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ORD. NO. 1330
ADOPTED

Ordinance No. 1330 - Entitled "An Ordinance of the City Council of the City of Lodi, California, authorizing the issuance of Public Power Revenue Bonds by NCPA (Combustion Turbine Project No. 1)" having been introduced at a regular meeting of the Lodi City Council held July 18, 1984 was brought up for passage on motion of Council Member Reid, Olson second. Second reading of the Ordinance was omitted after reading by title, and the Ordinance was then adopted and ordered to print by the following vote:

Ayes: Council Members - Olson, Reid, and Hinchman
Noes: Council Members - Pinkerton
Absent: Council Members - Snider (Mayor)

NOTICE OF ORDINANCE SUBJECT TO REFERENDUM
CITY OF LODI, CALIFORNIA
ORDINANCE NO. 1330
ADOPTED BY THE CITY COUNCIL OF THE CITY OF LODI, CALIFORNIA
ON AUGUST 1, 1984

Notice is hereby given that at a regular meeting of the City Council of the City of Lodi, California (the "City Council"), held on August 1, 1984, Ordinance No. 1330 (the "Ordinance") was adopted. The title and a summary of the Ordinance are set forth below. The Ordinance is subject to referendum, as discussed below.

Title

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LODI, CALIFORNIA AUTHORIZING THE ISSUANCE OF PUBLIC POWER REVENUE BONDS BY NORTHERN CALIFORNIA POWER AGENCY (COMBUSTION TURBINE PROJECT NUMBER ONE).

Summary

Pursuant to the Ordinance, the City Council has authorized the issuance and sale by Northern California Power Agency (the "Agency") of its revenue bonds and other evidences of indebtedness ("Acquisition Bonds"), to be issued, from time to time, in one or more installments, in an estimate maximum aggregate principal amount outstanding at any one time in accordance with their terms of \$130,000,000. The actual interest rates on each installment of such Acquisition Bonds or the method of determining such rates will be determined by the Commission of the Agency in accordance with law at the time of issuance of such installment. Notwithstanding such maximum aggregate principal amount of Acquisition Bonds, the Agency is authorized, pursuant to the Ordinance, to issue additional principal amounts of its Acquisition Bonds if and to the extent required to

complete the financing of the acquisition and construction of the Project discussed below.

Pursuant to the Ordinance, the City Council has authorized the issuance and sale by the Agency of its Refunding Bonds (which together with the Acquisition Bonds are herein referred to as the "Public Power Revenue Bonds"), and to be issued, from time to time, in one or more installments in an estimated maximum aggregate principal amount outstanding at any one time in accordance with their terms equal to the sum of (i) \$130,000,000, being the estimated maximum aggregate principal amount of Acquisition Bonds issued and to be issued for the financing of the acquisition and construction of the Project, plus (ii) the principal amount of any additional Acquisition Bonds issued to complete the financing of the acquisition and construction of the Project, plus (iii) such additional amounts, if any, required to purchase federal securities to implement such refunding as provided in Sections 54580 and 53585, inclusive, of the Government Code of the State of California, plus (iv) such additional amounts, if any, necessary to provide funds sufficient for the payment of principal, interest, premium, and expenses as provided in Section 6577 of the Government Code of the State of California. Notwithstanding such estimated maximum aggregate principal amount, the Agency is authorized to issue additional principal amounts of its Refunding Bonds if and to the extent required to complete the financing of the acquisition and construction of the Project.

The Agency was created pursuant to a Joint Powers Agreement, as amended (the "Agreement"), heretofore entered into between the City of Lodi, California and certain other public agencies created pursuant

to the laws of the State of California (collectively, the "Members") pursuant to the provisions relating to joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the "Joint Powers Act"). The Agency is a public entity separate and apart from the Members. The Agency, in accordance with the Joint Powers Act and the Agreement, has entered or will enter into agreements to acquire and construct (or cause to be acquired and constructed) a project for the generation and transmission of electric energy consisting of not more than seven 24-megawatt combustion turbine generating units or such lesser of number of units, but not less than three, as will be determined in accordance with the terms and conditions of the Third Phase Agreements (as hereinafter defined) and related facilities, including electric facilities necessary for the Project to interconnect with the adjacent electric system, and all rights, properties and improvements necessary therefor, including fuel and water facilities and resources, and capital improvements that may be constructed from time to time (the "Project"). The Agency has entered or will enter into one or more agreements (the "Third Phase Agreements") with certain entities (including two or more of the Members), pursuant to which the entities entering into such Third Phase Agreements with the Agency (the "Participants") will, in the aggregate, purchase options and/or rights to purchase and/or receive 100% of the capacity and energy of the Project. The City Council heretofore has authorized, by ordinance, the issuance and sale by the Agency of its notes and other evidences of indebtedness (including renewal notes) ("Notes") for the purpose of financing studies, the acquisition of options, permits, and other

