

RESOLUTION NUMBER R- 283436

ADOPTED ON FEB 22 1994

WHEREAS, in 1986 the City of San Diego (the "City") caused the execution and delivery of the City of San Diego Refunding Certificates of Participation (Police Capital Improvement Projects), the proceeds of which were used to refund prior certificates which were executed and delivered to finance four capital improvement projects as described below; and

WHEREAS, the City and Imperial Municipal Services Group, Inc. ("Imperial") heretofore entered into that certain Lease-Purchase Agreement (Western Division Police Station Project), dated as of March 1, 1983 (the "Western Division Lease"); and

WHEREAS, the City and Imperial heretofore entered into that certain Lease-Purchase Agreement (Southeastern Division Police Station Project), dated as of April 1, 1984 (the "Southeastern Division Lease"); and

WHEREAS, the City and Rauscher Pierce Refsnes Leasing, Inc. ("Rauscher") heretofore entered into that certain Lease-Purchase Agreement (Police Administration and Technical Center), dated as of September 1, 1984 (the "Administration Center Lease"); and

WHEREAS, the City and Rauscher heretofore entered into that certain Lease-Purchase Agreement (San Diego Police Heavy Vehicle Maintenance Facility), dated as of February 1, 1985 (the "Maintenance Facility Lease," and together with the above mentioned leases, the "Prior Police Leases"); and

WHEREAS, the City, Imperial and Rauscher heretofore entered into that certain lease agreement dated as of May 1, 1986 (the "1986 Master Lease") whereby the Prior Police Leases were amended and restated by said 1986 Master Lease under a plan to reduce the total amount of lease payments through a refunding of some or all of the original certificates of participation associated with each of the Prior Police Leases; and

WHEREAS, pursuant to a Trust Agreement, dated as of May 1, 1986 (the "1986 Trust Agreement"), by and among the City, Rauscher and Bank of America National Trust and Savings Association, as trustee ("Bank of America") the City caused the execution and delivery of \$63,330,000 aggregate principal amount of certificates of participation (the "1986 Certificates") representing proportionate interests in lease payments due under the 1986 Master Lease; and

WHEREAS, the lease payments due under the 1986 Master Lease have been assigned to Bank of America pursuant to an Assignment Agreement, dated as of May 1, 1986 (the "1986 Assignment Agreement"), by and between Rauscher and B of A; and

WHEREAS, pursuant to certain quitclaim deeds executed by Rauscher, a Certificate, Request and Agreement of the City and an Agreement dated May 19, 1988 between the City and the Authority, the City caused Rauscher to transfer all of its rights and obligations under the 1986 Master Lease to the City of San Diego/MTDB Authority (the "Authority"); and

WHEREAS, the City has determined that in order to further reduce the aggregate amount of lease payments due under the 1986 Master Lease, it is necessary to provide for the refinancing of a

portion of the City's obligations under the 1986 Master Lease, and to that end, the City has determined that it is necessary and desirable to amend the 1986 Master Lease pursuant to a First Amendment to Lease Agreement (the "First Amendment to 1986 Lease"); and

WHEREAS, the City has determined that in order to accomplish the proposed refinancing of the City's obligations under the 1986 Master Lease, it is necessary and desirable to amend the 1986 Trust Agreement as provided in a First Supplemental Trust Agreement (the "First Supplemental 1986 Trust Agreement") by and among the City, the Authority and First Interstate Bank of California, as successor trustee to Bank of America (the "1986 Trustee") and to amend the 1986 Assignment Agreement pursuant to a First Amendment to Assignment Agreement of Lease and of Site Leases (the "First Amendment to 1986 Assignment Agreement") by and between the Authority, the 1986 Trustee and the 1994 Indenture Trustee (as defined below); and

