29, 1987, in the original aggregate principal amount of \$25,000,000; and in connection therewith the Authorized Officers are hereby authorized to execute or approve such notices or other documents as shall be appropriate to provide for such refunding.

Section 10. All actions heretofore taken by the officers and agents of the City with respect to the refinancing of the Projects and the authorization and issuance of the Bonds are hereby approved, confirmed and ratified. The officers of the City are hereby authorized, jointly and severally, to do any and all things and to execute and deliver all documents and select or approve such other parties which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and the retirement of the Prior Bonds and otherwise to carry out, give effect to and comply with the terms and intents of this ordinance, the Bonds and any Loan Agreement, Indenture and Bond Purchase Agreement; provided that no series of Bonds other than the 1996 Series A Bonds may be issued unless the form of Bond Purchase Agreement and the form of Official Statement with respect to such series shall have been approved by resolution of the City Council, which approval shall be at the Council's sole option.

Section 11. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this ordinance, including without limitation any of the foregoing which may be necessary or desirable in connection with any default under or amendment of such documents, any substitution of security for the Bonds or any redemption of the Bonds, may be given or taken by the City Manager without further authorization by the City Council, and the City Manager is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any

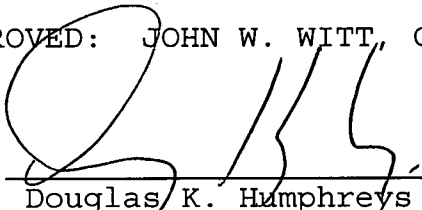
such action which such officer may deem necessary or desirable to further the purposes of this ordinance.

Section 12. The City Clerk is hereby authorized and directed to cause a digest or a copy of this ordinance to be published at least once in the "San Diego Daily Transcript" within fifteen (15) days after the adoption of this ordinance pursuant to Section 18 of the City Charter.

Section 13. 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



Douglas K. Humphreys
Deputy City Attorney

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