

(R-91-92)

RESOLUTION NUMBER R-276075

ADOPTED ON JUL 23 1990

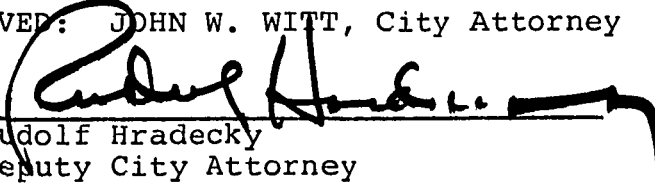
BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager is hereby authorized, for and on behalf of the City, to negotiate an agreement with BT Securities Corporation for the purchase, marketing and issuance of Tax Anticipation Notes for Fiscal Year 1990-1991 in an amount not to exceed \$80,000,000, and the City Manager, the City Treasurer, the City Clerk, and the City Auditor and Comptroller, respectively, and their designates, are hereby authorized to take action in accordance with the declarations, conditions and terms set forth in that certain document on file in the office of the City Clerk as Document No. RR-276075, hereinafter referred to as "the Accompanying Document."

BE IT FURTHER RESOLVED, that the Council hereby certifies, ratifies and approves the declarations, undertakings, obligations and documents as set forth in the Accompanying Document, in the same or substantially similar form as herein approved, as if the same were fully set forth herein and thereby incorporated.

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

APPROVED: JOHN W. WITT, City Attorney

By


Rudolf Hradecky
Deputy City Attorney

RH:mb
07/17/90
Or.Dept:Treas.
R-91-92
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ACCOMPANYING DOCUMENT NO. RR-276075

PERTAINING TO THAT CERTAIN RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO ADOPTED JULY 23, 1990, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF TAX ANTICIPATION NOTES OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$80,000,000 FOR THE FISCAL YEAR 1990-1991; SPECIFYING THE PURPOSES, TERMS AND CONDITIONS OF SAID NOTES; PRESCRIBING THE FORM OF SAID NOTES; APPROVING THE SALE OF THE NOTES TO BT SECURITIES CORPORATION; APPOINTING A PAYING AGENT FOR THE NOTES; AUTHORIZING CITY OFFICIALS TO TAKE ALL ACTIONS REQUIRED FOR THE ISSUANCE, SALE AND DELIVERY OF SUCH NOTES; AND MAKING CERTAIN OTHER FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH.

WHEREAS, the City Council of the City of San Diego has received a report from the City Treasurer that the City will experience a cumulative cash flow deficit during the forthcoming fiscal year of 1990-1991 (commencing on July 1, 1990) which report is on file with the City Clerk and attached hereto as "Exhibit A"; and

WHEREAS, such cumulative cash flow deficit is expected to occur as a result of City expenditures exceeding available funds until such time as the proceeds of taxes of the City for such fiscal year are available; and

WHEREAS, Section 92 of the City Charter of the City, together with Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the Government Code, authorize the issuance of bonds, notes or registered warrants on the treasury of the City in anticipation of the collection of taxes; and

WHEREAS, such bonds, notes or warrants are not deemed the creation of debt within the meaning of Section 90 of the City Charter; and

WHEREAS, such Section 92 places a limitation on the amount of bonds, notes or warrants which may be issued, such amount not to exceed twenty-five (25) percent of the total appropriation for such year; and

WHEREAS, such report of the City Treasurer recommends the issuance of tax anticipation notes in the aggregate principal amount of not to exceed \$80,000,000, which amount does not exceed the limitation set forth in Section 92; and

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WHEREAS, the City wishes to authorize the issuance of tax anticipation notes in two series, with an initial issuance of notes in the amount of \$49,000,000, with authorization to issue and sell up to an additional \$31,000,000 in the event a further deficit is experienced and a second series can be sold on the terms set forth herein; and

WHEREAS, the City has taken proposals from banks and investment banking firms to underwrite such notes; and

WHEREAS, this Council has appointed BT Securities Corporation as such underwriter in accordance with its proposal to underwrite such notes in an initial amount recommended by the Treasurer.

NOW, THEREFORE, THIS DOCUMENT, TO BE KNOWN AS THE ACCOMPANYING DOCUMENT TO RESOLUTION NO. R-276075, SHALL ACCOMPANY SAID RESOLUTION TO THE SAME EXTENT AND EFFECT AS IF THEREIN INCORPORATED, as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall have the meanings herein specified.

"Authorizing Law" means Section 92 of the City Charter as supplemented by Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code of California.

"Charter" means the duly enacted City Charter of the City and all later amendments thereto.

"City" means the City of San Diego, a municipal corporation duly organized and existing pursuant to the Constitution of the State of California and a city charter duly enacted by the electors of the City.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Council" means the duly elected or appointed members of the City Council of the City.

"Cumulative Cash Flow Deficit" has the meaning given such term in Section 148(f)(4)(B)(iii) of the Code.

"Excess Investment Earnings" has the meaning described thereto in Section 14 hereof.

"Gross Proceeds of the Notes" has the meaning given such term in Section 148(f)(6)(B) of the Code and the Regulations.

"Nonpurpose Investments" has the meaning given such term in Section 148(f)(6)(A) of the Code and the Regulations.

"Notes" mean the "City of San Diego, 1990-1991 Tax Anticipation Notes" in the aggregate principal amount of not to exceed \$80,000,000, issued hereunder in up to two series in substantially the form attached hereto as "Exhibit B".

"Note Purchase Agreement" means the Series A note purchase agreement on file with the City Clerk and attached hereto as "Exhibit C", and with reference to the Series B Notes, any note purchase agreement therefor.

"Paying Agent" means Bankers Trust Company of California, N.A., Los Angeles, California, appointed to act and perform the duties of Paying Agent for the Notes.

"Rebate Fund" means the fund established pursuant to Section 15 hereof.

"Regulations" means the income tax regulations promulgated or proposed, including temporary regulations, to the extent applicable by the Department of the Treasury pursuant to the Code from time to time.

"Series A Notes" means the Notes issued hereunder as Series A Notes in an amount not to exceed \$49,000,000.

"Series B Notes" means the Notes issued hereunder as Series B Notes in an amount not to exceed \$31,000,000 in accordance with Section 4B hereof.

"Treasurer" shall mean the duly appointed City Treasurer of the City.

"Underwriter" means BT Securities Corporation, Los Angeles, California, underwriter of the Notes.

"Yield" has the meaning given such term in Section 148 of the Code and the Regulations.

"Yield on the Notes" means the percent per annum payable on the Series A Notes or Series B Notes, as the case may be.

Section 2. Cumulative Cash Flow Deficit. That as of July 23, 1990, it is anticipated that during the first six months of fiscal 1990-1991, a cumulative cash flow deficit will exist in the amount of not less than \$49,000,000.

Section 3. Budgeted Appropriations. The total budgeted appropriations for fiscal 1990-1991 as shown by the budget heretofore approved by this Council total approximately \$461,391,626; and twenty-five percent (25%) of such appropriations total \$115,347,907.

Section 4. Approval of Series A Note Purchase Agreement; Sale of Series B Notes.

A. The underwriting of the Series A Notes will be carried out by the Underwriter in accordance with the Note Purchase Agreement therefor, which agreement is hereby approved in the form on file with the City Clerk and attached hereto as "Exhibit C".

B. The City Manager may execute a Note Purchase Agreement with the Underwriter for the Series B Notes and the Series B Notes will be issued and sold in accordance therewith and herewith, provided:

1. The Treasurer certifies that the expected cumulative cash flow deficit equals at least 100% of the principal amount of the Notes to be outstanding following the issuance of the Series B Notes;

2. The Series B Note Purchase Agreement provides substantially equivalent terms of sale as the Series A Note Purchase Agreement and a rate of interest of not to exceed nine percent (9%) per annum payable at maturity, the Treasurer's execution thereof to constitute conclusive evidence of satisfaction of this condition;

3. Receipt of confirmation from Moody's Investors Service and Standard & Poor's Corporation (but only to the extent each maintains a rating on the Series A Notes) that the issuance of the Series B Notes will not cause a reduction in the rating on the Series A Notes.

Section 5. Issuance of Notes; Amount; Terms; Interest Rate; Place of Payment.

A. Pursuant to the Authorizing Law, the Notes shall be issued in the aggregate principal amount of not to exceed \$80,000,000 to enable the City to meet its budgeted cumulative cash flow deficit as set forth in the recitals hereof and shall be issued as Series A Notes in an amount not to exceed \$49,000,000 and Series B Notes in an amount not to exceed \$31,000,000. Said notes shall be designated "City of San Diego, 1990-1991 Tax Anticipation Notes, Series A and Series B" and shall be in the denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof. The Series A Notes and the Series B Notes shall be dated the respective dates of issuance thereof. The Notes shall mature and be payable on June 28, 1991, and shall bear interest at a rate not to exceed nine percent (9%) per annum payable at maturity, the actual rate to be set forth in the Note Purchase Agreement. Said Notes and the interest thereon shall be payable at the office of the Paying Agent.

B. The Notes shall be initially issued and registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York (hereinafter, "Cede & Co." and "The Depository Trust Company") and shall be evidenced by a single Note. Registered ownership of the Note, or any portion thereof, may not thereafter be transferred except as set forth in Section 5(C).

C. The Notes shall be initially issued and registered as provided in Section 5(B) hereof. Registered ownership of such Notes, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company, or its nominee, or of any substitute depository designated pursuant to clause (ii) of this subsection (B) ("Substitute Depository"); provided that any successor of The Depository Trust Company or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any Substitute Depository not objected to by the Treasurer, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the Treasurer to substitute another depository for The Depository Trust Company (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the Treasurer to discontinue using a depository.

D. In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (C) of this Section 5, upon receipt of all outstanding Notes by the Paying Agent, together with a written request of the Treasurer to the Paying Agent designating the Substitute Depository, a single new Note, which the City shall prepare or cause to be prepared, shall be executed and delivered, registered in the name of such successor or such Substitute Depository, or its nominees, as the case may be, all as specified in such written request of the Treasurer. In the case of any transfer pursuant to clause (iii) of subsection (C) of this Section 5, upon receipt of all outstanding Notes by the Paying Agent, together with a written request of the Treasurer to the Paying Agent, new Notes, which the City shall prepare or cause to be prepared,

shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the Treasurer, subject to the limitations of Section 5 hereof, provided that the Paying Agent shall deliver such new Notes as soon as practicable after the date of receipt of such written request from the Treasurer.

E. The City and the Paying Agent shall be entitled to treat the person in whose name any Note is registered as the owner thereof for all purposes of the Resolution and for purposes of payment of principal and interest on such Note, notwithstanding any notice to the contrary received by the Paying Agent or the City; and the City and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Notes. Neither the City nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including The Depository Trust Company or its successor (or Substitute Depository or its successor), except to the registered owner of any Notes, and the Paying Agent may rely conclusively on its records as to the identity of the registered owners of the Notes.

F. Notwithstanding any other provision of this Resolution and so long as all outstanding Notes are registered in the name of The Depository Trust Company or its registered assigns, the City and the Paying Agent shall cooperate with The Depository Trust Company, as sole registered owner, and its registered assigns in effecting payment of the principal of and interest on the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due all in accordance with the Letter of Representations on file with the City Clerk and attached hereto as "Exhibit D", the provisions of which the Paying Agent may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein.

G. In the case of any transfer pursuant to clause (iii) of subsection (C) of this Section 5, any Note may, in accordance with its terms, be transferred or exchanged for a like aggregate principal amount in authorized denominations, upon the books required to be kept by the Paying Agent pursuant to the provisions hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, and, in the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed in form approved by the Paying Agent.