WHEREAS, in 1989 the Authority issued \$31,240,000 aggregate principal amount of the City of San Diego/MTDB Authority Lease Revenue Bonds (San Diego Bayside Light Rail Transit Extension) (the "1989 Bonds"), and together with the 1986 Certificates, the "Prior Obligations") to finance the acquisition, installation, equipping and construction of an extension to the San Diego Light Rail Transit System; and

WHEREAS, the City and the Authority heretofore entered into a Lease Agreement dated as of June 1, 1989 (the "1989 Lease," and together with the 1986 Master Lease, the "Prior Leases"); and

WHEREAS, pursuant to a Trust Agreement dated as of June 1, 1989 (the "1989 Trust Agreement," and together with the 1986 Trust Agreement, the "Prior Trust Agreements") by and among the City, the Authority and Bankers Trust Company of California, National Association, as trustee ("Bankers Trust"), the Authority transferred certain of its rights, title and interest in the 1989 Lease, including rights to receive rental payments due thereunder, to Bankers Trust for the benefit of owners of the 1989 Bonds issued pursuant to the 1989 Trust Agreement; and

WHEREAS, the City has determined that in order to further reduce the aggregate amount of lease payments due under the 1989 Lease, it is necessary to provide for the refinancing of a portion of the City's obligations under the 1989 Lease and, to that end, the City has determined that it is necessary and desirable to amend the 1989 Lease pursuant to a First Amendment to Lease Agreement (the "First Amendment to 1989 Lease"); and

WHEREAS, the City has determined that in order to accomplish the proposed refinancing of the City's obligations under the 1989 Lease, it is necessary and desirable to amend the 1989 Trust Agreement as provided in a First Supplemental Trust Agreement (the "First Supplemental 1989 Trust Agreement") by and among the City, the Authority and First Interstate Bank of California, as successor trustee to Bankers Trust (the "1989 Trustee"); and

WHEREAS, the City and the Authority have determined that it would be in the best interest of both to cause the issuance of the Authority's Lease Revenue Bonds (1994 Refundings) (the "1994 Bonds") pursuant to an Indenture (the "1994 Indenture"), and to use the proceeds thereof (i) to establish escrow funds to be used

to pay debt service on all or a portion of the Prior Obligations so as to defease the same, (ii) to provide for moneys to be deposited into a Reserve Account established under the 1994 Indenture, and (iii) to provide for moneys to be deposited into a Costs of Issuance Fund established under the 1994 Indenture;
NOW THEREFORE,

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

Section 1. Request for Authorization and Approval of 1994 Bonds. The City hereby requests the Authority to approve the issuance and sale of the 1994 Bonds, in a principal amount not to exceed \$68,000,000.00, said principal amount to be such amount as is necessary to provide funds to partially or fully defease the Prior Obligations as determined by the City and the Authority in consultation with the City's financial advisors.

Section 2. Sale of 1994 Bonds. The Bonds shall bear interest at the rates established by offering the Bonds at public sale pursuant to the Notice of Intention to Sell Bonds, the Notice of Sale and the Official Bid Form (which documents are hereby approved by the City in substantially the forms attached hereto as Exhibits A, B and C, with such changes as the Designated Officer deems to be in the best interests of the City and the Authority). The Designated Officer, on behalf of the Authority, is hereby authorized and directed to cause the publication of the Notice of Intention to Sell Bonds at least fifteen (15) days prior to the sale of the 1994 Bonds. The Designated Officer, on behalf of the Authority, is hereby authorized to solicit the lowest responsible bid for the 1994

Bonds in accordance with the terms of the Notice of Sale. The Designated Officer, on behalf of the Authority, is hereby authorized to accept the lowest responsible bid among all bidders and to award the sale as prescribed in the Declaration of Award, which Declaration is hereby ratified and approved by the City in substantially the form attached hereto as Exhibit D, which such changes as the Designated Officer deems to be in the best interests of the City and the Authority.

