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September 28, 2007

Macias Gini & O'Connell LLP
Attention: Mr. Anthony Neequaye
402 West Broadway
Suite 400, Room 7A
San Diego, CA 92101

I.

INTRODUCTION

You have made inquiry of the San Diego City Attorney, as the City's legal representative, concerning litigation, claims and assessments under AU § 337. The letter discusses litigation, claims and assessments in order to provide to you the evidential matter you require to make informed audit decisions. We understand that the information provided will affect the City's financial statements under audit by your firm.

In responding, the City Attorney understands the following to be relevant factors to your audit: (1) the existence of a condition, situation, or set of circumstances indicating an uncertainty as to the possible loss to the City arising from litigation, claims, or assessments; (2) the period in which the underlying cause for legal action occurred; (3) the degree of probability of an unfavorable outcome; and (4) the amount or range of potential loss. See AU § 337.4

We also understand that since the events or conditions that should be considered in the financial accounting and reporting of the City's litigation, claims, and assessments are matters within the direct knowledge and, often, control of management of the City that said management is the primary source of information about such matters. See AU § 337.5

II.

BACKGROUND

The management of the City of San Diego has engaged in knowing violation of the federal securities laws as determined by the U.S. Securities & Exchange Commission (SEC) in a Cease and Desist Order issued on 14 November 2006. In that order the SEC found as follows:

- The SEC found that the City of San Diego faced a “financial crisis,” and in failing to disclose critical facts about its pension and retiree health care debt violated “the antifraud provisions of the federal securities laws in connection with the offer and sale of over \$260 million in municipal bonds in 2002 and 2003. At the time of these offerings, City officials knew that the City faced severe difficulty funding its future pension and health care obligations unless new revenues were obtained, pension and health care benefits were reduced, or City services were cut.”¹ (emphasis added.)
- The SEC found the “City’s looming financial crisis resulted from (1) the City’s intentional under-funding of its pension plan since fiscal year 1997; (2) the City’s granting of additional retroactive pension benefits since fiscal year 1980; (3) the City’s use of the pension fund’s assets to pay for the additional pension and retiree health care benefits since fiscal year 1980; and (4) the pension plan’s less than anticipated earnings on its investments in fiscal years 2001 through 2003.”² (emphasis added.)
- The SEC found City officials did not disclose the “gravity of the City’s financial problems” including that the “City’s unfunded liability to its pension plan was expected to dramatically increase, growing from \$284 million at the beginning of fiscal year 2002 and \$720 million at the beginning of fiscal year 2003 to an estimated \$2 billion at the beginning of fiscal year 2009.” Also not disclosed was the fact that the City’s “projected annual pension contribution would continue to grow, from \$51 million in 2002 to \$248 million in 2009,” and the fact that the “estimated present value of the City’s liability for retiree health benefits was \$1.1 billion.”³
- The SEC found that the City has used the discredited practice of applying “surplus earnings—i.e., earnings above the actuarially projected 8% return rate -- to fund an ever-increasing amount of additional benefits for San Diego City Employees’ Retirement System members.”⁴
- The SEC found that in “fiscal year 1996, the City agreed to increase significantly and retroactively all employees’ pension benefits. The City, however, could not afford to fund the cost of the benefit increases. The City, therefore, made the pension benefit increases contingent on CERS’s agreement to the City’s under-funding of its annual contribution to CERS.”⁵ (emphasis added.)

¹ SEC Cease and Desist Order p. 2, attached as Exhibit 1

² SEC Cease and Desist Order p. 2. (Exhibit 1)

³ SEC Cease and Desist Order pp. 2-3. (Exhibit 1)

⁴ SEC Cease and Desist Order pp. 6-7. (Exhibit 1)

⁵ SEC Cease and Desist Order p.7. (Exhibit 1)