Whenever any Note shall be surrendered for transfer or exchange, the City shall execute and the Paying Agent shall authenticate, if required, and deliver a new Note or Notes of authorized denominations for a like aggregate principal amount. The Paying Agent shall require the owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

H. The Paying Agent will keep or cause to be kept, at its principal office in Los Angeles, California, sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the City. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Notes as herein before provided.

Section 6. Execution of Notes. The Treasurer is hereby authorized and directed to sign, and the City Clerk to attest and to countersign the Notes by their printed, lithographed or engraved facsimile signatures, and to affix thereon the seal of the City.

Section 7. Form of Notes. The Notes shall be issued in substantially the form set forth on "Exhibit B", attached hereto and incorporated herein and may be issued in typewritten form.

Section 8. Notes Non-Callable. The Notes are not subject to call and redemption prior to the maturity date thereof.

Section 9. Appointment of Paying Agent. Bankers Trust Company of California, N.A., Los Angeles, California, is hereby appointed to act as Paying Agent for the Notes in accordance with its agreement to provide services as such, a copy of which is on file with the City Clerk and attached hereto as "Exhibit E", which agreement is hereby approved and accepted. Bankers Trust Company shall execute the Certificate of Authentication on the face of each Note.

Section 10. Use of Proceeds of Notes. The proceeds from the sale of the Series A Notes and Series B Notes shall be placed into a fund designated "1990-1991 Tax Anticipation Notes Proceeds Fund, Series A" and "1990-1991 Tax Anticipation Notes Proceeds Fund, Series B", respectively, and moneys in such Fund may be transferred to the general fund of the City as needed and said proceeds and any investment earnings thereon shall be used to meet the budgeted cumulative cash flow deficit of the City pending the receipt of property taxes in the manner set forth in Section 92 of the Charter.

Section 11. Security for Notes; Pledge of Tax Receipts.
There is hereby pledged as security for the payment of the Notes ad valorem property taxes of the City imposed, levied and collected by the City during fiscal 1990-1991, and the City shall make provision for the payment of such Notes on their maturity date from the proceeds of such taxes. There is hereby pledged to the payment of the Notes, but only to the extent described in this Section 11 to be deposited in the Repayment Fund, described below, the first property tax moneys received by the City on or after November 30, 1990 which are otherwise available for the payment of current expenses and obligations of the City, such moneys being referred to herein as "unrestricted moneys." The Treasurer shall, upon receipt of unrestricted moneys, segregate and set aside into a special fund to be designated "1990-1991 Tax Anticipation Notes, Repayment Fund", sufficient moneys to enable the City to pay in full such principal and interest on the Notes, as follows:
(1) of the unrestricted moneys received on or after November 30, 1990, an amount equal to not less than one-half the amount of principal and interest due on the Notes shall be deposited in the Repayment Fund; and thereafter,
(2) unrestricted moneys received on or after April 10, 1991 shall be deposited in the Repayment Fund in an amount equal to the balance required to enable the City to pay the principal and interest on the Notes on June 28, 1991. In the event that by June 20, 1991 the proceeds of taxes are insufficient to enable the City to make such transfers, the City shall thereafter transfer other legally available income, revenue and cash receipts to the Repayment Fund so that the amounts in such fund are at least equal to the amounts required hereby by the date required therefor. The Repayment Fund and all amounts held therein pursuant hereto are hereby pledged and irrevocably set aside to the payment of the Notes.

Section 12. Safe Harbor for Determining When Proceeds of Notes Are Expended. Section 148(f)(4)(B)(iii) of the Code provides that the net proceeds from the sale of the Series A Notes and the Series B Notes issued hereunder (including earnings thereon), will be deemed to have been fully expended for the governmental purpose for which such Notes were issued, and in consequence no rebate would be payable to the United States, if within six (6) months after the date of issuance of the Series A Notes and the Series B Notes, respectively, the cumulative cash flow deficit to be financed with the proceeds from the sale of such series issued hereunder exceeds ninety percent (90%) of the aggregate face amount of such series. The report of the Treasurer referred to in the recitals hereof estimates such date with respect to the Series A Notes to be on or about November 15, 1990, which is a date within such six (6) month period.

Section 13. Covenants to Comply with Code. The City hereby covenants with the holders of the Notes that it will make no use of the proceeds of the Notes or take or fail to take any action which would cause the Notes to become "arbitrage bonds" subject to federal income taxation by reason of Sections 103 and 148 of the Code. To that end, the City shall comply with all requirements of said Section 148 and all Regulations issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.

In order to maintain the exemption from federal income taxation of interest with respect to the Notes, and for no other purpose, the City covenants to comply with each applicable requirement of the Code, and any technical corrections made thereto having the same effective date as such requirements.

Section 14. Rebate of Excess Investment Earnings to the United States.

(a) In the event that the City fails to cause the Series A Notes or the Series B Notes to qualify for the "safe harbor" treatment afforded by said Section 148(f)(4)(B)(iii) of the Code as set forth in Section 12, above, the City shall calculate or cause to be calculated Excess Investment Earnings in accordance with subsection (b) of this Section and shall pay Excess Investment Earnings to the United States in accordance with subsection (c) hereof. The City shall cause all such calculations to be verified by a certified public accountant. The term "Excess Investment Earnings" means an amount equal to the sum of:

(i) the excess of:

(A) the aggregate amount earned from the date of issuance of the Series A Notes or Series B Notes, as the case may be, on all Nonpurpose Investments in which Gross Proceeds of such series are invested (other than amounts attributable to an excess described in this paragraph (1)), over

(B) the amount that would have been earned if such Nonpurpose Investments (other than amounts attributable to an excess described in this paragraph (i)) had been invested at a rate equal to the Yield on such series of Notes, plus

(ii) any income attributable to the excess described in paragraph (i).

(b) In the event the calculation described in subparagraph (a) is required to be made, the City shall calculate the amount of Excess Investment Earnings referenced in paragraphs (i) and (ii) of subsection (a) in a manner consistent with Section 148(f) of the Code and the Regulations, including specifically Temporary Regulations 1.148-OT through 9T, inclusive, to the extent applicable.

(c) In determining the amount described in subsection (a), there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and debt service (as such terms are defined in the Code) during the term of the Series A Notes or Series B Notes, as the case may be.

(d) The City shall pay Excess Investment Earnings to the United States no later than sixty (60) days after the redemption of the series of Notes to which such rebate obligation applies. The City shall remit such payments to the United States at the address prescribed by the applicable Regulations, as the same may be from time to time in effect, with such reports and statements as may be prescribed by such regulations.

(e) The City shall keep, and retain for a period of six (6) years following the redemption of the Certificates, records of the determinations made pursuant to this Section 14.

Section 15. Rebate Fund.

(a) The City shall establish a special fund for each series of Notes designated as the "Rebate Fund." The City shall establish and maintain within the Rebate Fund an "Excess Earnings Account" and an "Investment Account." The City shall establish and maintain any such subaccounts within the Excess Earnings Account and Investment Account as may be reasonably required.

(b) Notwithstanding anything contained in this Resolution to the contrary, at such time as it is determined that the "safe harbor" provisions of Section 148(f)(4)(B)(iii) have not been met for either series of Notes, there shall be deposited in the Excess Earnings Account of the Rebate Fund all Excess Investment Earnings attributable to the applicable series of Notes determined from time to time pursuant to Section 14 hereof. All income or other gain from the investment of amounts in the Rebate Fund shall be deposited in the Investment Account of the Rebate Fund.

(c) The City shall apply moneys on deposit in the Rebate Fund, to the extent required to make payments to the United States of America in respect of the Series A Notes or Series B Notes, at the times and in the manner required by Section 14 hereof.

(d) In the event that as of the time the calculation is made by the City in accordance with Section 14(b) hereof, the amount required to be deposited in the Rebate Fund for rebate to the United States exceeds the amount then available in the investments established pursuant to Section 14 hereof, the City shall promptly deposit in the Excess Earnings Account of the Rebate Fund an amount sufficient to make up the deficiency.

(e) The City agrees to keep and maintain all records required to be maintained by it pursuant to, and as and to the extent required by, the Code.

(f) Sections 14 and 15 hereof are intended to provide a mechanism for compliance with the requirements of Section 148(f) of the Code and the Regulations. If in the written opinion of Stradling, Yocca, Carlson & Rauth an alternative method of computing, paying or determining the amount required or permitted under Section 148(f), the City may employ such alternative method without regard to the requirements of these Sections 14 and 15.

Section 16. Mutilated, Destroyed or Lost Notes. In case any Note shall become mutilated or defaced in respect to the body of such Note as to impair its value to the owner, or shall be believed by the City and Paying Agent to have been destroyed or lost, upon clear and unequivocal proof of ownership satisfactory to the City and Paying Agent and upon the surrender at the named office of the Paying Agent of such mutilated or defaced Note sufficiently identifiable by number and description, or upon the receipt of evidence satisfactory to the City and Paying Agent of such destruction or loss, and upon payment of all expenses incurred by the City and Paying Agent in the premises and after compliance with such other reasonable regulations as the City and Paying Agent may prescribe, and, in the case of a Note claimed to have been destroyed or lost, upon receipt of indemnity satisfactory to the City and Paying Agent, and in the absence of notice to the City or Paying Agent that such Note has been acquired by a bona fide purchaser, the City shall execute and the Paying Agent shall authenticate at the named office of the Paying Agent a new Note of like principal amount and series, bearing a number not contemporaneously outstanding, in exchange and substitution for and upon cancellation of the mutilated or defaced Note, or in lieu of and in substitution for the Note so destroyed or lost. If any such mutilated or defaced Note, or any such destroyed or lost Note has become or is about to become due and

payable, payment of the amount due thereon may, in the discretion of the City, be made by the Paying Agent upon receipt of like proof, indemnity and payment of expenses and surrender of such Note, if mutilated or defaced, or without the surrender of such Note, if destroyed or lost, in each case without the issuance of a new Note.

Any such replacement Note issued pursuant to this Section shall be entitled to equal and proportionate benefits with all other Notes issued hereunder. The City and the Paying Agent shall not be required to treat both the original Note and any replacement Note as being outstanding, but both the original and replacement Note shall be treated as one and the same.

Section 17. Defeasance. The Notes shall no longer be deemed to be outstanding if the City shall have made adequate provision for payment, in accordance with the Notes and this Resolution, of the principal and interest to become due thereon at maturity. Such provision shall be deemed adequate if the City shall have irrevocably set aside, in the Repayment Fund, moneys or direct obligations of, or obligations guaranteed by, the United States of America, in which the City may lawfully invest or deposit its funds, which when added to the interest earned or to be earned thereon shall be sufficient, together with uninvested or undeposited funds, to make said payments as they become due.

Section 18. Execution of Note Purchase Agreement. The Treasurer is hereby authorized and directed to approve the final terms of the sale of the Notes and to evidence the City's acceptance of the offer made thereby by executing and delivering the Note Purchase Agreement in substantially such form with such changes therein as the Treasurer with the advice of counsel may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 19. Official Statement. The proposed form of Official Statement to be used in connection with the offer and sale of the Notes, a copy of which is on file with the City Clerk and attached hereto as "Exhibit D", is hereby adopted and approved and the Treasurer is hereby authorized to execute and deliver the same with such changes therein as said Treasurer, with the advice of counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. Such execution and delivery shall constitute evidence that the City deems the Official Statement to be final within the meaning of 17 CFR Section 240.15c2-12(b), except for information which is permitted to be omitted therefrom. Thereafter, the Treasurer is authorized to execute and deliver final Official Statement with such changes therein as said Treasurer with the advice of counsel may require or approve, such approval to be conclusively evidenced by the execution and

delivery thereof. The Underwriter is hereby authorized to distribute copies of the Official Statement as finally executed to persons who may be interested in the purchase of the Notes, and is directed to deliver such copies to all actual purchasers of the Notes.