Section 3. Authorization 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. R-283436 is hereby approved for use in connection with the public offering of the 1994 Bonds, with such changes as may be approved by the Designated Officer, the City Attorney or the City's financial advisors, which form of Preliminary Official Statement is hereby in all respects approved and incorporated by reference and made a part hereof. The Designated Officer is authorized to certify to the underwriters of the 1994 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 Designated Officer is authorized to execute and deliver a final official statement relating to the 1994 Bonds (the "Official Statement") in substantially the form of said Preliminary Official Statement, with such additions and changes as the Designated Officer 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 Designated Officer 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 1994 Bonds and all actual purchasers of the 1994 Bonds from the Underwriters acting in such capacity.

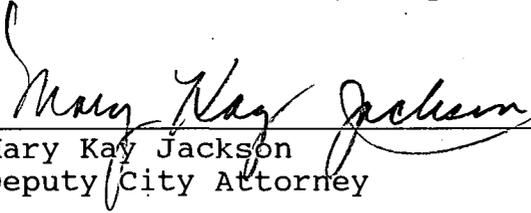
Section 4. Bond Insurance. The Designated Officer is hereby authorized to apply for and obtain Municipal Bond Insurance for some or all of the 1994 Bonds, provided that the Designated Officer determines, based upon consultation with the City's financial advisors, that the present value cost of the insurance is less than the present value of the estimated interest component savings with respect to the 1994 Bonds to be insured. The Designated Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver a contract for Municipal Bond Insurance if such contract is deemed desirable, and 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 represented by the 1994 Bonds, such approval to be conclusively evidenced by such officer's execution and delivery of said contract, which form of contract is hereby in all respects approved and incorporated by reference and made a part hereof.

Section 5. 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 1994 Bonds, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed and ratified.

Section 6. General Authorization. The City Manager of the City, or designee, is 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 Resolution.

APPROVED: JOHN W. WITT, City Attorney

By


Mary Kay Jackson
Deputy City Attorney

MKJ:mb
02/08/94
02/09/94 Corr.1
02/16/94 Corr.2
Or.Dept:F.M.
R-94-1152
Form=r+t

NOTICE OF INTENTION TO SELL BONDS

\$ _____ *

**CITY OF SAN DIEGO/MTDB AUTHORITY
LEASE REVENUE BONDS (1994 REFUNDINGS)**

The City of San Diego/MTDB Authority (the "Authority") intends to receive sealed bids until 10:00 a.m., San Diego time, on Tuesday,

March 22, 1994

at the City of San Diego, 202 "C" Street, City Administration Building, 8th Floor Conference Room, San Diego, California 92101, for the above-captioned Bonds, dated March 15, 1994 and maturing [or subject to sinking account redemption] on September 1 in the years 1994 to 2009 inclusive or on such other dates as described in the Official Notice of Sale. If the purchase of the Bonds is not awarded on March 22, 1994, the Authority will again offer the Bonds on any business day with 24 hour advance notice provided over Munifacts until the Bonds are awarded. Bidders are urged to watch Munifacts for any changes in the date or time for receiving bids.

Copies of the Preliminary Official Statement to be distributed in connection with the sale of said Bonds, the Official Notice of Sale, the Official Bid Form, and the relevant legal documents may be obtained from the City of San Diego at the address indicated above or from the Authority's Co-Financial Advisors: Public Resources Advisory Group, 21 West Street, Suite 2700, New York, NY 10006; E.J. De La Rosa & Co., Inc., 11444 West Olympic Boulevard, Tenth Floor, Los Angeles, California 90064; or Municipal Capital Management, Inc., 2677 Centlnela Avenue, Suite 104, Santa Monica, California 90405.

Given by order of the City of San Diego/MTDB Authority.

Dated: _____, 1994

*Preliminary, subject to change.