- The SEC found that in “March 2000, the City again retroactively increased pension benefits. Specifically, the City and CERS settled a class action lawsuit brought by CERS members, with *Corbett* as the named class plaintiff. Under the *Corbett* settlement, the City retroactively gave increased pension benefits to both current and retired City employees, increasing CERS’s liabilities.”⁶
- The SEC found that in “April 2002, the City received a warning that the City’s pension and retiree health care liabilities would continue to grow and that the City was not adequately planning to meet those liabilities.” The warning, according to the SEC, came in the form of a report from “the City’s Blue Ribbon Committee to the City Council.”⁷
- The SEC found that in “fiscal year 2003, the City again increased its pension liability by granting additional retroactive benefits, used additional CERS assets to pay for additional pension and retiree health care benefits and an increased portion of the employees’ contribution, and obtained additional time to underfund its annual CERS contribution.”⁸
- The SEC found that the City received two reports from CERS, actuary that provided “the City with negative information regarding the present and projected status of CERS, funded ratio and the City’s unfunded liability to CERS.” According to the SEC, one report showed that the pension had “suffered an actuarial loss of \$364.8 million and that as of the end of fiscal year 2002, CERS, funded ratio was 77.3% and the City’s unfunded liability to CERS was \$720 million.”⁹ The second report, according to the SEC, showed that the “City’s contribution rate was projected to more than quadruple-9.83% of payroll in fiscal year 2002 (\$51 million) to 35.27% of payroll in fiscal year 2009 (\$248 million).”¹⁰
- The SEC found the City’s financial adviser gave City officials “additional information regarding the projected growth of its future pension liabilities and the possible negative effect those liabilities would have on the City’s credit rating and ability to issue municipal securities.” According to the SEC, in April 2003, the financial adviser informed City officials that the “City’s unfunded liability to CERS would grow to \$1.9 billion at the end of fiscal year 2009 and to \$2.9 billion at the end of fiscal year 2021, and

⁶ SEC Cease and Desist Order pp. 7-8. (Exhibit 1)

⁷ SEC Cease and Desist Order p. 9. (Exhibit 1)

⁸ SEC Cease and Desist Order p. 9. (Exhibit 1)

⁹ SEC Cease and Desist Order p. 10. (Exhibit 1)

¹⁰ SEC Cease and Desist Order p. 10. (Exhibit 1)

CERS's funded ratio would fall to 66.5% at the end of fiscal year 2009 and would be 67% at the end of fiscal year 2021."¹¹

- The SEC found that the "City, through certain of its officials, knew that its Disclosures were misleading. The Mayor and Council were responsible for approving the issuance of the bonds and notes, including issuance of the preliminary official statements and official statements."¹²

In addition to the SEC action, an outside counsel to the City's pension board had concluded that pension board members engaged in violations of their fiduciary duties involving the intentional exchange of increased personal pension benefits for allowing the City to make payments below those legally required by the State Constitution and the City Charter. Specifically, the pension attorney found that individual pension trustees had breached their fiduciary duty by adopting the benefits for reduced contribution proposal in 2002. The attorney found that pension trustees subordinated pension trust interests to their own interests, their union and the City.¹³

Moreover, the San Diego City Attorney has concluded in a series of reports that there was substantial evidence that certain council members still on the City Council had knowingly violated the federal securities laws in connection with the offer and sale of City bonds. The City Attorney has also alleged that other provisions of California law have been violated in connection with pension matters including liability limit laws and conflict of interest laws.¹⁴

¹¹ SEC Cease and Desist Order pp. 13-14. (Exhibit 1)

¹² SEC Cease and Desist Order p. 17. (Exhibit 1)

¹³ 5 March 2002 letter from Seltzer, Caplan, p. 3; see also San Diego City Attorney Interim Report 19 p. 27.

¹⁴ The City Attorney has issued six interim reports on alleged illegal actions related to the City's pension system: Interim Report No. 1 Regarding Possible Abuse, Fraud, and Illegal Acts by San Diego City Officials and Employees (January 14, 2005); Interim Report No. 2 Regarding Abuse, Illegal Acts and Fraud by San Diego City Officials (February 9, 2005); Interim Report No. 3 Regarding Violations of State and Local Laws Relating to SDCERS Pension Fund (April 9, 2005); Interim Report No. 4 Regarding Additional Funding For Outside Professionals Reviewing Alleged Illegal Acts (May 9, 2005); Interim Report No. 5 Regarding the Legal Status of the Elected Officers Retirement Program (May 18, 2005); and Interim Report No. 6 Regarding the San Diego Employees' Retirement System Funding Scheme (June 21, 2005). Two other reports also are notable: Vinson & Elkins LLP Report, "Report on Investigation, The City of San Diego, California's Disclosures of Obligation to Fund the San Diego City Employees' Retirement System and Related Disclosure Practices 1996-2004 with Recommended Procedures and Changes to the Municipal Code" (September 16, 2004) [Vinson & Elkins Report], and Report of the Audit Committee of the City of San Diego, "Investigation Into The San Diego City