preliminary costs to be incurred prior to the undertaking of the construction or acquisition of the Project and for the purpose of providing temporary financing of costs of acquisition and construction of the Project. The principal of and interest on the Notes are to be payable from the proceeds of renewal Notes and the proceeds of the Public Power Revenue Bonds authorized by the Ordinance and, to the extent not so paid, may be payable from revenues of the Agency from the Project, including payments to be made by the Participants under the Third Phase Agreements.

Neither the payment of principal of the Public Power Revenue Bonds nor any part thereof nor interest thereon will constitute a debt, liability or obligation of the City of Lodi, California; nor does the Ordinance commit the City of Lodi, California to take or pay for any capacity or energy of the Project. The City Council has determined that the financing of the acquisition and construction of the Project is appropriate to assist the City in meeting the future power needs of its customers for electric energy.

The Public Power Revenue Bonds will mature on or before November 5, 2030 and will bear interest at the probable or anticipated rate of 12% per annum.

THE AGENCY PROPOSES TO ISSUE, IN ACCORDANCE WITH THE AGREEMENT AND THE JOINT POWERS ACT, ITS PUBLIC POWER REVENUE BONDS TO PROVIDE FUNDS FOR THE FINANCING OF THE ACQUISITION AND CONSTRUCTION OF THE PROJECT. THE PRINCIPAL OF AND INTEREST ON THE PUBLIC POWER REVENUE BONDS ARE TO BE PAYABLE FROM FUNDS HELD IN TRUST FOR THE

BENEFIT OF THE HOLDERS OF SUCH BONDS AND FROM REVENUES OF THE AGENCY FROM THE PROJECT, INCLUDING PAYMENTS TO BE MADE BY THE PARTICIPANTS UNDER THE THIRD PHASE AGREEMENTS.

THE ORDINANCE AUTHORIZING THE ISSUANCE OF THE PUBLIC POWER REVENUE BONDS IS SUBJECT TO REFERENDUM. UPON PRESENTATION (WITHIN THE TIME PERIOD SPECIFIED BY LAW) OF A PETITION (BEARING SIGNATURES, IN AT LEAST THE NUMBER REQUIRED BY THE LAW) PROTESTING AGAINST THE ADOPTION OF THE ORDINANCE, THE CITY COUNCIL IS REQUIRED TO RECONSIDER THE ORDINANCE. THEREUPON, IF THE CITY COUNCIL DOES NOT ENTIRELY REPEAL THE ORDINANCE, THE ORDINANCE SHALL BE SUBMITTED (UNDER BALLOT WORDING PRESCRIBED BY LAW) TO THE VOTERS AT A REGULAR OR SPECIAL ELECTION AND THE ORDINANCE SHALL NOT BECOME EFFECTIVE UNTIL A MAJORITY OF THE VOTERS VOTING ON THE ORDINANCE VOTE IN FAVOR OF IT. THE FOREGOING DESCRIPTION OF THE PROCEDURES FOR REFERENDUM IS BASED UPON THE APPLICABLE REFERENDUM PROVISIONS OF THE CALIFORNIA ELECTIONS CODE AND THE CALIFORNIA GOVERNMENT CODE. REFERENCE IS MADE TO THE CALIFORNIA ELECTIONS CODE AND THE CALIFORNIA GOVERNMENT CODE FOR A COMPLETE STATEMENT OF SUCH PROVISIONS.