Section 20. Notification of California Debt Advisory Commission. Bond counsel is hereby authorized and directed to cause a Report of Proposed and Final Debt Issuance to be filed on a timely basis with the California Debt Advisory Commission forthwith and any prior filing of such form is hereby ratified and approved.

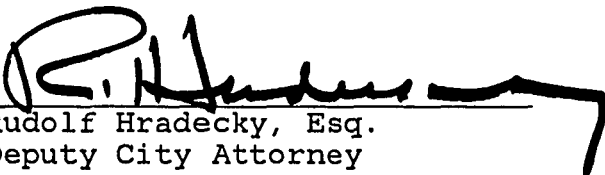
Section 21. Authority to Execute Documents; Delivery of Notes. The City Manager, Treasurer and City Clerk, and the City Auditor & Comptroller and their designated assistants, upon advice of the City Attorney and Bond Counsel, are hereby authorized and directed, jointly and severally, to do any and all things and to execute, modify and deliver any and all documents herein approved or as may be required, at the request of Counsel, which they may deem necessary and advisable, in order to effect the issuance, sale and delivery of the Notes and otherwise to effectuate the purposes of the Resolution which this document accompanies.

Section 22. Temporary Notes. Until definitive Notes shall be prepared, the City may cause to be executed and delivered in lieu of such definitive Notes and subject to the same provisions, limitations and conditions as are applicable in the case of definitive Notes, except that they may be in any denominations approved by the City Manager or City Treasurer and shall be registrable as to both principal and interest, one or more temporary typed, printed, lithographed or engraved Notes in bearer or registered form, substantially of the same tenor and, until exchanged for definitive Notes, entitled and subject to the same benefits and provisions hereof as definitive Notes. If the City issues temporary Notes it will execute and furnish definitive Notes without unnecessary delay and thereupon the temporary Notes may be surrendered to the Paying Agent, without expense to the holder and in exchange for definitive Notes of like aggregate principal amount, and of the same character. All temporary Notes so surrendered shall be cancelled by the Paying Agent.

Section 23. Certified Copies. The City Clerk shall provide a certified copy of this document to the Treasurer who shall take such action as shall be necessary to assure compliance by the City with the terms and conditions hereof. The City Clerk shall further provide a certified copy of this document to the Paying Agent.

APPROVED:

JOHN W. WITT, ESQ.
CITY ATTORNEY

By: 
Rudolf Hradecky, Esq.
Deputy City Attorney

ATTACHMENT NO. 1

CITY OF SAN DIEGO
COUNTY OF SAN DIEGO, CALIFORNIA
1990-1991 Tax Anticipation Note, Series A !Bç

FOR VALUE RECEIVED, the City of San Diego, County of San Diego, State of California, acknowledges itself indebted to and promises to pay to Bearer, at Bankers Trust Company of California, Los Angeles, California (the "Paying Agent"), _____ Million Dollars (\$49,000,000 or \$31,000,000) in lawful money of the United States of America, on June 28, 1991, together with interest thereon at the rate of _____ percent (____%) per annum (computed on the basis of a 360-day year of twelve 30-day months) in like lawful money from the date hereof until payment in full of said principal sum. The principal of and interest on this Note shall be payable only to the owner hereof upon surrender of this Note as the same shall fall due; provided, however, that no interest shall be payable for any period after maturity during which the owner hereof fails to properly present this Note for payment.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Notes entitled, "City of San Diego, 1990-1991 Tax Anticipation Notes" (the "Notes"), in the aggregate principal amount of not to exceed Eighty Million Dollars (\$80,000,000, to be issued in up to two series, consisting of Series A issued in an aggregate principal amount of Forty-Nine Million Dollars (\$49,000,000) and a Series B authorized to be issued in an aggregate principal amount of not to exceed Thirty-One Million Dollars (\$31,000,000) all of like tenor, and by authority of Section 92 of the City Charter of the City and Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code of California, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the City does not exceed any limit prescribed by the Constitution or laws of the State of California or said City Charter.

The principal of and interest on the Notes shall be payable from taxes, income revenue, cash receipts and other moneys which are received by the City for the General Fund of the City for the fiscal year 1990-1991 and which are lawfully available for the payment of current expenses and other obligations of the City.

As security for the payment of the principal of and interest on the Notes, the City has pledged to deposit in the Repayment Fund (as established in the Resolution) from property taxes received by the City after the issuance of the Notes, not less than a sum equal to the principal of and interest on the Notes at maturity. In the event that by June 20, 1991 the City is not in receipt of tax proceeds in amounts and at the times to enable it to make such deposits, the City is obligated to deposit thereafter moneys derived from other income, revenues and cash receipts lawfully available to pay principal of and interest on the Notes into the Repayment Fund sufficient to make up any deficient amount by the date such amounts are required for payment.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Paying Agent.

IN WITNESS WHEREOF, the City of San Diego caused this Note to be executed by the facsimile signature of its City Treasurer and countersigned by the facsimile signature of the City Clerk and caused a facsimile of the official seal to be imprinted hereon, all as of the ___ day of _____, 1990.

CITY OF SAN DIEGO

By: _____
Its: City Treasurer

(SEAL) Countersigned:

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes described in the within mentioned Resolution, which Note has been authenticated on the date set forth below.

Date of Authentication: _____

BANKERS TRUST COMPANY OF
CALIFORNIA, N.A.,
as Paying Agent

By: _____
Its: Authorized Officer

City of San Diego
 Tax Supported General Fund and Obligation Bond Fund
 Estimated Actual Cash Flow Statement
 Fiscal Year 1990-91

DATE	TAX RECEIPTS	OTHER RECEIPTS	TOTAL RECEIPTS	TOTAL DISBURSEMENTS	ESTIMATED ENDING CASH BALANCE
07-15-90	\$0	\$1,706,863	\$1,706,863	\$42,265,864	(308,854)
07-31-90	3,153,886	6,313,286	9,467,172	11,323,363	(2,165,045)
08-15-90	0	6,904,423	6,904,423	16,814,989	(12,075,611)
08-31-90	398,152	14,410,136	14,808,289	28,125,562	(25,392,884)
09-15-90	0	4,823,555	4,823,555	16,455,909	(37,025,238)
09-30-90	4,965,680	18,052,083	23,017,764	16,924,484	(30,931,958)
10-15-90	0	5,006,566	5,006,566	13,891,849	(39,817,241)
10-31-90	3,303,165	18,071,959	21,375,124	18,004,986	(36,447,104)
11-15-90	1,955,499	808,368	2,763,867	15,316,763	(49,000,000)
11-30-90	0	21,561,948	21,561,948	16,045,334	(43,483,386)
12-15-90	0	14,086,357	14,086,357	15,240,519	(44,637,548)
12-31-90	49,500,002	14,905,765	64,405,768	17,237,812	2,530,407
01-15-91	13,421,803	5,976,659	19,398,462	14,493,490	7,435,379
01-31-91	0	24,469,540	24,469,540	17,173,201	14,731,718
02-15-91	3,332,117	4,200,223	7,532,341	15,624,780	6,639,278
02-28-91	0	27,066,034	27,066,034	16,467,453	17,237,859
03-15-91	3,619,277	7,482,256	11,101,533	28,687,255	(347,863)
03-31-91	0	16,251,457	16,251,457	16,888,706	(985,112)
04-15-91	0	8,950,600	8,950,600	19,778,702	(11,813,213)
04-30-91	37,755,469	13,033,538	50,789,007	16,480,455	22,495,339
05-15-91	0	11,139,257	11,139,257	13,901,369	19,733,227
05-31-91	12,359,128	21,555,888	33,915,016	16,447,820	37,200,422
06-15-91	1,695,909	8,934,507	10,630,417	15,948,813	31,882,026
06-30-91	2,160,250	39,147,785	41,308,035	30,832,566	42,357,495
	<u>\$137,620,338</u>	<u>\$314,859,054</u>	<u>\$452,479,393</u>	<u>\$450,372,044</u>	

\$40,250,146

EXHIBIT A

R-276075

NEW ISSUE

In the opinion of Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described herein, interest due with respect to the Notes is not includable in gross income for federal income tax purposes, subject, however, to certain qualifications more particularly described under the caption "Tax Exemption" herein, and interest on the Notes is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the corporate and personal alternative minimum tax. However, under the Code, such interest may be subject to certain other taxes affecting holders of the Notes. Under the laws of the State of California, the interest on the Notes is exempt from personal income taxation imposed by the State of California.

\$49,000,000
CITY OF SAN DIEGO, CALIFORNIA
1990-1991 Tax Anticipation Notes, Series A

Dated: July 30, 1990

Due: June 28, 1991

The Notes are being issued in fully registered form only and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Notes. Ownership interest in the Notes may be purchased in book-entry form only in denominations of \$25,000 or any integral multiple of \$5,000 in excess of \$25,000. Purchasers will not receive physical certificates representing their ownership interest, but will receive a credit balance on the books of the nominees of such purchasers. The Notes will not be transferable or exchangeable, except for transfer to another nominee of DTC as described herein. Principal of and interest on the Notes will be payable at the principal corporate trust office of Bankers Trust Company of California, N.A., San Francisco, California, as Paying Agent to DTC which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of interest in the Notes as described herein (see "THE NOTES -- Book-Entry-Only System" herein).

The Notes are being issued to finance seasonal cash flow requirements of the City during the fiscal year ending June 30, 1991. The Notes in accordance with California law, are general obligations of the City, but are payable only out of the taxes of the City attributable to the fiscal year 1990/91 and legally available for payment thereof. The Notes (together with any additional notes when, as and if issued) are equally and ratably secured by a pledge of (a) an amount equal to one-half the principal of and interest on such Notes from the first property taxes to be received by the City on or after November 30, 1990 and (b) an amount equal to one-half the principal of and interest on the Notes from the first property taxes to be received by the City on or after April 10, 1991.

The Notes will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and the approval of certain legal matters for the Underwriter by its counsel, White & Case, Los Angeles, California. Certain other legal matters will be passed upon by the City Attorney for the City. It is expected that the Notes will be available for delivery to DTC in New York, New York on or about July 30, 1990.

BT Securities Corporation

A Wholly Owned Subsidiary of Bankers Trust New York Corporation

The date of this Official Statement is July 23, 1990

EXHIBIT B

R 276075

CITY OF SAN DIEGO, CALIFORNIA**CITY COUNCIL**

**Maureen O'Connor
Mayor**

**Abbe Wolfsheimer
Councilmember
District 1**

**Ron Roberts
Councilmember
District 2**

**John Hartley
Councilmember
District 3**

**H. Wes Pratt
Councilmember
District 4**

**Linda Bernhardt
Councilmember
District 5**

**J. Bruce Henderson
Councilmember
District 6**

**Judy McCarty
Deputy Mayor
District 7**

**Bob Filner
Councilmember
District 8**

CITY OFFICIALS

**John G. Lockwood
City Manager**

**John W. Witt
City Attorney**

**Charles Abdelnour
City Clerk**

**Ed Ryan
City Auditor and
Comptroller**

**Conny M. Jamison
City Treasurer**

BOND COUNSEL

**Stradling, Yocca, Carlson & Rauth
a Professional Corporation,
Newport Beach, California**

PAYING AGENT

**Bankers Trust Company of California, N.A.
San Francisco, California**

R 276075

MARKED TO SHOW
CHANGES FROM DRAFT
DATED 7/3/90

[W&C Draft 7/17/90]

NEW ISSUE

In the opinion of Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described herein, interest due with respect to the Notes is not includable in gross income for federal income tax purposes, subject, however, to certain qualifications more particularly described under the caption "Tax Exemption" herein, and interest on the Notes is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the corporate and personal alternative minimum tax. However, under the Code, such interest may be subject to certain other taxes affecting holders of the Notes. Under the laws of the State of California, the interest on the Notes is exempt from personal income taxation imposed by the State of California.