Furthermore, the United States Grand Jury had charged former City officials, the current president of the City's Fire Fighters Union with violations of federal criminal laws relating to mail fraud, and wire fraud.¹⁵ The San Diego County District Attorney has charged former City officials and the current head of the Fire Fighter Union with violations of state law in connection with alleged pension related wrongdoing. A recent appellate court decision has upheld that case.¹⁶

The pension system administration has allowed plan participants to purchase service credits at substantially below actual cost in apparent violation of its fiduciary duty. The pension board and other city officials have also allowed the DROP program to be administered at substantially below actual cost, again in apparent violation of fiduciary duties.

The City Attorney is of the considered opinion and judgment that the pension board and administration are not reliable sources of financial information and that they lack a basic commitment to sound internal controls. The board is dominated by those who have a financial interest in pension benefits granted unlawfully, as set forth in the City Attorney's Interim Reports, state, federal criminal cases and the SEC action. There is a basic unmet need to remediate the pension system to ensure that the City's financial statements are free of material error. Moreover, an important City Charter mandated reform requiring pension debt to be amortized within 15 years, not 20, must be reinstated.

Pursuant to your request, please find enclosed a revised list of all material (possible exposure in excess of \$100,000) pending or threatened litigation or claims against the City of San Diego that have been referred to the City Attorney's Office.

The list does not include Worker's Compensation matters referred to the City Attorney's Office as the City of San Diego's Risk Management Department has a full and complete list of such matters. Because it is understood that Risk Management is also responding to the subject audit, a response by our office would be duplicative. Please note there may be additional liability claims against the City of San Diego that have been filed with Risk Management but which have not yet (and may never) be referred to the City Attorney's Office.

Employees' Retirement System and the City of San Diego Sewer Rate Structure" (August 8, 2006) [Kroll Report].

¹⁵ See United States of America v. Ronald Saathoff (fire fighter president), Cathy Lexin (former City of San Diego Labor Relations Manager); Teresa Webster (former City of San Diego Assistant Auditor); Lawrence Grissom (former pension administrator); Loraine Chapin (former attorney).

¹⁶ See Criminal Complaint in *People v. Lexin*, San Diego Superior Court case number SCD190930.

As I'm sure you are aware, **the attached list is confidential attorney-client communication and may not be disclosed to third parties or internal personnel who do not have a need to know for audit purposes. This list is not intended to constitute, in any respect, a waiver of either the attorney-client privilege or the attorney-client work-product doctrine. The list contains confidential information concerning pending or threatened litigation, which if disclosed could significantly harm and compromise the City's position as to such litigation.** Information extracted from the list may only be disclosed to the extent such information cannot be identified in any manner with any identified case or cases.

In addition to advising on exposure from current or threatened litigation, I wish to remind you that the City Attorney's Office has determined that there is substantial evidence that City officials violated federal and state laws related to the City's pension plan and related bond offering disclosures. The City Attorney findings are set forth in detail in 10 Interim Reports, which may be accessed from the City's website (Sandiego.gov). In summary, the City Attorney's Office has determined that there is substantial evidence that City officials gave increased but unfunded pension benefits to members of the pension board in exchange for the City making payments to the pension plan below those set by actuarial analysis. This practice started approximately in 1996 and was repeated in 2002. This underfunding practice has contributed to a pension deficit which now exceeds \$1.4 billion. The City Attorney's Office issues interim reports as circumstances warrant and we believe that you should review the website periodically to alert yourself from time to time to significant events.

In addition, the City Attorney's Office has determined that there is substantial evidence that City officials, including two members of the City Council, knowingly or recklessly violated federal securities laws by authorizing or participating in the sale of City bonds based upon false material information. Specifically, these officials did not disclose properly neither the size of the pension deficit nor the scheme behind the funding shortfall. The City has a pending legal action to set aside pension benefits that in the opinion of the City Attorney were created unlawfully.

The underfunding of the pension plan has been calculated to fall within the range of \$1.4 billion to \$2 billion. The City also faces an unfunded retirement related health care liability estimated at approximately \$1 billion. The City faces litigation from its city employees and others aimed at forcing the City to pay the full unfunded liability.