DECLARATION OF AWARD OF THE
CITY OF SAN DIEGO/MTDB AUTHORITY
LEASE REVENUE BONDS (1994 REFUNDINGS)
BY THE CHAIRMAN

WHEREAS, the City of San Diego/MTDB Authority (the "Authority") as provided in Resolution No. _____ dated _____, 1994 of the Authority (the "Resolution") approved the public sale of the City of San Diego/MTDB Authority Lease Revenue Bonds (1994 Refundings) (the "Bonds"), in accordance with the Official Notice of Sale regarding the Bonds; and

WHEREAS, the Authority authorized its Chairman to award the Bonds by execution and delivery of this Declaration of Award of the Bonds (the "Declaration"); and

WHEREAS, in response to the Official Notice of Sale, the Chairman of the Authority received the bid proposals for the Bonds specified in Schedule A attached hereto, which were and are the only bid proposals received for such Bonds;

NOW, THEREFORE, the Chairman of the Authority hereby finds, determines, declares and resolves as follows:

Section 1. All of the recitals hereto are true and correct.

Section 2. The Chairman, in the name and on behalf of the Authority, hereby (a) accepts the proposal of _____ and awards the Bonds in accordance with such proposal, (b) directs the reduction in size of the issue of Bonds to \$ _____, and (c) directs that the various maturities of the Bonds be as specified in Schedule B hereto.

Section 3. All other bid proposals are rejected.

Section 4. Except as provided in Section 2 hereof, the terms and conditions of the Bonds shall in all respects be the same as provided in the Resolution.

Section 5. In accordance with the Resolution, the Secretary of the Authority is directed to cause to be prepared a sufficient number of typewritten Bonds, said Bonds to show on their face that the same are numbered, are in the denomination and bear interest at the rates specified in the winning proposal.

Section 6. In accordance with the Resolution, the Chairman and the Secretary of the Authority are hereby authorized and directed to execute and deliver the Bonds to the successful purchaser thereof. All actions heretofore taken by the officers and agents of the Authority, with respect to this sale and issuance of the Bonds are hereby approved, confirmed and ratified and the officers of the Authority are hereby authorized and

directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Declaration and resolutions heretofore adopted by the Authority.

Section 7. This Declaration shall take effect for and after its execution.

Dated: _____, 1994

Chairman of the Authority

SCHEDULE A
BID PROPOSALS

SCHEDULE B
REVISED BOND MATURITIES

\$ _____
 CITY OF SAN DIEGO/MTDB AUTHORITY
 Lease Revenue Bonds
 (1994 Refundings)

Sealed proposals will be received by the City Manager [or his designated representative], of the City of San Diego, California, (the "City") for the purchase of \$ _____ * City of San Diego/MTDB Authority Lease Revenue Bonds (1994 Refundings) (the "Bonds"), which are being issued by the City of San Diego/MTDB Authority (the "Authority") to advance refund portions of the outstanding City of San Diego 1986 Refunding Certificates of Participation (Police Capital Improvement Projects) and the City of San Diego/MTDB Authority 1989 Lease Revenue Bonds (San Diego Bayside Light Rail Transit Extension), (collectively, the "Prior Obligations"). Sealed proposals will be received until the following time at the following location:

Date & Time: Tuesday, March 22, 1994
 10:00 a.m. (San Diego time)

Location: City of San Diego
 202 "C" Street
 City Administration Building
 8th Floor Conference Room
 San Diego, CA

Description of the Bonds

The Bonds will be issued only as fully registered bonds in book-entry form. The Bonds will be dated March 15, 1994 and will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be calculated on a 30/360 day basis and will be payable semi-annually on March 1 and September 1, commencing September 1, 1994.

Principal on the Bonds will be paid (subject to the right of prior redemption) through serial maturities and/or term maturities with annual mandatory redemptions on September 1 in the following years and amounts:

<u>September 1</u>	<u>Preliminary Annual Principal Amount*</u>	<u>September 1</u>	<u>Preliminary Annual Principal Amount*</u>
1994	\$ _____	2002	\$ _____
1995	_____	2003	_____
1996	_____	2004	_____
1997	_____	2005	_____
1998	_____	2006	_____
1999	_____	2007	_____
2000	_____	2008	_____
2001	_____	2009	_____

* Preliminary; Subject to change as described herein.