§ _____

CITY OF SAN DIEGO, CALIFORNIA

1990-1991 Tax/Anticipation Notes, Series A

Dated: July, 1990

Due: June 28, 1991

The Notes are being issued in fully registered form only and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Notes. Ownership interest in the Notes may be purchased in book-entry form only in denominations of \$5,000, or any integral multiple of \$5,000 in excess of \$25,000. Purchasers will not receive physical certificates representing their ownership interest, but will receive a credit balance on the books of the nominees of such purchasers. The Notes will not be transferable or exchangeable, except for transfer to another nominee of DTC as described herein. Principal of and interest on the Notes will be payable at the principal corporate trust office of Bankers Trust Company of California, N.A., San Francisco, California, as Paying Agent to DTC which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of

R 276075

interests in the Notes as described herein (see "THE NOTES -- Book-Entry-Only System" herein).

The Notes are being issued to finance seasonal cash flow requirements of the City during the fiscal year ending June 30, 1991. The Notes in accordance with California law, are general obligations of the City, but are payable only out of the taxes of the City attributable to the fiscal year 1990/91 and legally available for payment thereof. The Notes (together with any additional notes when, as and if issued) are equally and ratably secured by a pledge of (a) an amount equal to one-half the principal of and interest on such Notes from the first property taxes to be received by the City on or after November 30, 1990 and (b) an amount equal to one-half the principal of and interest on the Notes from the first property taxes to be received by the City on or after April 10, 1991.

The Notes will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport, California, Bond Counsel, and the approval of certain legal matters for the Underwriter by its counsel, White & Case, Los Angeles, California. Certain other legal matters will be passed upon by the City Attorney for the City. It is expected that the Notes will be available for delivery to DTC in New York, New York on or about _____, 1990.

**BT Securities Corporation
A Wholly Owned Subsidiary of Bankers Trust
New York Corporation**

The date of this Official Statement is July _____, 1989

R 276075

CITY OF SAN DIEGO, CALIFORNIA

CITY COUNCIL

Maureen O'Connor
Mayor

Abbe Wolfsheimer
Councilmember
District 1

Ron Roberts
Councilmember
District 2

John Hartley
Councilmember
District 3

H. ~~Wes~~ Pratt
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Ed Ryan
City Auditor and
Comptroller

Charles Abdelnour
City Clerk

Conny M. Jamison
City Treasurer

BOND COUNSEL

Stradling, Yocca, Carlson & Rauth,
a Professional Corporation,
Newport Beach, California

PAYING AGENT

Bankers Trust Company of California, N.A.
San Francisco, California

R-276075

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This Official Statement is submitted in connection with the sale of securities as referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose. The delivery of this Official Statement does not imply that information herein is correct as of any time subsequent to its date. No dealer, salesman or any other person has been authorized by the City or the Underwriter to give any information or make any representation other than as contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. Certain information contained herein has been obtained from the City and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed to be the representation of the Underwriter. Expressions of opinion and estimates herein are subject to change and should not be relied upon as statements of fact. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

This Official Statement has been "deemed final" by the City of San Diego pursuant to Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Official Statement under said Rule 15c2-12.

THE PRICE AND OTHER TERMS OF THE OFFERING AND SALE OF THE NOTES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE NOTES ARE RELEASED FOR SALE, AND THE NOTES MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICE, INCLUDING SALES TO DEALERS WHO MAY SELL THE NOTES INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE NOTES, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE FOR THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE NOTES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

\$50,000,000

CITY OF SAN DIEGO, CALIFORNIA

1990-1991 Tax Anticipation Notes, Series A

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and attached Appendices, is to provide certain information concerning the sale and delivery of \$50,000,000 in aggregate principal amount of 1990-1991 Tax Anticipation Notes, Series A (the "Notes") by the City of San Diego, California (the "City"). The Notes are general obligations of the City, but are payable only out of the taxes, income, revenues, cash receipts and other moneys of the City attributable to the 1990/91 fiscal year and legally available for the payment thereof.

The Notes are being issued to finance the deficits in the City's General Fund cash flow during the fiscal year (July 1 through June 30). The deficits occur because City General Fund expenditures tend to occur in relatively level amounts throughout the year while receipts have followed an uneven pattern, primarily as a result of secured property tax installment payment dates in December and April and as a result of reimbursements from other government agencies, the two largest sources of City revenues.

City of San Diego Short-Term Borrowing Program

To finance its General Fund cash flow requirements in fiscal year 1990/91, the City has undertaken a short-term borrowing program which may total up to \$80,000,000. The City expects to issue the Notes on _____, 1990. If circumstances warrant, the City may issue in fiscal year 1989-90 one or more additional series of 1990-1991 Tax Anticipation Notes in an aggregate amount not to exceed \$30,000,000. See "THE NOTES - Additional Notes."

The City has issued tax anticipation notes every year since fiscal year 1966/67 (except for fiscal year 1978/79) to meet its cash flow requirements. In fiscal year

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1989/90, the City sold one series of tax anticipation notes in the aggregate principal amount of \$40,000,000. These Notes were paid at maturity on June 29, 1990. The City has never defaulted on the payment of the principal and interest on any of its short-term obligations.

THE NOTES

Authority for Issuance and Description of the Notes

The Notes are issued under the authority of Section 92 of the Charter of the City of San Diego and Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850 of the California Government Code) and Resolution No. R/276075, adopted by the City Council of the City on July 23, 1990 (the "Resolution").

The Notes will be dated and will mature on the dates set forth on the cover of this Official Statement. The Notes will bear interest at the rate stated in a supplement to this Official Statement. Interest will be computed on a 30-day month, 360-day year basis. Principal of and interest on the Notes will be payable on the maturity date of the Notes upon surrender thereof at the principal corporate trust office of Bankers Trust Company of California, N.A., San Francisco, California, as Paying Agent.

Book-Entry-Only System

The Notes will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Notes.

Beneficial ownership interests in the Notes will be available in book-entry form only, in the principal amount of \$25,000 and any integral multiples of \$5,000 in excess of \$25,000. Purchasers of beneficial ownership interests in the Notes will not receive certificates representing their interests in the Notes and will not be Noteholders or owners of Notes under the Resolution.

DTC, an automated clearinghouse for securities transactions, will act as securities depository for the Notes. Fully-registered notes, in the aggregate principal amount of the Notes, will be registered in the name of and held by Cede & Co., as nominee of DTC.

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities on behalf of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of which (and/or their representatives) own DTC. Access to the DTC system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly.

Beneficial ownership interests in the Notes may be purchased by or through DTC Participants and will be recorded on the records of the DTC Participants, whose interests in turn will be recorded on a computerized book-entry system operated by DTC. Such DTC Participants and the persons for which they acquire beneficial ownership interests in the Notes as nominees ("Beneficial Owners") will not receive note certificates, but each such DTC Participant will receive a credit balance in the records of DTC in the amount of such DTC Participant's interest in the Notes which will be confirmed in accordance with DTC's standard procedures. Each such Beneficial Owner for which a DTC Participant acquires an interest in the Notes, as nominee, may desire to make arrangements with such DTC Participant to have all communications of the City to DTC which may affect such Beneficial Owner to be forwarded in writing by such DTC Participant and to have notification made of all principal and interest payments. The City may treat DTC (or its nominee) as the sole and exclusive owner of the Notes registered in its name (or the name of its nominee) for the purpose of payment of the principal of or interest on the Notes, giving any notice permitted or required to be given to Noteholders under the Resolution, registering the transfer of Notes, obtaining any consent or other action to be taken by Noteholders and for all other purposes whatsoever; and shall not be affected by any notice to the contrary. THE CITY SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A

BENEFICIAL OWNERSHIP INTEREST IN THE NOTES UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WITH RESPECT TO: THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE NOTES; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEHOLDERS UNDER THE RESOLUTION; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS A NOTEHOLDER.

Principal of and interest on the Notes will be payable by the City to DTC, which is in turn responsible for remitting such principal and interest to its DTC Participants for subsequent disbursement to the Beneficial Owners.

For every transfer and exchange of a beneficial ownership interest in the Notes, DTC may charge the DTC Participants and the DTC Participants may charge the Beneficial Owners, a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

In the event the City determines not to continue the DTC book-entry system or DTC determines to discontinue providing its services with respect to the Notes and the City does not select another qualified securities depository, the City shall deliver one or more Note certificates in such principal amount or amounts, in denominations of \$25,000 and any integral multiples of \$5,000 in excess of \$25,000, and registered in whatever name or names, as DTC shall designate. In such event, transfers and exchanges of Notes will be governed by the provisions of the Resolution.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest on the Notes to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Notes and other related transactions by and between DTC, the DTC Participants and Beneficial Owners is based solely on the City's understanding of such procedures and record keeping, based on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Additional Notes

The Resolution authorizes the City to issue one or more series of additional tax Anticipation notes (the "Additional Notes") during the fiscal year ending June 30, 1991 in a total principal amount not to exceed \$30,000,000. All Additional Notes will mature on June 28, 1990. The Additional Notes, when, as and if issued, and the Notes will be equally and ratably secured by a pledge of the "Pledged Revenues" (as hereinafter defined). See "Security for the Notes" below.

Security for the Notes

The Resolution specifies that the Notes, together with any Additional Notes, when, as and if issued, (collectively, the "Tax Anticipation Notes") are equally and ratably secured by a pledge of (a) an amount equal to one-half the principal of and interest on the Tax Anticipation Notes from the first property tax moneys to be received by the City on and after November 30, 1990, and (b) an amount equal to one-half the principal of and interest on the Tax Anticipation Notes from the first property tax moneys to be received by the City on and after April 10, 1991 (such pledged property taxes being the "Pledged Revenues"). Accordingly, pursuant to Section 53856 of the Government Code of the State, the Tax Anticipation Notes and interest thereon constitute a first lien and charge against, and each Tax Anticipation Note shall be payable ratably from, the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the City lawfully available therefor.

In accordance with the terms of the Resolution, the City is required to establish the 1990-1991 Tax Anticipation Note Repayment Fund (the "Repayment Fund"), and the City Treasurer is required to deposit into the Repayment Fund the Pledged Revenues for the payment of the Tax Anticipation Notes. In the event that by June 20, 1991 there are insufficient Pledged Revenues received by the City to permit the deposit into the Repayment Fund of the full amount required to be deposited therein, the amount of any deficiency shall be satisfied and made up from any other moneys of the City lawfully available for the payment of the principal of the Tax Anticipation Notes and interest thereon.

[Amounts deposited in the Repayment Fund may not be used for any purpose other than payment of the Tax

Anticipation Notes and may be invested in legal investments which are permitted by Section 53601 of the Government Code of the State and which mature not later than the maturity date of the Notes. The proceeds of any such investment shall be transferred to the City General Fund.]