The City Attorney's Office believes that the City and SDCERS continues to fail to address several significant issues pertaining to the pension system and funding thereof. These issues are discussed in the following 14 points:

1. Rescind MP-1 and MP-2 Benefits

As discussed in the SEC Cease and Desist Order the City awarded retroactive benefits in exchange for funding the pension fund below the required actuarial level. These benefits were awarded for work already performed and without funding. Such benefits constitute gifts of public funds; prohibited payments for work already performed, and were given in violation of the

liability limit laws. Under the State Constitution and City Charter, the benefits are illegal and must be rescinded.

2. Actual Value of Purchase Service Credits

City employees were permitted to purchase service credits but they were allowed to do so at below the full value. Granting purchase service credits at prices below the value received by the City employees constitutes a gift of public funds and violates the liability limit laws both of which are prohibited by the City Charter and State Constitution. The 17,000 years of purchased service credits must be reduced to actual value.

3. Actual Value of DROP

City employees were permitted to enter into a Deferred Retirement Option Plan (DROP) that allowed them to receive a retirement distribution while still working and receiving their salary. DROP was also supposed to be cost neutral but in fact, the program has been administered at a cost to the City of several hundred million dollars. Granting DROP on its current terms is a gift of public funds and a violation of the liability limit law. The DROP program must be reduced to a cost neutral level.

4. Purchase Service Credits 10 year and 20 year Vesting

The City Charter requires employees work for 10 years to vest in the City's pension plan and 20 years to retire with additional benefits. The City Council adopted a provision that allows City employees to purchase 5 years of purchase service credits to satisfy the 10-year vesting, after working for only for 5 years. A practice has been adopted by the City pension system allowing employees to buy years of service credits to satisfy the 20-year vesting provision that allows for additional benefits. These programs violate the Charter and should be discontinued.

5. City Attorney Counsel for Pension System

The San Diego City Charter and Municipal Code §24.0910 provide that the City Attorney appoints the attorney for the City's pension system. Despite this grant of authority the City Attorney has not been permitted to name the pension system's attorney. The City Attorney under the Charter and Municipal Code should be reinstated as the attorney for the pension system.

6. Reform Management of Pension System

The management of the pension system must be reformed in order to restore the internal controls of the City's financial system. Since our April 26, 2007 letter to you, the City Attorney's office has discovered that the Internal Revenue Service in March 2007 determined that the City must immediately pay approximately \$100 million into the pension fund liability to replace funds used to pay for health benefits. In the City Attorney's opinion this information has not been disclosed in the City's financial statements. Moreover, the trustees who were appointed

are not dedicated to establishing reliable internal controls within the pension system. Responsible trustees must be appointed before the City can represent to investors that it has put in place proper internal controls.

A pension system's letter to the IRS dated 3/14/07 makes reference to an IRS concern: "In order to have an acceptable VCP correction method that fully resolves this qualification failure ... The \$63,462,590 must be described as an immediate obligation to the Plan that must be paid to the Plan by the City and that it will not be treated as an unfunded pension liability." Thus, the City is required to pay to the system immediately \$63,462,590, with interest, which as of June 30, 2007 is calculated at \$33,376,949, for a total of \$97,199,539.

7. Remove Surplus Earnings

The pension system uses a discredited and improper method known as "surplus earnings" to distribute pension assets to pay for "contingent" benefits. Despite repeated efforts to repeal the surplus earnings provisions of the Municipal Code a majority of the City Council, under direction from the pension board administration, has failed to act. Again, this provision must be removed from the Municipal Code and the practice stopped.

8. Misrepresentation in IRS 5300 Determination Letter

The pension system has applied for an IRS Determination Letter under the Voluntary Compliance Program that allows pension systems to correct prior misconduct and receive a determination letter from the IRS that the system is operating within IRS rules. The City Attorney has reviewed two letters from the pension system to the IRS dated 14 March and 20 March 2007. These letters fail to disclose pertinent information to the IRS. For example, in regards to the former trustee who received an unfunded increase in his retirement benefit no mention is made of the relationship between his increased benefit and his role in securing approval of the City's continued underfunding of the pension plan. Also, no mention is made of the fact that funds were not withheld for a portion of his benefit to cover the costs of his increased benefits. Again, the City, as plan sponsor, must review the representations made by the pension system representatives to ensure that there are no material misrepresentations.

