

RESOLUTION NO. 88-173

A RESOLUTION OF THE LODI CITY COUNCIL  
APPROVING THE AGREEMENT REQUIRED FOR REPLACEMENT OF SURETY FIRM  
UNDERWRITING THE PERFORMANCE BOND PURSUANT TO INTERCONNECTION AGREEMENT  
BETWEEN PG&E AND NORTHERN CALIFORNIA POWER AGENCY

WHEREAS, the Northern California Power Agency has requested execution of the necessary documents to reflect the fact that one of the original surety firms, Aetna, underwriting the performance bond required by Pacific Gas and Electric Company pursuant to the Interconnection Agreement dated July 29, 1983 between PG&E and Northern California Power Agency, has discontinued writing such bonds and a substitute surety firm, The Travelers Indemnity Company, has agreed to take over for Aetna;

NOW, THEREFORE, BE IT RESOLVED that the City Manager and City Clerk are hereby authorized to execute the General Agreement of Indemnity and Bill Guaranty Bond documents, modified to reflect said substitution of surety, in the form requested by the Northern California Power Agency

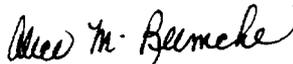
Dated: December 21, 1988

I hereby certify that Resolution No. 88-173 was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 1988 by the following vote:

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

Noes: Council Members - None

Absent: Council Members - None

  
Alice M. Reimche  
City Clerk

## GENERAL AGREEMENT OF INDEMNITY

This Agreement entered into by and between the undersigned, herein called the Indemnitors, and United Pacific Insurance Company and The Travelers Indemnity Company herein called the Company, witnesseth:

WHEREAS, in the transaction of business certain bonds, undertakings and other writings obligatory in the nature of a bond have heretofore been, and may hereafter be, required by, for, or on behalf of the Indemnitors or any one or more of the parties included in the designation Indemnitors, and application has been made and will hereafter be made to the Company to execute such bonds, and as a prerequisite to the execution of such bond or bonds, the Company requires complete indemnification.

NOW, THEREFORE, in consideration of the premises, and the payment by the Company of the sum of One (\$1.00) Dollar to each of the Indemnitors, receipt whereof is hereby acknowledged, and for other good and valuable considerations, each Indemnitor does, for itself, its heirs, executors, administrators and assigns, separately agree with the Company, insofar as such Indemnitor's obligation to Pacific Gas and Electric Company, under the Interconnection Agreement dated July 29, 1983, shall extend as follows:

1. The Indemnitors will pay to the Company, at its Home Office in Federal Way, Washington and Hartford, Connecticut, premiums and charges at the rates, and at the times specified in respect to each such bond in the Company's schedule of rates, which, with any additions or amendments thereto, is by reference made a part hereof, and will continue to pay the same where such premium or charge is annual, until the Company shall be discharged and released from any and all liability and responsibility upon and from each such bond or matters arising therefrom, and until the Indemnitors shall deliver to the Company at its Home Office in Federal Way, Washington and Hartford, Connecticut competent written evidence satisfactory to the Company of its discharge from all liability on such bond or bonds.
2. The Indemnitors will indemnify and save the Company harmless from and against every claim, demand, liability, cost, charge, suit, judgment and expense which the Company may pay or incur in consequence of having executed, or procured the execution of, such bonds, or any renewals or continuations thereof or substitutes therefor, including fees of attorneys, whether on salary, retainer or otherwise, and the expense of procuring, or attempting to procure, release from liability, or in bringing suit to enforce the obligations of any of the Indemnitors under this Agreement. In the event of payment by the Company, the Indemnitors agree to accept the voucher or other evidence of such payment as prima facie evidence of the propriety thereof, and of the Indemnitors' liability therefor to the Company.

3. If the Company shall set up a reserve to cover any claim, suit or judgment under any such bond, the Indemnitors will, immediately upon demand, deposit with the Company a sum of money equal to such reserve, such sum to be held by the Company as collateral security on such bond, and such sum and any other money or property which shall have been, or shall hereafter be, pledged as collateral security on any such bond shall, unless otherwise agreed in writing by the Company, be available, in the discretion of the Company, as collateral security on any other or all bonds coming within the scope of this Agreement.

4. The Indemnitors immediately upon becoming aware of any demand, notice, or proceeding preliminary to determining or fixing any liability with which the Company may be subsequently charged under any such bond, shall notify the Company thereof in writing at its Home Office in Federal Way, Washington and Philadelphia, Pennsylvania.