Available Sources of Payment

The Notes, in accordance with California law, are general obligations of the City, but are payable only out of the taxes, income, revenue, cash receipts and other moneys of the City attributable to the fiscal year 1990/91 and legally available for payment thereof. The City may, under existing law, issue the Notes only if the total amount of bonds, notes and warrants, including the Notes, does not in the aggregate exceed 25% of the City's total appropriations for the current fiscal year and the principal thereof and interest thereon will not exceed 85% of the estimated uncollected moneys available for the payment of the Notes. Total appropriations for the City for the current fiscal year are \$461,391,626. See "CITY FINANCIAL INFORMATION -- BUDGETS." The estimated amount needed to repay the Notes and the interest thereon is approximately \$52,900,000. The City estimates that the moneys available for payment of the Notes will be in excess of \$541,000,000, as indicated in the following table.

ESTIMATED UNRESTRICTED REVENUE AVAILABLE
FOR PAYMENT OF NOTES
(Amounts Expressed in Thousands)

<u>Source</u>	<u>Amount</u>
Cash Balance - June 30, 1990	\$ 38,750
Property Taxes	137,620
Sales Tax	96,633
<u>Other Revenues</u>	179,442
<u>Transfers</u>	38,784
<u>TANS Proceeds</u>	50,000
<u>Total</u>	<u>\$541,229</u>

➤

Limitations on Taxes and Appropriations

Article XIIIIA

Article XIIIIA of the California Constitution limits the amount of ad valorem taxes on real property to 1% of "full cash value" as determined by the City Assessor. Article XIIIIA defines "full cash value" to mean "the City Assessor's valuation of real property as shown on the 1975-76 tax roll under 'full cash value', or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment period." The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% per year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIIA exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and allows local governments and school districts to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. Article XIIIIA requires a vote of two-thirds of the qualified electorate to impose special taxes, the imposition of any additional ad valorem, sales or transaction tax on real property. In addition, Article XIIIIA requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues.

In a recent case which challenged a West Virginia county's discriminatory application of its property tax assessments, the U.S. Supreme Court held in Allegheny Pittsburgh Coal Company v. City Commission of Webster City, West Virginia, 109 S. Ct. 633 (1989) that property taxes imposed by a county must result in even-handed treatment of similarly-situated property.

The Court was not presented with and did not decide the question of whether Article XIIIIA of the California Constitution, which implements on a state-wide basis a property tax assessment system similar to that considered in Allegheny Pittsburgh, would be constitutional. Subsequent to the Supreme Court's decision in Allegheny Pittsburgh, three cases, Northwest Financial Inc. v. State Board of Equalization, et al., Nordlinger v. Lynch, and R.H.

Macy & Co., Inc., et al. v. Contra Costa City were filed in California Superior Courts in the City of San Diego, the City of Los Angeles, and Contra Costa City, respectively. The plaintiffs claim that Article XIII A's tax assessment system violates federal constitutional equal protection guarantees by taxing new property owners at higher rates than long-time owners and rely upon Allegheny Pittsburgh in support of their position. The Superior Courts have ruled in favor of the defendants in Northwest and Nordlinger and the plaintiffs in both cases have filed appeals. Macy is set for trial in the near future.

If Article XIII A is ultimately found to be unconstitutional, one possible outcome is that property assessments could be substantially reduced for those who purchased property after Article XIII A was adopted. The City cannot predict whether these or other challenges to California's present system of assessing property for taxation will be successful or when the ultimate resolution of these cases will occur. The City cannot evaluate the ultimate effect that any such decisions would have on the City's revenues or on its ability to meet its obligations. However, the City does not anticipate that any such decision would affect its ability to repay the Notes.

Article XIII B

Article XIII B of the California Constitution limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978/79 fiscal year and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of pro-

viding the service or regulation), and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be allocated to fund schools or be returned by revising tax rates or fee schedules over the subsequent two years.

Article XIII B allows voters to approve a temporary waiver of a government's Article XIII B limit. Such a waiver is often referred to as a "Gann limit waiver". The length of any such waiver is limited to four years. In the November, 1987 election, the citizens of San Diego approved a four-year increase in the City's Article XIII B limit (for fiscal 1988 through fiscal 1991). In the June, 1990 election the citizens approved an additional four-year increase in the City's Article XIII B Limit. [This waiver is expected to allow the City to appropriate \$160 million in tax revenues which would otherwise have been unavailable to fund services.] The Gann limit waiver does not provide any additional revenues to the City or allow the City to finance additional services. Rather, it allows the City to maintain current service levels, avoiding the necessity for budget cuts.

On June/19, 1990, the City Council approved the annual appropriation limit for the fiscal year 1990/91 of \$387,569,525. The limitation will apply only to proceeds of taxes and therefore will not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, revenues from the sale of property and taxes received from the State and federal governments that are tied to special programs. Based on the 1990/91 Proposed Budget, the funds subject to limitation will be approximately \$38,426,000 below the Gann limit.

Proposition 98

At the November 8, 1988 general election, California voters approved an initiative known as Proposition 98. This initiative amends Article XVI of the California Constitution to require that the State of California provide a certain minimum level of funding for public schools and community colleges. The initiative permits the enactment of legislation, by a two-thirds vote, to suspend the minimum funding requirement for one year. As a result of Proposition 98, funds that the State might otherwise make available to the City may be allocated instead to satisfy such minimum funding level. The City cannot predict the ultimate impact

of Proposition 98 upon the City's finances. However, the City expects Proposition 98 to have no effect on the repayment of the Notes.

Amendments to Article XIII B and Proposition 98

On June 5, 1990, California voters approved Proposition 111, which amended the California Constitution to modify the spending limitation imposed upon state and local governments and the education funding requirements of Proposition 98. Effective July 1, 1990, Proposition 111 (a) modifies certain cost-of-living and population factors used in calculating the state and local government appropriations limits under Article XIII B, (b) modifies the calculation and allocation of the guaranteed education funding requirements of Proposition 98, (c) changes the calculation period and allocation formula with respect to excess revenues under Article XIII B and (d) excludes certain emergency, transportation and qualified capital outlay expenditures from the calculation of appropriations limits under Article XIII B. The City cannot predict the ultimate impact of the passage of Proposition 111 upon the City's finances although the overall intent of Proposition 111 was to make Article XIII B more flexible and responsive to rapid growth in California. However, the City expects Proposition 111 to have no effect on the repayment of the Notes.

Proposition 62

The late Howard Jarvis, the coauthor of "Proposition 13," an initiative which became Article XIII A, was the proponent of a new initiative, Proposition 62, which was approved by the voters at the November 4, 1986 election and amends certain California statutory provisions to increase legislative approval and voter approval requirements required to increase taxes imposed by local governments and districts.

The initiative adds provisions to California statutes which require that: (1) any tax for general governmental purposes imposed by local governmental entities, such as the City, be approved by resolution or ordinance adopted by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the electorate of the governmental entity, (ii) any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction, (iii) the use

of revenues from a special tax be restricted to the purposes or for the services for which the special tax was imposed, (iv) the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A is prohibited, (v) the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities be prohibited, and (vi) any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988.

Recent California appellate court decisions have held certain voting requirements of Proposition 62 unconstitutional. The City cannot predict the outcome of any appellate review of these or any other similar decisions. Consequently, the effect, if any, the initiative will have on the City is unclear. However, the City believes that the initiative will have no effect on the repayment of the Notes.

CITY FINANCIAL INFORMATION

Assessed Valuation

San Diego County assesses property values and collects and distributes secured and unsecured property taxes to the cities, school districts and other special districts within the county area, including the City.

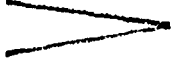
Property is assessed by the County Assessor at 100% of full value, which is a change from the prior practice of assessing property at 25% of full value.

California law exempts \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State. As of 1984/85, the business inventory exemption, which formerly was reimbursed 50%, then 100%, by the State, has been repealed. This subvention for counties has been replaced by increased motor vehicle license fees.

Effective July 1, 1988, Assembly Bill 454, Chapter 921, eliminated the reporting of the unitary valuations pertaining to public utilities such as San Diego Gas and Electric and Pacific Telephone, reducing reported assessed values in San Diego County in 1988-89 and 1989-90 by

approximately \$2.0 billion and \$ billion, respectively.
This reduction in assessed reported value does not
[significantly] effect revenues. In lieu of the property
tax on these previously included assessed valuations, the
City receives from the State (through the County) an amount
of unitary revenue based upon the unitary property tax
received in the prior year.

An estimate of the assessed valuation in the City
for the 1991 fiscal year and a five-year history of assessed
valuation in the City is provided below.



CITY OF SAN DIEGO ASSESSED VALUATION
(In Thousands of Dollars)(1)

<u>Fiscal Year</u>	<u>Secured Property</u> (2)	<u>Unsecured Property</u>	<u>Gross Total</u>	<u>Less Exemptions</u> (3)	<u>Net Assessed Valuations</u> (4)	<u>Annual Assessed Change</u>
1984-85	\$19,159,036	\$1,706,487	\$30,865,523	\$ 831,580	\$30,033,943	12.12%
1985-86	32,934,625	1,893,513	34,828,138	1,020,750	33,807,388	12.56
1986-87	37,330,349	2,012,161	39,342,510	1,028,573	38,313,937	13.33
1987-88	41,256,462	2,510,496	43,766,958	1,197,058	42,569,900	11.11
1988-89	43,175,133	2,923,626	46,098,759	1,257,738	44,841,021 (5)	5.34
1989-90	48,203,531	3,345,666	51,549,179	1,492,849	50,056,348	11.63

1990-91

(1) Excludes redevelopment increment. Property taxes on this incremental assessed valuation are allocated for redevelopment projects.

(2) Includes both locally-assessed and state-assessed utility property.

(3) Excludes homeowners' and business inventory exemptions.

(4) Net assessed valuation for tax rate purposes. Includes both locally-assessed and state-assessed utility property.

(5) As mentioned above, effective July 1, 1988, Assembly Bill 454, Chapter 9221, eliminated the reporting of the unitary valuation pertaining to public utilities, making these percentages not comparable in 1988-89. Without such change they would have been approximately 11%.

Source: City of San Diego Comprehensive Annual Financial Report for the year ended June 30, 1989.

Tax Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real property and personal property which is situated in the County as of the preceding March 1. Real property which changes ownership or is newly constructed is revalued at the time the change occurs or the construction is completed. The current year property tax rate is applied to the reassessed value, and the taxes are then adjusted by a proration factor that reflects the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing property the taxes on which there is a lien on real property sufficient, in the opinion of the City Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquent penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Tax Collector.

Property taxes on the unsecured roll are due as of the March 12 lien date and become delinquent, if unpaid, on August 31 of the fiscal year. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interest belonging to or assessed to the taxpayer.

The following table summarizes the City's secured tax collections over the past five years. During this period the percentage of current collections averaged 94.2%.

CITY OF SAN DIEGO
 SECURED TAX LEVIES AND COLLECTIONS
 Fiscal Years 1984/85 to 1988/89
 (In thousands)

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Current Year Collections</u>	<u>% of Current Year Collections</u>	<u>Total Tax Collections</u>	<u>Collection As % of Tax Levy</u>
1984-85	62,204	58,952	94.77	62,192	99.98
1985-86	70,088	66,447	94.81	69,421	99.05
1986-87	79,236	74,838	94.45	78,110	98.59
1987-88	92,545	87,032	94.04	91,268	98.62
<u>1988-89</u>					
<u>1989-90</u>					

Source: City of San Diego Comprehensive Annual Financial Report for the year ended June 30, 1989.

Largest Taxpayers

Ten of the largest taxpayers in the City, as shown on the 1989/90 secured tax roll, and the amounts of their property tax payments for all taxing jurisdictions within the County of San Diego are shown below. These taxpayers paid a total of \$_____ taxes or about ____% of the City's \$_____ secured roll tax levy, including levies for bond debt service.

