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July 30, 1996

REPORT TO THE HONORABLE  
MAYOR AND CITY COUNCIL

RIDER, ET AL. V. CITY OF SAN DIEGO, ET AL.

We are pleased to inform you that the case of Rider, Wright and Winkler ("Plaintiffs") v. City of San Diego ("City"), Convention Center Expansion Financing Authority ("C.C.E.F.A.") and The Coalition to Protect the Economy ("Coalition"), Superior Court Case No. 699767, which challenged the validity of the lease revenue bond financing for the expansion of the San Diego Convention Center was decided in the City's favor. On July 12, 1996, the Honorable Arthur Jones granted the Motion for Summary Judgment brought by the City and C.C.E.F.A. The Court found that there were no issues of material fact outstanding and that the matter could be decided as a matter of law in a motion for summary judgment.

The Plaintiffs filed a complaint on May 3, 1996 challenging the actions taken in March 1996 by the City and C.C.E.F.A., which authorized the execution of various documents related to the financing of the expansion of the Convention Center. The City and C.C.E.F.A. asked the Court to grant summary judgment in their favor. The Coalition joined in this motion.

At the hearing on July 12, the Court found that the proposed lease of the Convention Center Expansion, to be executed by the City and C.C.E.F.A., was carefully drafted to fall within the exception to the debt limitations requirements of California Constitution (Article XVI, section 18) which has been established by decades of case law. Asserting that this was a "municipal project", Plaintiffs attempted to raise the argument that the San Diego City Charter ("Charter") applied to this transaction even though the City was not the issuer of the debt. The City explained that this was not a "municipal project" and that the Government Code, not the Charter, governed the issuance of bonds by a Joint Powers Authority such as C.C.E.F.A. The expansion of the Convention Center is a C.C.E.F.A., not a municipal, project. It will expand a facility built on land held in trust by the San Diego Unified Port District and will have impacts far beyond the borders of the City.

The Court rejected Plaintiffs' argument and upheld the validity of the bonds and lease, as well as the other financing documents, finding that there was no violation of the City Charter or section 18 of the Constitution. Judgment was entered in favor of the City, C.C.E.F.A., and the Coalition on July 16. There is every indication that Plaintiffs will appeal the judgment, and wait the entire thirty (30) days allowed before doing so. It is hoped that a favorable decision from the Court of Appeal on the Stadium litigation will impact Plaintiffs' decision to appeal this matter.

Deputy City Attorney Deborah L. Berger represented the City and C.C.E.F.A. in the Superior Court. If you have any questions or desire a copy of any of the pleadings in this matter, please let us know.

Respectfully submitted,

JOHN W. WITT  
City Attorney

DLB:kat:Civ.  
RC-96-33