5. The Company shall have the exclusive right to determine for itself and the Indemnitors whether any claim or suit brought against the Company or the Principal upon any such bond shall be settled or defended and its decision shall be binding and conclusive upon the Indemnitors.

6. That it shall not be necessary for the Company to give the Indemnitors, or any one or more of them, notice of the execution of any such bonds, nor of any fact or information coming to the notice or knowledge of the Company affecting its rights or liabilities, or the rights or liabilities of the Indemnitors under any such bond executed by it, notice of all such being hereby expressly waived.

7. In the event of any claim or demand being made by the Company against the Indemnitors, or any one or more of the parties so designated, by reason of the execution of a bond or bonds, the Company is hereby expressly authorized to settle with any or more of the Indemnitors individually, and without reference to the others, and such settlement or composition shall not affect the liability of any of the others, and we hereby expressly waive the right to be discharged and released by reason of the release of any or more of the joint debtors, and hereby consent to any settlement or composition that may hereafter be made.

8. The Company at its option may decline to execute or participate in, or procure the execution of, any such bonds without incurring any liability whatever.

9. If the Company procures the execution of such bonds by other companies, or executes such bonds with cosureties, or reinsures any portions of such bonds with reinsuring companies, then all the terms and conditions of this Agreement shall apply and operate for the benefit of such other companies, cosureties and reinsurers as their interests may appear.

10. The liability of the Indemnitors hereunder shall not be affected by the failure of the Principal to sign any such bond, nor by any claim that any other indemnity or security was to have been obtained, nor by the release of any indemnity, or the return or exchange of any collateral that may have been obtained and if any party signing this agreement is not bound for any reason, this Agreement shall still be binding upon each and every other party.

11. The Agreement may be terminated by the Indemnitors, or any one or more of the parties so designated, upon written notice to the Company of not less than 10 days, but any such notice of termination shall not operate to modify, bar or discharge the liability of any party hereto, upon and by reason of any and all such obligations that may be then in force.

12. Indemnitors agree that their liability shall be construed as the liability of a compensated Surety, as broadly as the liability of the Company is construed toward its obligee.

13. The word Indemnitors, or personal pronouns used to refer to said word, shall apply regardless of number or gender, and to individuals, partnerships or corporations, as the circumstances require.

14. The Indemnitors agree and acknowledge that this General Agreement of Indemnity is intended to constitute a Security Agreement enforceable under Article 9 of the Uniform Commercial Code, as now or hereafter in force in any jurisdiction. The Indemnitors and each of them hereby constitute and appoint any officer, employee or agent of the Company as their attorney to execute and file on their behalf such forms or other documents (including, without limitation, financing statements) as shall be required, or, in the Company's judgments, shall be necessary to perfect the security interest granted in this General Agreement of Indemnity. Notwithstanding any other provision of this general Agreement of Indemnity or any law of any jurisdiction to the contrary, the company is expressly authorized to file financing statements with respect to any security interest the Company may have, at any time in any jurisdiction, with or without default, and whether or not such security interest is perfected or would be perfected by such filing.

15. THE INDEMNITORS HEREBY ACKNOWLEDGE THAT THIS AGREEMENT IS INTENDED TO COVER WHATEVER BONDS (WHETHER OR NOT COVERED BY ANY OTHER AGREEMENT OF INDEMNITY SIGNED AT ANY TIME BY ONE OR MORE OF THE INDEMNITORS - ALL OTHER AGREEMENTS OF INDEMNITY OF ANY KIND BEING SUPPLEMENTAL TO THIS) MAY HAVE BEEN EXECUTED BY THE COMPANY PRIOR HERETO OR MAY IN THE FUTURE BE EXECUTED ON BEHALF OF THE INDEMNITORS, OR ANY ONE OF THEM (WHETHER CONTRACTING ALONE OR AS A JOINT OR CO-ADVENTURER), SAID FUTURE TO BE FOR AN INDEFINITE PERIOD OF YEARS UNTIL THIS AGREEMENT SHALL BE CANCELLED IN ACCORDANCE WITH THE TERMS THEREOF.

16. WE HAVE READ THIS GENERAL AGREEMENT OF INDEMNITY CAREFULLY. THERE ARE NO SEPARATE AGREEMENTS OR UNDERSTANDINGS WHICH IN ANY WAY LESSEN OUR OBLIGATIONS AS ABOVE SET FORTH.