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The Bonds are being issued to refund the Prior Obligations. In order to effect such refunding, the City and the Authority have amended each of the leases relating to the Prior Obligations (collectively, the "Amended Leases") in order to divert a portion of the lease payments payable thereunder to the Trustee for the Bonds (collectively, the "Base Rental" payments), while retaining sufficient lease payments to pay debt service on the obligations which are not being refunded. The Bonds are limited obligations of the Authority and are payable solely from and secured solely by a pledge and assignment of Revenues or Base Rental Payments, to be paid by the City and received by the Authority pursuant to the Amended Leases, and certain other monies. The Base Rental payments are subject to abatement in the event of damage, destruction, condemnation or title defects of the Leased Property. Upon payment or provision for payment of all Outstanding Bonds, the City's obligation under the Amended Leases will terminate. The City has covenanted in the Amended Leases to take such action as may be necessary to include and maintain all Base Rental payments for the Leased Property in its annual budgets and to make necessary annual appropriations therefor.

Optional Redemption

Bonds maturing on and after [September 1, ____] are subject to redemption at the option of the Authority, as directed in writing by the City, on or after [September 1, ____] and prior to maturity, in whole or in part at any time, with maturities or mandatory redemption installments to be designated by the City (and by lot within any maturity), at the following prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) plus accrued interest to the redemption date.

<u>Redemption Period</u>	<u>Redemption Price</u>
September 1, ____ to August 31, ____, inclusive.....	____%
September 1, ____ to August 31, ____, inclusive.....	____%
September 1, ____ and thereafter.....	____%

Whenever Bonds are to be redeemed, the Authority shall cause notice of the call for redemption to be sent by registered or certified mail not less than 30 nor more than 60 days before the redemption date, to the registered owner of any Bond to be redeemed. If less than all of the Bonds of a series are called for redemption, the Bonds to be redeemed shall be selected in such manner as may be determined by the Authority to be in the best interests of the Authority. If less than all of the Bonds of a single maturity of a series are called for redemption, the Bonds to be redeemed shall be selected by lot. During the period that DTC or its nominee is registered owner of the Bonds, the Authority shall not be responsible for mailing notices of redemption to Beneficial Owners. The original Bonds to be immobilized at DTC will be prepared under the supervision of and authentication of First Interstate Bank of California, as Paying Agent.

Mandatory Redemption

If the successful bidder designates principal amounts of the Bonds to be combined into one or more term bonds (which may only be done for principal amounts in consecutive years and only for the years after ____) each such term bond shall be subject to mandatory redemption commencing on September 1 of the first year which has been combined to form such term bond and continuing on September 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed or paid at maturity in any year shall be equal to the principal amount for such year set forth in the foregoing maturity schedule, as adjusted in accordance with the provisions described below under the caption "Adjustments to Principal Amount." Bonds to be redeemed in any year by mandatory redemption shall be redeemed at par and selected by lot from among the Bonds of the same maturity. The Authority may credit against any mandatory redemption requirement term bonds of the maturity then subject to redemption which have been purchased and cancelled by the Authority or have been redeemed and not therefore applied as a credit against any mandatory redemption requirement.

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Book-Entry Only

Initially, one bond certificate for each maturity of each series will be issued to the Depository Trust Company, New York, New York ("DTC") or its nominee, which will be designated as the securities depository for the Bonds. So long as DTC is acting as securities depository for the Bonds, a book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 and 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 Bonds will be payable in clearinghouse funds to DTC or its nominee as registered owner of the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable in lawful money of the United States of America by the Paying Agent. 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 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 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 bonds in the form of fully registered certificates.