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LODI,
CALIFORNIA, AUTHORIZING THE ISSUANCE OF PUBLIC
POWER REVENUE BONDS BY NORTHERN CALIFORNIA POWER
AGENCY (COMBUSTION TURBINE PROJECT NUMBER ONE)

WHEREAS, pursuant to the provisions relating to joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended (the "Joint Powers Act"), the City of Lodi, California and certain other public agencies created pursuant to the laws of the State of California (collectively, the "Members"), have entered into a Joint Powers Agreement, as amended (the "Agreement"), creating Northern California Power Agency (the "Agency"), a public entity separate and apart from the Members; and

WHEREAS, in accordance with the Agreement and the Joint Powers Act, the Agency has entered or will enter into agreements to acquire and construct (or to cause to be acquired and constructed) a project for the generation and transmission of electric energy consisting of not more than seven 24-megawatt combustion turbine generating units or such lesser number of units, but not less than three, as will be determined in accordance with the terms and conditions of the Third Phase Agreement (as hereinafter defined) and related facilities, including electric facilities necessary for the Project to interconnect with the adjacent electric system, and all rights, properties and improvements necessary therefor, including fuel and water facilities and resources, and capital improvements that may be constructed from time to time (the "Project"); and

WHEREAS, the Agency proposes to issue, in accordance with the Agreement and the Joint Powers Act, from time to time, in one or more installments, its revenue bonds and other evidences of indebtedness ("Acquisition Bonds") to be outstanding at any one time in accordance with their terms in the estimated maximum aggregate principal amount of \$130,000,000 for the purpose of providing funds for the financing of the acquisition and construction of the Project; and

WHEREAS, the Agency also proposes to issue its notes and other evidences of indebtedness (including renewal notes) ("Notes") for the purpose of financing studies, the acquisition of options, permits, and other preliminary costs to be incurred prior to the undertaking of the construction or acquisition of the Project and for the purpose of providing temporary financing of costs of acquisition and construction of the Project; and

WHEREAS, from time to time, conditions in the tax-exempt bond market may become favorable for refunding outstanding bonds with a resulting savings in debt service costs or other benefits for the Agency; and

WHEREAS, pursuant to Section 6576 of the Joint Powers Act, the Agency may issue from time to time in one or more installments its refunding bonds ("Refunding Bonds" and together with the Acquisition Bonds, the "Public Power Revenue Bonds") for the purpose of redeeming or retiring Acquisition Bonds or Refunding Bonds theretofore issued, or other indebtedness theretofore issued for the Project; and

WHEREAS, the financing of the acquisition and construction of the Project includes the issuance of Refunding Bonds; and

WHEREAS, notwithstanding the aforesaid estimated maximum aggregate principal amount of Public Power Revenue Bonds proposed to be issued by the Agency for the Project and to be outstanding at any one time in accordance with their terms, additional Public Power Revenue Bonds may be required to complete the financing of the acquisition and construction of the Project; and

WHEREAS, the Agency has entered or will enter into one or more agreements (the "Third Phase Agreements") with certain entities (including two or more of the Members), pursuant to which the entities entering into such Third Phase Agreements with the Agency (the "Participants") will, in the aggregate, purchase options and/or rights to purchase and/or receive 100% of the capacity and energy of the Project; and

WHEREAS, the principal of and interest on the Public Power Revenue Bonds are to be payable from funds held in trust for the benefit of the holders of such Bonds and from revenues of the Agency

from the Project, including payments to be made by the Participants under the Third Phase Agreements; and

WHEREAS, the principal of and interest on the Notes are to be payable from proceeds of renewal Notes and the proceeds of the Public Power Revenue Bonds and, to the extent not so paid, may be payable from revenues of the Agency from the Project, including payments to be made by the Participants under the Third Phase Agreements; and

WHEREAS, in accordance with the Section 6547 of the Joint Powers Act, the exercise by the Agency of its power to issue the Public Power Revenue Bonds is subject to the authorization of such issuance by the Participants pursuant to ordinance; and

WHEREAS, neither the payment of principal of the Public Power Revenue Bonds nor any part thereof nor interest thereon shall constitute a debt, liability or obligation of the City of Lodi; nor does this Ordinance commit the City of Lodi to take or pay for any capacity or energy of the Project.

WHEREAS, this City Council has determined that the financing of the acquisition and construction of the Project by the Agency is appropriate to assist the City in meeting the future power needs of its customers for electric energy; and

WHEREAS, this City Council has determined that the issuance by the Agency of Refunding Bonds is appropriate to reduce debt service cost related to the Project and reduce the costs of financing the acquisition and construction of the Project payable by the City under the Third Phase Agreements or to realize other benefits relating to the Project; and

WHEREAS, this City Council proposes to authorize by ordinance the issuance and sale by the Agency of its Notes, which are payable from proceeds of the Acquisition Bonds authorized by this Ordinance and, to the extent not so paid, may be payable from revenues of the Agency from the Project, including payments received by the Agency from the Participants under the Third Phase Agreements.