IN TESTIMONY WHEREOF, the Indemnitors have hereunto set their hands and fixed their seals this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

INDEMNITORS

NORTHERN CALIFORNIA POWER AGENCY

THE CITY OF LOMPOC

\_\_\_\_\_  
by:

\_\_\_\_\_  
by:

THE CITY OF ALAMEDA

THE CITY OF PALO ALTO

\_\_\_\_\_  
by:

\_\_\_\_\_  
by:

~~THE CITY OF LODI~~  
~~Thomas A. Esterson~~ City Manager

THE CITY OF BIGGS

*Alice M. Reimche*  
by: Alice M. Reimche, City Clerk

\_\_\_\_\_  
by:

THE CITY OF ROSEVILLE

THE CITY OF GRIDLEY

\_\_\_\_\_  
by:

\_\_\_\_\_  
by:

THE CITY OF UKIAH

THE PLUMAS-SIERRA RURAL ELECTRIC  
COOPERATIVE

\_\_\_\_\_  
by:

\_\_\_\_\_  
by:

THE CITY OF HEALDSBURG

IMPORTANT: ALL SIGNATURES MUST BE RATIFIED.

BILL GUARANTY BOND

Bond No.: { U1439530 (U.P.)  
968G2760 (TRAVELERS)

Premium: \$187,500.

KNOW ALL MEN BY THESE PRESENTS:

That we, Northern California Power Agency  
The City of Alameda  
The City of Lodi  
The City of Roseville  
The City of Ukiah  
The City of Healdsburg  
The City of Lompoc  
The City of Palo Alto  
The City of Biggs  
The City of Gridley  
The Plumas-Sierra Rural Electric Cooperative  
(Hereinafter known as Principal(s))

and UNITED PACIFIC INSURANCE COMPANY (50%) corporations duly organized under the laws  
THE TRAVELERS INDEMNITY COMPANY (50%)

of the States of WASHINGTON and CONNECTICUT respectively (hereinafter called the Surety), as Surety, are held and firmly bound unto PACIFIC GAS AND ELECTRIC COMPANY (hereinafter called "Obligee"), in the sum of TWENTY-FIVE MILLION Dollars (\$25,000,000.00), for the payment of which sum well and truly to be made, we, the said Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally firmly by these presents.

Sealed with our seals and dated this 31st day of October, A.D. nineteen hundred and eighty-eight.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the Principal entered into a certain Interconnection Agreement with the Obligee, dated September 14, 1983, for the

Payment of services

in accordance with the terms and conditions of said Interconnection Agreement, Section 9.5.3 a. through k., which is hereby referred to and made a part hereof as if fully set forth herein, and excluding all other portions of the Interconnection Agreement :

NOW THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the above bounden Principal shall well and truly keep, do and perform each and every, all and singular, the matters and things in said Interconnection Agreement, Section 9.5.3 a. through k. set forth and specified to be by said Principal kept, done and performed, at the times and in the manner in said contract specified, or shall pay over, make good and reimburse to the above Obligee, all loss and damage which said Obligee may sustain by reason of failure or default on the part of said Principal so to do, then this obligation shall be null and void; otherwise shall remain in full force and effect.

PROVIDED HOWEVER, that this guaranty shall at all times be subject to such changes or modifications by the Federal Energy Regulatory Commission as said Commission may, from time to time, direct in the exercise of its jurisdiction.

AND PROVIDED FURTHER that the term of this guarantee shall be twelve (12) months from the effective date of this guarantee unless the Interconnection Agreement is terminated sooner. This guarantee may be extended by rider but will be null and void if the Interconnection Agreement is terminated.

PRINCIPAL(S)

NORTHERN CALIFORNIA POWER AGENCY

THE CITY OF LOMPOC

by:

by:

THE CITY OF ALAMEDA

THE CITY OF PALO ALTO

by:

by:

THE CITY OF LODI  
~~Thomas A. Peterson, City Manager~~

THE CITY OF BIGGS

*Alice M. Reimche*  
by: Alice M. Reimche, City Clerk

by:

THE CITY OF ROSEVILLE

THE CITY OF GRIDLEY

by:

by:

THE CITY OF UKIAH

THE PLUMAS-SIERRA RURAL ELECTRIC COOPERATIVE

by:

by:

THE CITY OF HEALDSBURG

SURETY:

UNITED PACIFIC INSURANCE COMPANY

by:

by: Robert D. Jacobson, Attorney-in-Fact

THE TRAVELERS INDEMNITY COMPANY

by: Donald B. Young, Attorney-in-Fact

This bond is written as a co-surety obligation. The limit of liability for each of the Sureties is TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$12,500,000.00).

This bond supersedes and replaces bond: KO 16 27 922, CIGNA Property and Casualty Insurance Company (formerly known as Aetna Insurance Company) and U 437154, United Pacific Insurance Company.