Bid Specifications

Bidders are invited to name the rates or rates of interest that the 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 Bonds of each rate. Bonds maturing on the same date must bear interest at the same rate. No maturity of the Bonds may bear an interest rate lower than the interest rate on any earlier maturity of the Bonds. Bids must be for not less than 99% of the par value of the aggregate principal amount of the Bonds (based on the Revised Amounts as described below), plus accrued interest from the dated date (March 15, 1994) to the date of delivery of the Bonds. No bid for other than all of the Bonds will be considered. No telephone or telegraph 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 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 City of San Diego/MTDB Authority Lease Revenue Bonds (1994 Refundings)".

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 or a Financial Surety Bond in the amount of \$600,000 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 such bond must be submitted to the City or its 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 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. (San Diego time) on the next business day following the award of the Bonds. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City 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 Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the City in satisfaction of the damages the City suffers by reason of the successful bidder's failure. The bidders agree that such damages are incapable of calculation and that the amount of the check is appropriate as liquidated damages for such nonperformance of the successful bidder(s).

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Adjustments to Principal Amount

The preliminary aggregate principal amount of the 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 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. (SAN DIEGO 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 Bonds and each final annual 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 more than 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 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 selling compensation per \$1,000 of par amount of bonds from the selling compensation 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. (San Diego time) on the date following the sale.

Serial Bonds and Term Bonds

The successful bidder may provide in the bid form for all of the Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Bonds to be combined into up to two term bonds. Each such term bond shall be subject to mandatory redemption as described above under "Mandatory Redemption."

Basis of Award

The Bonds will be awarded to the bidder offering to purchase all of the 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 Bonds (March 15, 1994) 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 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. (San Diego time) on the date of the sale.

The Authority reserves the right to reject any or all proposals not complying with the Notice of Sale. The Authority also reserves the right, so far as permitted by law, to waive any irregularity or informality with respect to any proposal.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for 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.

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California Debt Advisory Commission Fee

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

Undertakings of the Successful Bidder

The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes of being notified of the award of the Bonds, advise the Authority in writing (via facsimile transmission) of the initial public offering prices of the 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 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 Bonds are sold at the prices or yields at which the successful bidder advised the Authority that the Bonds were initially offered to the public).
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information the Authority determines is necessary to complete the Official Statement in final form.

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

Delivery of the Bonds

The Bonds will be delivered on or about April 12, 1994 (unless a notice of change in the delivery date is announced on Munifacts not later than 1:00 p.m. (San Diego 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 therefore in Federal Funds.

Documents to be Delivered at Closing

- (A) Legal Opinion. The legal opinion of Orrick, Herrington & Sutcliffe, Los Angeles, California, and Nelson & Williams, La Jolla, California, Co-Bond Counsel, approving the validity of the Bonds and stating that interest on the Bonds is excluded from gross income for federal income tax purposes of the United States of America 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, will be furnished to the successful bidder at the time of delivery of the Bonds, at the expense of the Authority. A copy of the opinion of Orrick, Herrington & Sutcliffe, Los Angeles, California, and Nelson & Williams, La Jolla, California, Co-Bond Counsel, certified by an appropriate official of the Authority by such official's facsimile signature, will be printed on the back of or delivered with each bond. No charge will be made to the purchaser for such printing or certification. Certain other matters incident to the issuance of the Bonds will be passed upon for the [Authority by its General Counsel].
- (B) Litigation Certificate. At the time of payment for and delivery of the Bonds, the Authority will furnish the successful bidder a certificate that there is no litigation pending affecting the validity of the Bonds.
- (C) Certificate Concerning the Official Statement. A certificate of the Authority, signed by _____, 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 Bonds nor any amendment, or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to made the statements therein, in light of the circumstances in which they were made, not misleading; (2) since the date of the Official Statement no event has occurred which should have been set forth in an amendment or supplement which would make the statements therein, in light if the circumstances in which they were made, misleading; nor (3) has there 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, and Nelson & Williams, La Jolla, California, Co-Bond Counsel, addressed to the successful bidder tor the Bonds, to the effect that, although they are not passing upon and do not assume any responsibility for the accuracy or adequacy of the statements contained in the Official Statement referred to below and make no representation that they have independently verified the same, on the basis of their participation in the preparation of the Official Statement (other than the financial statements and other financial and statistical data contained therein, as to which such firms will express no opinion), both as of its date and as of the date of delivery of the Bonds, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Official Statement

The Preliminary Official Statement dated _____, 1994 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 500 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 Bonds, within seven business days of the award of the 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.