9. Confirm DROP and Purchase Service Credit Ended 2005

Two legal opinions have been sent to the pension system administrators confirming the fact that DROP and Purchase Service Credit benefits were ended as of July 1, 2005. The system administrator has informed the City that the pension system does not recognize the end date for these benefits as July 2005. The pension system refuses to follow the clear language of the Municipal Code. This issue must be resolved so that accurate information about the City's pension liabilities can be provided in our financial statements.

10. Reduce and fund pension deficit of \$1 billion within a 15-year amortization schedule

The City must take all reasonable steps to reduce the \$1 billion pension deficit by removing the benefits that were granted unlawfully. Court rulings have shown that the City must act affirmatively to delete retroactive benefits, DROP benefits given at levels above actual costs, and purchase of service credits granted above actual value. Removing these benefits will reduce the pension deficit by hundreds of millions of dollars. As for the remaining debt it must be amortized under our Charter within 15 years as directed by voters in 2004. The Mayor has adopted the position of the pension board while ignoring the written advice letter provided by the City Attorney's Office. These steps must be taken if the City is to avoid a massive tax increase to pay for these illegal benefits.

11. Reduce and Fund Retiree Health Care Deficit

In a series of agreements made without providing same year funding, City officials have created a \$1.4 billion health care benefit deficit for retirees. This deficit must be reduced by deleting the benefits conferred without proper funding, e.g., indexing retiree health benefits to federal actuarial increases. The deficit based upon legitimate health care benefits for retirees must be paid and not simply pushed off to future generations.

12. Retain City Actuary

The City must retain an actuary in order to have an independent source of information to make informed decisions about the pension debt crisis the City faces.

13. Continue Litigation to Remove Illegal Pension Benefits

City officials have a fiduciary duty to remove the illegal pension benefits and to take all necessary and appropriate legal action related to avoiding the illegal portion of the pension debt. Recent e-mails from City union leaders make it clear that a campaign has been and is underway to pressure the City Attorney from dropping the pension cases aimed at removing illegal pension debt from the City's books. Certain council members have appeared to join in that campaign. The Mayor and City Council must take all steps necessary to remove the illegal debt including pursuing pension related litigation.

14. False or Misleading Statements About City Financial Condition

The Mayor¹⁷ and certain City Council members have made statements that could be interpreted as false and misleading concerning the City's financial condition. These statements

¹⁷ In August 2007, the Mayor told San Diego Magazine in a published interview that the City was "in much better shape." The Mayor stated: "We've got payment schedules worked out with this five-year plan and the budget we just adopted for fixing most of the major financial issues." The Mayor also stated that "we're actually paying in more than we're required to." He then went

suggest that the City has resolved its financial problems. Unfortunately, this is based, in part, on last year's salary increases and on the failure to take needed corrective action of decreasing pension and retiree health debt. The City, therefore, is still in critical financial condition.

The City Attorney's Office issued its second report about the pension issues in February 2005. In that report the City Attorney's Office disclosed that there was substantial evidence that at least two members of the City Council had violated federal securities laws in connection with City bond offerings. There has not been any civil action by City bond investors to recover damages based upon securities claims against the City. The City Attorney and other City officials have been informed by the SEC that the City knowingly or recklessly violated the federal securities law anti-fraud provisions.

The City Attorney advises you that the City may be subject to civil actions by holders of the City's bonds under federal and state securities laws. Such actions, if filed and ultimately successful, could subject the City to significant monetary liability. Assuming the City is able to make all its bond payments, the damages the City faces would be based upon the difference between what investors paid for the City's bonds and what they would have paid if the City's pension and healthcare liabilities were fully disclosed. To date, no case has been filed against the City.

The City has obtained, at its expense, an Independent Consultant to conduct a review of the City's policies, procedures and internal controls and to make recommendations concerning such policies and procedures.

The California State Attorney General and City Attorney's Office are also conducting separate investigations into whether City staff improperly charged the City's Wastewater and Water utility funds for work that was not performed. The City has also conducted a recent study that determined that there were at least \$1 million of improper transfers from these funds. The City is taking steps to repay this \$1 million. This amount, based upon additional analysis and investigation may increase materially.