CITY OF SAN DIEGO

PRINCIPAL TAXPAYERS IN CITY OF SAN DIEGO
 (IN THOUSANDS)
 June 30, 1989

<u>Taxpayers</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>
General Dynamics	Aerospace	\$ 358,380
Pacific Landmark Hotel	Hotel	157,827
Knights Bridge Associates	Real Estate Developers	136,008
Tisheman-Speyer PCA Partners	Investments	125,176
Fashion Valley Venture	Shopping Center	118,825
Equitable Life Assurance Society	Investment	118,077
Sea World, Inc.	Entertainment	103,723

National Steel and Ship Building Company	Ship Building	95,627
HSD/Horton Associates	Shopping Center	95,369
Burroughs Delaware Inc.	Computers	86,472
TRW Inc.	Credit Reporting Agency	83,876

Source: County of San Diego Assessor's Office.

Accounting Practices; Summary Financial Statements

The City's accounting policies conform to generally accepted accounting principles for the audited statements. The City's Governmental Fund types and Fiduciary Fund types use the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred except for unmatured interest on general long-term debt which is recognized when due. The following exceptions apply: (1) certain fines and forfeitures are recorded when received as they are not susceptible to accrual; and (2) vacation and sick leave benefits are recorded as paid. Proprietary Fund types use the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred. [Deloitte to confirm]

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for governmental entities by an independent certified public accountant. The annual audit report is generally available about _____ months after the June 30 close of each fiscal year. The City's most recent financial statements for the fiscal year ended June 30, 1989 were audited by Deloitte, Haskins & Sells.

The following summary financial statements were taken from the Comprehensive Annual Financial Report. A copy of the audited comprehensive annual financial statements of the City of San Diego for the year ended June 30, 1989 is attached to this Official Statement as Appendix A. The City's complete comprehensive annual financial report is available upon request.

CITY OF SAN DIEGO
PROPERTY TAX-SUPPORTED FUNDS
COMBINED BALANCE SHEET
(in thousands)

	General Obligation Bond				
	General Fund		Debt Service Fund		Total
	1989	1988	1989	1988	
ASSETS					
Cash in Treasury or in Pooled Cash Equivalents	\$60,127	\$45,354	\$413	\$ 355	\$45,709
Cash with Fiscal Agent			341	837	837
Accounts Receivable - Net	1,886	1,100		1,886	1,100
Claims Receivable - Net	432	393		432	393
Accrued Interest	1,063	1,611		1,063	1,611
Receivables From Other Agencies	70	70		70	70
Taxes Receivable - Net	7,900	9,506	210	215	8,110
Loan to Redevelopment Agency - Receivable	223	239		223	239
Advances to Other Funds	24,051	24,917		24,051	24,917
Advances to Other Funds Prepaid Reimbursable		350			350
Items and Deposits	<u>231</u>	<u>272</u>		<u>231</u>	<u>272</u>
Total Assets	<u>\$95,983</u>	<u>\$83,812</u>	<u>\$964</u>	<u>\$1,407</u>	<u>\$85,219</u>
LIABILITIES					
Obligations Under Reverse Repurchase Agreements	\$23,914	\$15,633	\$151	\$ 158	\$15,791
Accrued Payroll	8,130	9,530		8,130	9,530
Accounts Payable	1,748	2,713		1,748	2,713

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(Cont. From Previous Page)

	General Obligation Bond			
	General Fund		Debt Service Fund	
	1989	1988	1989	1988
Deferred Revenue	10,522	9,003	210	215
Matured Bonds and Interest Payable			341	837
Total Liabilities	<u>\$44,314</u>	<u>\$36,879</u>	<u>\$702</u>	<u>\$1,210</u>
			<u>\$45,016</u>	<u>\$38,089</u>
FUND BALANCE				
Reserves:				
For Encumbrances	\$9,328	\$9,692		\$9,692
For Other Advances and Deposits	24,131	25,346	262	25,346
For Debt Service				197
Unreserved:				
Designated for Subsequent Years of Expenditure	\$ 3,217	\$ 2,921		\$ 2,921
Undesignated	<u>14,993</u>	<u>8,974</u>		<u>8,974</u>
Total Fund Equity	<u>\$51,669</u>	<u>\$46,933</u>	<u>\$262</u>	<u>\$197</u>
			<u>\$51,931</u>	<u>\$47,130</u>
Total Liabilities and Fund Balance	\$95,983	\$83,812	\$964	\$1,407
			\$96,947	\$85,219

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CITY OF SAN DIEGO
PROPERTY TAX-SUPPORTED FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
FOR THE FISCAL YEARS 1988-89 AND 1989-90
(In Thousands)

	Fiscal Year <u>1988-89</u>	Fiscal Year <u>1989-90</u>
BEGINNING UNRESERVED FUND		
BALANCE REVENUES:	\$ 18,210	\$ 19,890
Property Taxes and Special Assessments -		
Current Year G.O. \$ 2,300,000		
Gen. 82,995,000		
Secured	\$ 85,295	\$ 81,275
Other Property Taxes and Penalties	24,624	16,956
Other Local Taxes	124,936	111,521
Licenses and Permits	7,384	7,273
Fines, Forfeitures and Penalties	12,167	11,905
Revenue from Use of Money and Property	26,953	26,693
Revenues From Other Agencies	40,750	36,461
Charges for Current Services	35,000	35,568
Other Revenue	1,759	1,337
Total Revenues	\$358,868	\$328,989
Transfers from Other Funds	7,548	10,674
Total Revenues and Transfers	<u>\$366,416</u>	<u>\$339,663</u>
EXPENDITURES:		
General Government	\$ 59,108	\$ 49,876
Public Safety	183,834	171,635
Libraries	12,250	11,231
Park, Recreation and Culture	35,605	31,471
General Services	48,582	46,611
Engineering and Development	13,096	11,851
Debt Service	2,772	2,820
Miscellaneous and Unallocated	9,372	6,463
Total Expenditures	\$364,619	\$331,970
Transfers to Other Funds	6,598	6,742
Total Expenditures and Transfers	<u>\$371,217</u>	<u>\$338,712</u>
Increase (Decrease) in Prior Year's Reserves	<u>(1,514)</u>	<u>(2,631)</u>
ENDING UNRESERVED FUND BALANCE	<u>\$ 11,895</u>	<u>\$ 18,210</u>

* Includes collections for homeowners and business inventory exemptions and prior year's property tax collections.

Budgeting Procedures; Budgets

The City's annual budget is one of the basic instruments of municipal administration and a requirement of the City Charter. The Charter designates the City Manager as the Chief Budget Officer of the City, assigning that person responsibility for planning the activities to the finances available, submitting an annual budget to the City Council, and administering the budget after its adoption.

The City's fiscal year is from July 1, through June 30. The budgetary process for the succeeding year starts in mid-July, soon after the start of a new fiscal year. By early September, the Financial Management Department forward budget work papers to departments together with any special budget instructions. From October through December, departments submit their budget request for review by the City Manager and staff for inclusion in the proposed budget.

The City Manager submits the proposed budget to the City Council and files a copy with the City Clerk no later than the date of the first Council meeting in May. From the date the budget is submitted through July, the Council meets to review the details of the proposed budget and to make tentative decisions regarding desired adjustments. During the last part of May the Council adopts a salary rate ordinance for the next fiscal year.

The City Council must adopt the budget and appropriation ordinance during July. At least two public hearings on the budget and the proposed appropriation ordinance are held. The City Council may make final amendments to the appropriation ordinance and must adopt the annual tax rate ordinance no later than the last Council meeting in August. The Final budget is printed and distributed in September.

The following table shows the City's final (adopted) budget for fiscal year 1989-90 for property tax-supported funds of the City and the proposed budget for fiscal year 1990-91.

CITY OF SAN DIEGO
COMBINED PROPERTY TAX-SUPPORTED FUNDS BUDGET

	Fiscal Year <u>1989/90</u>	Fiscal Year 1990/91 <u>(Proposed)</u>
REQUIREMENTS:		
Specific Appropriations:		
General Government	\$107,532,478	\$127,556,728
Public Safety	200,052,777	218,728,783
Libraries	12,592,613	13,936,186
Park and Recreation	40,044,628	44,485,236
General Services	28,279,553	32,211,486
Engineering and Development	15,801,196	20,258,967
Bond Interest and Redemption	<u>3,520,720</u>	<u>3,214,040</u>
Total Specific Appropriations	407,553,965	460,391,626
UNALLOCATED RESERVE	1,000,000	1,000,000
Total General Government Funds Requirements	<u>\$408,553,965</u>	<u>\$461,391,626</u>
ESTIMATED REVENUES:		
Other Local Taxes	\$112,797,618	\$122,564,625
Licenses and Permits	5,477,900	13,347,200
Fines, Forfeitures and Penalties	13,640,855	15,048,700
Interest and Rents	54,960,900	54,760,183
Revenues From other Agencies	41,993,500	49,784,557
Charges for Current Services	16,692,920	19,269,599
Other Revenue	849,071	1,072,664
Transfers From Other Funds	<u>31,994,605</u>	<u>38,784,013</u>
Total Estimated Revenues	\$278,407,369	\$314,631,541
FUND BALANCE AVAILABLE	<u>9,611,698</u>	<u>14,290,545</u>
Total Non-Property Tax Financing	288,019,067	328,922,086
PROPERTY TAX REVENUE*	<u>120,534,898</u>	<u>132,469,540</u>
Total General, and Bond Interest and Redemption Funds Financing	<u>\$408,553,965</u>	<u>\$461,391,626</u>

* Includes homeowner's and business inventory exemptions and prior years' delinquent property taxes.

Cash Flows

City General Fund expenditures tend to occur in relatively level amounts throughout the fiscal year. Conversely, receipts have followed an uneven pattern primarily as a result of secured property tax installment payment dates in December and April and as a result of reimbursements from other government agencies, the two largest sources of City revenues. As a result, the General Fund cash balance has been negative during parts of each fiscal year and the negative balances were covered by intrafund borrowing as described above.

The City has prepared the following Cash Flow Statements-General and Related Funds showing actual 1989/90 amounts through the June 15, 1990, and projected amounts for each month in 1990/91.

The projected 1990/91 cash flow statement shows that, without the issuance of the Notes or the Additional Notes, the County will experience an estimated maximum cash flow deficit of 50,449 on November 15, 1990. Such a cash flow deficit amounts to approximately ___% of the principal amounts of the Notes.