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 THAT 1:00 P.M. (SAN DIEGO 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 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 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 Bonds, reference is made to the Preliminary Official Statement, dated _____, prepared for and authorized by the [City]. 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 Resources Advisory Group, 21 West Street, Suite 2700, New York, NY 10006 (telephone 212-363-8383; teletype 212-363-8399); E. J. De La Rosa & Co., Inc., 11444 West Olympic Boulevard, Tenth Floor, Los Angeles, CA 90064 (telephone 310-445-8835; teletype 310-445-8839); or Municipal Capital Management, Inc., 2677 Centinela Avenue, Suite 104, Santa Monica, CA 90405 (telephone 310-450-1935; teletype 310-392-5905).

THE CITY OF SAN DIEGO/MTDB AUTHORITY

By: /s/ _____

Chairman

 283436

\$ _____
CITY OF SAN DIEGO/MTDB AUTHORITY
Lease Revenue Bonds
(1994 Refundings)

Mr. _____
City of San Diego/MTDB Authority
202 "C" Street
City Administration Building
8th Floor Conference Room
San Diego, CA 92101

March 22, 1994

Dear Mr. _____:

Subject to the provisions and in accordance with the terms of the Notice of Sale dated _____, 1994, which is hereby made a part of this bid, we offer to purchase all of the \$ _____ * City of San Diego/MTDB Authority Lease Revenue Bonds (1994 Refundings) (the "Bonds"), described in said Notice of Sale and in the Preliminary Official Statement which has been furnished to us and as revised through Munifacts no later than 1:00 p.m. (San Diego time) on the day prior to today.

We offer to purchase the Bonds at a price of \$ _____, which is not less than 99% of the Revised Aggregate Principal Amount of \$ _____, at the interest rates set forth below:

Serial Bonds

<u>September 1</u>	<u>Interest Rate</u>	<u>September 1</u>	<u>Interest Rate</u>
1994	_____ %	2002	_____ %
1995	_____ %	2003	_____ %
1996	_____ %	2004	_____ %
1997	_____ %	2005	_____ %
1998	_____ %	2006	_____ %
1999	_____ %	2007	_____ %
2000	_____ %	2008	_____ %
2001	_____ %	2009	_____ %

CROSS OUT SERIAL BOND MATURITIES BEING PURCHASED AS TERM BONDS)

Term Bonds (Optional-No More Than Two Term Bonds)

<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 detailed Notice of Sale.

We will pay accrued interest on the Bonds from March 15, 1994 to the date of delivery and will accept delivery of the Bonds at DTC in New York City on or about April 12, 1994*. We have noted that payment of the purchase is to be made in immediately available funds.

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

_____ We have posted a surety bond in the amount of \$600,000 in accordance with the detailed Notice of Sale.

_____ We enclose a certified or cashier's check for \$600,000 in accordance with the detailed Notice of Sale.

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*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 Bonds, advise the Authority of the Initial Reoffering Prices of the Bonds; and (b) within 24 hours of notification of the Final Amounts of the Bonds, as defined in the detailed Notice of Sale, furnish the Authority the information described in the section of the detailed Notice of Sale entitled "Undertakings of the Successful Bidder."

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 set forth in the above-mentioned detailed Notice of Sale, but not constituting any part of the foregoing proposal, for the Bonds under the foregoing proposal:

_____ % (To Six Decimals)

CONTACT PERSON

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

Name

Telephone Number

AWARD

I, the _____ of the City of San Diego/MTDB Authority, hereby award the 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 Bonds.

[Chairman]

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