In addition to the foregoing, the City found errors in various financial statements for the fiscal year ended June 30, 2002. Certain of these errors were reported by the City to the nationally recognized municipal securities information repositories in filings dated January 27, 2004, and March 12, 2004. Because of the discovery of such errors, the City retained KPMG to perform a full scope audit and render an opinion on the financial statements of the City for the

on to say with regard to the retiree health care that "no body even anticipated." These statements were false and misleading. There are no payment schedules "worked out." The five-year plan assumes wage increases at rates below those given. The payments to the pension plan are back-loaded for years after the Mayor's term would expire. The City is required under law to pay within a 15-year amortization schedule; the Mayor is using a 20-year amortization, which means the City is paying less than required, not more as he has represented. Finally, the retiree health care deficit has been known for several years and, like the Mayor's plan, pushed off to future generations.

fiscal year ended June 30, 2003. The City retained your firm to perform audits and render opinions on the financial statements of the City for the fiscal years ended June 30, 2004, June 30, 2005, June 30, 2006 and June 30, 2007.

The City retained Vinson & Elkins LLP ("V&E") to investigate the City's disclosure practices regarding the funding of pension fund liability for the period 1996-2004. V&E released their report on September 16, 2004. KPMG advised the City that in its view, the V&E report did not provide a basis for the City to conclude whether there was any "intentional misconduct or other conduct, which violated any law, rule, or regulation having the force of law." The City has commenced a lawsuit against V&E to recover fees and damages caused by V&E to the City.

At KPMG's request, the City retained Kroll, Inc. ("Kroll") as part of an outside Audit Committee hired to investigate the City's financial disclosure matters. On August 8, 2006 the City's Audit Committee delivered its report to the Mayor, the City Council and the City Attorney. In a public forum, KPMG stated that the report was satisfactory in scope. This report currently is being reviewed by the City Attorney's Office. The City Attorney is relying on its reports in issuing this letter. This Office has recently filed two lawsuits against Willkie Farr & Gallagher LLP, Kroll's attorneys and principal author of the Kroll Report, one on behalf of the People of the State of California for unfair business practices, and one on behalf of the City for breach of contract, negligence and unfair business practices.

In addition to the pension-related obligations, the City is litigating *Baykeeper v. City of San Diego/USA v. City*, United States District Court Case 01-cv-0550/03-cv-1349. The litigation involves two consolidated legal actions seeking an injunction and penalties against the City for sewer spills that allegedly violate the Clean Water Act and the City's National Pollutant Discharge Elimination System Permit. The parties have agreed to a Final Consent Decree, lodged with the Court on July 31, 2007, which will obligate the City to perform certain maintenance activities and capital improvement projects to the sewer system through the year 2013. The estimated annual cost of this commitment is \$108 million/year in capital projects and \$47 million/year in operations and maintenance. Sewer rate increases were approved for the next four years to partially fund the obligations of the Final Consent Decree. However, additional rate increases in 2011 and 2012 will likely be necessary to completely fund the Final Consent Decree.

Finally, the City wishes to disclose the following unasserted but potential claims that could expose the City financially if such claims were asserted:

- Water main breaks: The City could be liable under the Clean Water Act and its Stormwater (MS4) permit for water main breaks, insofar as the breaks wash sediment into navigable waters of the United States. An environmental group has requested the City's records of water main breaks, but has not indicated an intention to initiate litigation. We understand that Coastkeeper has indicated they are no longer considering this litigation because the City raised water rates to fix the old pipes.

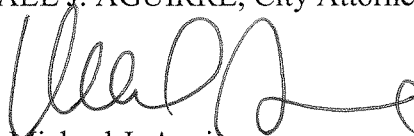
- The City recently received a \$40 million claim regarding land movement in/near Mt. Soledad, allegedly due to broken water mains. A City study indicates that the land moved first, breaking water mains in the process.
- ADA Transition Plan: The City is not keeping pace with its American's with Disabilities Act (ADA) transition plan, intended to ensure the City is accessible to persons with disabilities. The City Attorney's Office is investigating whether a viable claim exists for failure to keep up with the transition plan. Of particular concern is whether acceptance of Federal Department of Transportation (DOT) funds requires the City to abide by its ADA transition plan, and whether failure to do so may require the City to return DOT funds. The Mayor's Office recently committed \$10 million towards making City facilities accessible.

In closing, I feel it is imperative that we discuss in detail several of these issues, especially those involving the pension, wastewater and water issues.

Very truly yours,

MICHAEL J. AGUIRRE, City Attorney

By



Michael J. Aguirre
City Attorney

MJA:lv
Enclosure

cc: Jay Goldstone, Chief Financial Officer, Acting Auditor and Comptroller, and Acting Chief Operating Officer, City of San Diego
Greg Levin, Deputy Comptroller, City of San Diego