CITY OF SAN DIEGO
Fiscal Year 1989-90 (Projected)
CASH FLOW SUMMARY (in Thousands)

Month	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Totals
Balance	32,747	39,716	28,805	15,655	9,535	4,073	27,307	38,508	34,571	27,989	29,546	40,391	XXXXXX
RECEIPTS:													
Prop. Tax	2,842	359	4,475	2,977	1,762	44,611	12,096	3,003	3,262	34,026	11,138	3,477	124,028
Franchise	0	4,739	38	2	4,858	92	2	755	3,594	4	4,755	2	18,841
Sales Tax	0	926	9,723	9,327	9,490	12,142	7,411	9,881	14,215	7,052	9,402	6,719	96,288
Motor Veh	3,803	2,943	3,211	3,091	3,374	2,317	3,186	2,688	3,419	3,350	2,962	4,313	38,657
Interest	300	2,401	1,753	1,355	625	2,009	1,644	699	1,259	922	1,303	1,603	15,873
Other Rev.	2,718	9,939	6,622	5,960	2,696	11,210	14,630	7,859	8,563	8,752	8,395	23,470	110,814
TA Note	40,000												40,000
TOTAL REC.:	49,663	21,307	25,822	22,712	22,805	72,381	38,969	24,885	34,312	54,106	37,955	39,584	444,501
DISBURSEMENTS:													
Sal. & Ben.	35,036	22,703	30,602	20,165	20,299	21,434	20,609	21,115	31,964	20,099	20,434	20,943	285,403
Svcs./Supp.	7,400	9,222	7,927	8,363	7,000	5,869	5,913	7,266	7,247	8,854	4,912	18,207	98,180
Cap. Outlay	180	293	355	304	623	573	628	441	400	2,326	1,445	2,075	9,643
Bond Payments	78	0	88	0	345	1	618	0	33	0	319	0	2,732
Note Princ.						20,000				20,000			40,000
Note Int.						1,270				1,270			2,540
TOTAL DISB.:	42,694	32,218	38,972	28,832	28,267	49,147	27,768	28,822	40,894	52,549	27,110	41,225	438,498
Balance	39,716	28,805	15,655	9,535	4,073	27,307	38,508	34,571	27,989	29,546	40,391	38,750	

R 276075

REPAY FUND:									
Balance	21,270	21,270	21,270	21,270	21,270	21,270	21,270	42,540	42,540
Receipts									
Disbursements	21,270	21,270	21,270	21,270	21,270	21,270	21,270	42,540	42,540
Balance	21,270	21,270	21,270	21,270	21,270	21,270	42,540	42,540	0

R-276075

CITY OF SAN DIEGO
Fiscal Year 1990-91 (Projected)
CASH FLOW SUMMARY (in Thousands)

Month	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Totals
Balance	38,750	46,336	23,140	17,611	12,114	5,133	24,789	37,007	39,712	21,600	18,780	33,564	XXXXXX
RECEIPTS:													
Prop. Tax	3,154	398	4,966	3,303	1,955	49,500	13,422	3,332	3,619	37,755	12,359	3,857	137,620
Franchise	0	4,918	39	2	5,042	96	2	4,507	7	5	4,934	2	19,554
Sales Tax	0	0	9,237	8,093	10,791	9,846	7,967	10,623	11,289	7,372	9,829	11,586	96,633
Motor Veh	3,935	3,046	3,322	3,199	3,491	2,397	3,296	2,782	3,538	3,466	3,065	4,463	40,000
Interest	302	2,423	1,769	1,368	630	2,027	1,659	705	1,270	930	1,314	1,618	16,015
Other Rev.	3,783	10,928	8,508	10,417	2,417	14,626	17,522	12,649	7,630	10,212	13,552	30,413	142,657
TA Note	50,000												50,000
TOTAL REC.:	61,174	21,713	27,841	26,382	24,326	78,492	43,868	34,598	27,353	59,740	45,053	51,939	502,479
DISBURSEMENTS:													
Sal. & Ben.	39,579	35,626	24,592	22,780	22,932	24,214	23,281	23,854	36,109	22,706	23,084	23,658	322,415
Svcs./Supp.	13,727	8,928	8,277	8,730	7,307	7,453	6,874	7,585	7,566	10,569	5,129	19,012	111,157
Cap. Outlay	218	355	430	369	755	694	761	534	485	2,818	1,750	2,514	11,683
Bond Payments	64	0	71	0	313	0	654	0	1,297	0	306	0	2,705
Note Princ.						25,000				25,000			50,000
Note Int.						1,475				1,475			2,950
TOTAL DISB.:	53,588	44,909	33,370	31,879	31,307	58,836	31,570	31,973	45,457	62,568	30,269	45,184	500,910
Balance	46,336	23,140	17,611	12,114	5,133	24,789	37,067	39,712	21,608	18,780	33,564	40,319	

R 276075

General Obligation Debt [Long Term Obligation]

The City has never defaulted on the payment of principal of or interest on any of its indebtedness. As of June 30, 1990, the City had \$6,530,000 direct obligation bonded indebtedness outstanding.

Lease Obligations

[to come]

Direct and Overlapping Bonded Debt

The City contains numerous school districts, and special purpose districts such as for water and sanitation, many of which have issued general obligation bonded indebtedness. A statement of overlapping debt is presented below. Some of the issues may be payable from self-supporting enterprises or revenue sources other than property taxation. Revenue bonds, tax allocation bonds, and special assessment bonds are not included in the tabulation; lease revenue obligations payable from the City General Fund or equivalent sources are included.

CITY OF SAN DIEGO

1989-90 Assessed Valuation:

DIRECT AND OVERLAPPING BONDED DEBT

% APPLICABLE

DEBT 90

[update will come; see page 27 of City material]

TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT

Less:

TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT

RATIOS TO ASSESSED VALUATION:

Direct Debt

Total Gross Debt

Total Net Debt

Source: California Municipal Statistics, Inc.

Employees

A summary of City employment levels follows.

City of San Diego

Permanent Employees
1985 through 1990

<u>As of December 31</u>	<u>Permanent Employees</u>
1985	
1986	
1987	
1988	
1989	
1990	

(1) Excludes temporary, limited-term, intermittent, and seasonal employees, which on _____, 1990, totaled _____.

(2) As of _____, 1990
[description of bargaining agreements and labor relations -
to come]

Retirement and Deferred Compensation Plans

[description of plans and funding requirements to come]

Insurance

The City is self-insured for general liability claims and for workers' compensation, long-term disability and employee group health coverage. Self-insurance is accounted for in the Self Insurance Fund, one of the Internal Service Funds. For workers' compensation, disability and health coverage, each participating fund contributes an amount equal to an actuarially determined rate multiplied by the gross salaries payable from that fund. For general liability claims [statement of basis for appropriating reserves]. At June 30, 1989, the Self Insurance Fund had a negative balance of approximately \$11,109,000 representing unfunded estimated claims settlement.

The City maintains commercial property insurance on selected capital assets such as [list]. The decision whether to maintain insurance on a particular asset and the amount of any such insurance is based on various factors including the City's assessment of the risks of loss.

THE CITY

Municipal Government

The City of San Diego ("the City") is a chartered city and operates under the Council-Manager form of government. The City Council is comprised of eight members elected by district to serve overlapping four year terms. The City Council, which acts as the City's legislative and policy-making body, selects the City Manager, who is the City's chief administrator and is responsible for implementing the policies and programs adopted by the City Council. The Mayor, who presides over the City Council, is elected at large to serve a four-year term.

Population

The City of San Diego is the sixth largest city in the United States and the second largest city in California. Population data for both the City and the County of San Diego are presented below.

CITY AND COUNTY OF SAN DIEGO POPULATION

<u>Calendar Year</u>	<u>City of San Diego</u>	<u>Annual Avg. Change</u>	<u>County of San Diego</u>	<u>Annual Avg. Change</u>
1940	202,341	--	289,348	--
1950	334,387	6.4%	556,808	9.2%
1960	573,244	7.1	1,033,011	8.6
1970	697,027	2.2%	1,357,854	3.1
1980	875,504	2.6	1,861,846	3.7
1985	971,600	2.2	2,102,502	2.6
1986	1,009,500	3.9	2,166,169	3.0
1987	1,022,400	1.3	2,240,700	3.4
1988	1,050,400	2.7	2,327,700	3.9
1989	1,086,600	3.5	2,417,600	3.9

Source: U. S. Census 1940-1980; State Department of Finance Estimates for 1985-1988.

Personal Income [to come]

Industry and Local Economy

The City's economic expansion over the last 20 years has broadened to the point where the City's economy is diversified and well balanced. As shown in the following table the City's nonagricultural employment by industry is:

NONAGRICULTURAL EMPLOYMENT BY INDUSTRY
SAN DIEGO COUNTY - 1988

TOTAL NON AGRICULTURAL 100% (912,700)

[GRAPH/TO COME]

Another way to show the diversity of the economy is in the broad variety of the large employers (excluding the City, County, Federal and most State government agencies).

CITY OF SAN DIEGO
MAJOR EMPLOYERS 1988-89

<u>Company</u>	<u>Product/Service</u>
<u>10,000 or More Employees:</u>	
General Dynamics	Aerospace
University of California, San Diego	Higher Education
<u>5,000-10,000 Employees:</u>	
Pacific Bell	Utility
Rohr Industries, Inc.	Aerospace
San Diego Community College District	Higher Education
<u>3,000-5,000 Employees</u>	
Cubic Corporation	Electronics
Home Federal Savings & Loan	Financial Services
Kaiser Medical Foundation	Medical Services
National Steel & Ship Building	Ship Building
San Diego Gas & Electric	Utility
San Diego State University	Higher Education
Scripps Clinic & Research Foundation	Health Services
Solar Turbines, Inc.	Aerospace
<u>2,000-3,000 Employees:</u>	
Alpha Beta Co.	Supermarket
Atlas Hotels, Inc.	Hotel
Bank of America NT & SA	Banking
California First Bank	Banking
Foodmaker, Inc.	Food Services
Great American First Savings	Banking
Grossmont Hospital	Hospital
Imperial Corp of America/Imperial Savings	Banking
Price Co.	Wholesale
Science Applications International Corp.	Science
Scripps Memorial Hospital	Hospital
Security Pacific Financial Services	Financing
Southern California Edison Co.	Utility
USAIR	Airline
UCSD Medical Center	Medical

Source: City of San Diego Chamber of Commerce

High-tech industries have become an important sector of the area's economy. The City has an environment suited to high-tech companies. The area's high quality of life is an important consideration to high-tech companies locating in the area.

Numerous centers of higher education are located in the area. The University of California at San Diego ("UCSD") maintains the Center for Molecular Genetics, Center for Magnetics Research and a new Supercomputer facility. The Salk Institute for Biological Studies and the Scripps Clinic and Research Foundation, located in the City, are leading biomedical research institutes. San Diego State University conducts research in the areas of computer-aided design and engineering.

The City's leading high-tech industries include aerospace, computer, biomedical, electronic and other manufacturers, plus a number of service firms primarily engaged in the research and development of computers and other scientific endeavors. In 1987, there were 1,007 such high-tech firms through the City. High-tech manufacturing companies numbered 563 or 56 percent of the total, while 444 high-tech service firms comprised the other 44 percent.

HIGH-TECH EMPLOYMENT SAN DIEGO COUNTY

<u>INDUSTRY</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	Projected <u>1990</u>
Chemicals, petroleum refining	1,715	1,678	1,847			1960
Office computing & accounting machines	7,598	7,620	6,154			7830
Electrical Equipment	1,733	1,303	1,251			1610
Radio & TV receiving equipment						
Miscellaneous electrical machinery	2,087	2,766	2,622			3370
Communication equipment	11,486	10,993	11,381			14,630
Electronic component & accessories	11,808	11,761	11,669			15,000
Aircraft & Parts, guided missiles & research instruments	23,236	23,619	29,329			24,780
Engineering, laboratory scientific & research instruments	1,044	1,202	1,433			1,800
Measuring & controlling instruments	4,375	4,785	4,752			5,960
Surgical, medical & dental instruments	4,206	3,939	3,418			4,290
Computer & data processing services	7,031	7,226	7,160			6,630
Research & development laboratories	4,016	4,599	6,495			6,020
Other high tech & photographic equipment & supplies	<u>4,472</u>	<u>4,379</u>	<u>3,362</u>			<u>4,270</u>
TOTAL	<u>84,789</u>	<u>85,810</u>	<u>89,873</u>			<u>98,150</u>

Source: California Employment Development Department, San Diego Association of Government, Economic Research Bureau of the Greater San Diego Chamber of Commerce.

Employment

The City lies within the San Diego labor market area and dominates the City's economic activities. Since the 1960's the City has broadened its economic base to include tourism and high technology as major contributions to area employment. During this period, the largest employment increases have been in such service sectors as retail trade and finance.