NOW, THEREFORE, the City Council of the City of Lodi, California does ordain as follows:

1. The issuance and sale by the Agency, from time to time, in one or more installments, of its Acquisition Bonds for the financing of the acquisition and construction of the Project outstanding at any one time in accordance with their terms in a maximum aggregate principal amount of \$130,000,000 is hereby authorized. Notwithstanding such maximum aggregate principal amount, the Agency is hereby authorized to issue additional principal amounts of its Acquisition bonds if and to the extent required to complete the financing of the acquisition and construction of the Project. The proceeds from the sale of the Acquisition Bonds hereby authorized are to be used for the financing of the acquisition and construction of the Project, including interest on such Bonds and deposits to reserves, and to pay when due the principal, premium, if any, and interest on the Notes of the Agency issued for the purpose of financing studies, the acquisition of options, permits, and other preliminary costs to be incurred prior to the undertaking of the construction or acquisition of the Project and for the purpose of providing temporary financing of the costs of acquisition and construction of the Project. The Acquisition Bonds hereby authorized, and premium and interest thereon, are to be payable from, and secured by, funds held in trust for the benefit of the holders of Acquisition Bonds and from revenues of the Agency from the Project, including payments received by the Agency from the Participants under the Third Phase Agreements.

2. The issuance and sale by the Agency, from time to time, in one or more installments, of its Refunding Bonds is hereby authorized. The estimated maximum aggregate principal amount of such Refunding Bonds outstanding at any one time in accordance with their terms shall be an amount equal to the sum of (i) \$130,000,000, being the estimated maximum aggregate principal amount of Acquisition Bonds issued and to be issued for the financing of the acquisition and construction of the Project, plus (ii) the principal amount of any additional Acquisition Bonds issued to complete the financing of the acquisition and construction of the Project, plus (iii) such additional amounts, if any, required to purchase federal securities to

implement such refunding as provided in Sections 53580 and 53585, inclusive, of the Government Code of the State of California, plus (iv) such additional amounts, if any, necessary to provide funds sufficient for the payment of principal, interest, premium and expenses as provided in Section 6577 of the Government Code of the State of California. Notwithstanding such estimated maximum aggregate principal amount, the Agency is hereby authorized to issue additional principal amounts of its Refunding Bonds if and to the extent required to complete the financing of the acquisition and construction of the Project. The proceeds from the sale of the Refunding Bonds hereby authorized are to be used for the purpose of redeeming or retiring the Acquisition Bonds, Refunding Bonds or other indebtedness to be refunded as aforesaid. The Refunding Bonds hereby authorized, and premium and interest thereon, are to be payable from, and secured by, funds held in trust for the benefit of the holders of the Refunding Bonds and from the revenues of the Agency with respect to the Project, including payments received by the Agency from the Participants under the Third Phase Agreements.

3. The authorization provided to the Agency by Section 2 above shall not apply to any installment of Refunding Bonds unless the Agency shall determine that a present value savings of debt service will result from the issuance of such Refunding Bonds or that other benefits relating to the acquisition and construction of the Project will be realized therefrom.

4. Pursuant to Section 6547 of the Joint Powers Act, this Ordinance is subject to the provisions for referendum prescribed by Section 3751.7 of the Elections Code of the State of California.

5. The City Clerk shall certify to the enactment of this Ordinance and shall cause notice of the same to be published in accordance with Section 6040.1 of the Government Code of the State of California.

6. Sixty (60) days from and after its enactment, this Ordinance shall take effect and be in full force, in the manner provided by law.

THE FOREGOING ORDINANCE is approved, enacted and adopted by the City Council of the City of Lodi, California, this 1st day of August, 1984.

Mayor

Attest:

Alice M. Reimche
City Clerk

State of California
County of San Joaquin, ss.

I, Alice M. Reimche, City Clerk of the City of Lodi do hereby certify that Ordinance No. 1330 was introduced at a regular meeting of the City Council of the City of Lodi held July 18, 1984 and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held August 1, 1984 by the following vote:

Ayes: Council Members - Hinchman, Olson, and Reid

Noes: Council Members - Pinkerton

Absent: Council Members - Snider

Abstain: Council Members - None

I further certify that Ordinance No. 1330 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

Alice M. Reimche
City Clerk