The County's unemployment rate averaged 3.9% in 1989. This rate compared favorably to California's average of 4.9% and the nation's average of 5.3% for the same period.

The following table shows a breakdown of wage and salaries employment for the various industry groups in San Diego County.

SAN DIEGO METROPOLITAN AREA
WAGE AND SALARY EMPLOYMENT⁽¹⁾
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
1985 - 1989

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Total All Industries ⁽²⁾	\$795,800	\$831,200	\$875,300	\$928,500	\$973,900
Agricultural, Forestry & Fisheries	11,900	11,600	12,400	11,900	11,100
Nonagricultural Industries	783,900	819,600	862,900	916,600	92,800
Mining	800	800	800	800	800
Construction	47,500	50,900	55,900	57,400	63,300
Manufacturing	121,600	121,800	122,400	130,100	135,000
Nondurable Goods	21,000	21,700	23,000	25,700	26,500
Durable Goods	100,600	100,100	99,400	104,500	108,500
Transportation, Public Utilities	31,600	32,300	33,600	35,100	35,500
Trade	186,900	196,100	206,200	223,000	238,200
Wholesale	33,600	35,200	38,000	41,900	43,800
Retail	153,300	160,900	168,200	181,900	191,500
Finance, Insurance, Real Estate	52,000	56,600	60,600	65,900	66,700
Services	197,900	211,100	227,600	242,500	257,500
Government	145,700	149,900	155,800	<u>162,800</u>	168,900
Federal	43,800	44,000	44,500	45,300	46,900
State and Local	101,900	105,900	111,300	117,600	122,000
Civilian Labor Force ⁽³⁾	958,200	1,010,900	1,058,800	1,118,400	1,173,400
Employment	907,400	960,500	1,011,800	1,070,400	1,127,200
Unemployment	50,800	50,400	47,800	48,000	46,200
Unemployment Rate ⁽⁴⁾	5.3%	5.0%	4.5%	4.3%	3.9%

(1) Employment reported by place of work. Does not include proprietors, self-employed persons involved in labor-management trade disputes.

(2) Figures may not add up to the Industry Total due to independent rounding.

(3) Labor force data are in place of residence. Employment includes persons involved in labor management trade disputes.

(4) The unemployment rate is computed from unrounded data; it may differ from rates using the rounded figures in this table.

(Source: State of California Employment Development Department)

Commercial Activity

The San Diego City area has 28 regional and community shopping centers, as well as a number of specialty shopping developments. Fashion Valley and Mission Valley, both centrally located in the City's Mission Valley corridor along the Interstate 8 Freeway, are major regional centers which together house more than 320 stores, including major national retailers. Fashion Valley's expansion in the early 1980's added 45 new shops, including Neiman-Marcus and Nordstrom.

Additional specialty shopping developments include Seaport Village on the waterfront, providing a major focus for tourists. A major expansion of Seaport Village is being constructed by the City and Redevelopment Agency. Bazaar del Mundo, located at the site of the original San Diego settlement, houses a variety of international shops and restaurants. The City's historic Gaslamp Quarter is being restored and upgraded to include new boutiques, galleries and antique shops.

Horton Plaza is a major commercial metropolitan center developed by Ernest Hahn Company, in association with the City's redevelopment Agency. Horton Plaza provides approximately 904,000 square feet of space on five levels, covering 6.5 downtown city blocks. Horton Plaza includes four major department stores (Robinson's, The Broadway, Mervyn's, and Nordstrom), more than 100 specialty shops, a major movie theatre complex, a live theatre, and a variety of restaurants.

The following table presents retail and total taxable transactions for the City from 1984 through 198[9]. In 198[9], retail sales increased from the previous year's totals by approximately 5.5%. Total taxable sales increased by approximately 6.7% during the same interval.

V

CITY OF SAN DIEGO TAXABLE TRANSACTIONS
1984 through 1988
(Dollars in Thousands)

Outlets	[1984]	1985	1986	1987	1988	1989
Apparel Stores	\$215,672	\$ 241,671	\$ 248,477	\$ 279,481	\$ 324,339	
General Merchandise	731,945	809,774	821,830	900,882	928,186	
Drug Stores	95,025	101,829	110,507	120,242	130,015	
Food Stores	382,230	416,622	438,696	414,341	447,067	
Package Liquor	58,064	60,543	60,425	72,620	71,207	
Eating & Drinking Establishments	679,601	757,815	794,338	877,562	954,130	
Home Furnishings & Appliances	252,038	265,866	285,117	313,797	330,174	
Building Materials & Farm Implements	235,842	265,198	325,470	339,198	369,261	
Auto Dealers & Supplies	740,650	866,031	961,501	967,753	968,231	
Service Stations	440,877	456,341	401,944	483,404	474,205	
Other Retail Stores	<u>697,171</u>	<u>782,451</u>	<u>833,897</u>	<u>966,830</u>	<u>1,055,836</u>	
Total Retail Outlets	4,529,115	5,024,141	5,282,202	5,736,110	6,052,651	
All Other Outlets	<u>1,938,425</u>	<u>2,154,484</u>	<u>2,312,317</u>	<u>2,464,738</u>	<u>2,695,823</u>	
Total All Outlets	<u>\$6,467,540</u>	<u>\$7,178,625</u>	<u>\$7,603,519</u>	<u>\$8,200,848</u>	<u>8,748,474</u>	

Source: California State Board of Equalization.

Construction Activity

The following table presents the valuation of building permits issued in the City from 1985 through 1989. Total construction valuation for 1989 exceeded \$___ billion, despite an interim development ordinance which was in effect in the City during a portion of 1988. The interim development ordinance was lifted, and a monitoring system established, to insure that the necessary public facilities will be in place to service new development when completed prior to approval of new permits.

BUILDING PERMIT VALUATIONS
1985 THROUGH 1988
(Dollars in Thousand)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Valuation					
Residential	\$1,069,611	\$1,472,101	\$ 967,090	\$1,083,425	67,800
Nonresidential	629,714	632,830	1,401,280	516,814	864,130
total	<u>1,699,325</u>	<u>2,104,931</u>	<u>2,368,370</u>	<u>1,600,239</u>	<u>1,542,180</u>
New Dwelling Units:					
Single Family	4,686	5,546	4,683	3,580	2,659
Multiple Family	<u>10,618</u>	<u>13,634</u>	<u>7,758</u>	<u>8,208</u>	<u>3,575</u>
total	<u>15,304</u>	<u>19,180</u>	<u>12,441</u>	<u>11,788</u>	<u>6,234</u>

Source: City of San Diego Department of Building Inspection

Tourism

According to the San Diego Convention and Visitor's Bureau ("CONVIS"), total visitor spending for 1989 was an estimated \$3.1 billion, a 38.8% increase of 1985 levels. The City's tourist attractions include the San Diego Zoo, Balboa Park and Sea World. The City was host to the 1988 Superbowl and was host to the Soviet arts festival in October, 1989.

The Convention and Visitor's Bureau provides international publicity for San Diego. Over the past decade the number of conventions held in San Diego increased substantially, owing partly to expanded and improved conventional hotel facilities as well as San Diego's climate and many tourist attractions. The San Diego Convention Center opened in late 1989. CONVIS reports that business bookings for the Center's first year of operation surpass those reported by any other convention center for its first year of operation. The following table illustrates the pattern in the convention and visitors industry for the City.

CITY OF SAN DIEGO CONVENTION INDUSTRY

1985 THROUGH 1988

(Dollar Amounts in Thousands)

Calendar Year	Estimated Spending	Number of Conventions	Total Delegate Attendance
1985	<u>285,956</u>	1,506	<u>546,972</u>
1986	278,252	1,428	522,049
1987	<u>292,173</u>	1,681	<u>570,914</u>
1988	<u>342,124</u>	1,755	671,718
1989	<u>365,728</u>	1,769	672,897

Source: San Diego Convention and Visitor's Bureau

From relatively minor beginnings, San Diego's cruise ship industry increased dramatically following the organization of a Cruise Industry Consortium in 1983 and renovation of the "B" Street Pier. Thirteen cruise lines parting in San Diego during 1987 reported 362 vessel calls while carrying 104,623 passengers.

SAN DIEGO'S CRUISE SHIP INDUSTRY

Year	Number of Passengers	Total Vessel Calls	Number of Vessels	Number of Cruise Lines
1980	1,248	2	1	1
1981	1,582	6	2	2
1982	1,060	5	2	2
1983	28,436	54	4	4
1984	75,763	350	7	5
1985	104,462	276	10	8
1986	53,895	186	12	10
1987	66,577	400	18	13
1988	123,247	530	17	12
1989	104,623	362	15	13

Source: San Diego Cruise Ship Consortium

Healthcare Facilities and Education

The City has 20 acute care hospitals with a total of 5,322 beds. These include the Veterans Administration (801 beds) and the Naval Regional Medical Center (689 beds).

There are 153 public schools in the San Diego Unified School District, including 107 elementary schools and 46 junior high, senior high, vocational or special schools, with a total enrollment of approximately 118,000 students and a teaching staff of approximately 4,317. The eleven public and our private colleges and universities in the City have an enrollment of 5,000. The University of California at San Diego and San Diego State University are the major universities. The City maintain 32 public libraries, complemented by 32 cultural associations.

Research Facilities

Among the more important local research facilities are the Scripps Clinic and Research Foundation, the Naval Electronics Laboratory Center, the Palomar Observatory and the Salk Biological Institute headed by Dr. Jonas Salk.

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization, issuance and sale of the Notes are subject to the unqualified approval of Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, whose final approving opinion in substantially the form attached hereto as Appendix B will be delivered with the Notes. Certain legal matters will be passed upon for the City by the City Attorney and for the Underwriter by White & Case, Los Angeles, California.

TAX EXEMPTION

In the opinion of Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest paid with respect to the Notes is not includable in gross income for purposes of income taxation by the United States of America and is exempt from personal income taxation imposed by the State of California.

The Internal Revenue Code of 1986, as amended (the "Code") imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations, such as the Notes. The City has covenanted to comply with certain guidelines designed to assure that interest on the Notes will not become includable in gross income. Failure to comply with these covenants may result in interest on the Notes being included in gross income, possibly from the date of issuance of the Notes. The opinion of Bond Counsel assumes compliance with the covenants.

Bond Counsel is further of the opinion that interest on the Notes is not a specific preference item for purpose of the Code's alternative minimum tax provisions. However, interest on the Notes received by corporations will be included in corporate adjusted net book income and adjusted current earnings, a portion of which may increase the alternative minimum taxable income of such corporations.

Although Bond Counsel has rendered an opinion that interest on the Notes is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Notes may otherwise affect the federal income tax liability of the recipient. The extent of these

other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences.

LEGALITY FOR INVESTMENT IN CALIFORNIA

Under provisions of the Financial Code of the State, the Notes are legal investments for commercial banks in the State to the extent that the Notes, in the informed opinion of the bank, are prudent for the investment of funds of its depositors and under provisions of the Government Code of the State are eligible to secure deposits of public moneys in the State.

RATINGS

The City has applied for ratings on the Notes from Moody's Investors Service, Inc. and Standard and Poor's Corporation. Such ratings if and when received reflect only the views of such rating agencies. An explanation of the significance of such ratings may be obtained from the rating agencies at Moody's Investors Service, Inc. 99 Church Street, New York, New York 10007, (212) 553-0300, and Standard & Poor's Corporation, 25 Broadway, New York, New York 10004, (212) 208-1767. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such organizations if, in the judgment of said organizations, circumstances so warrant. Any such downward revisions or withdrawals of such ratings may have an adverse effect on the market price of the Notes.

LITIGATION

The City is currently involved in litigation brought by the federal government in the case of the United States of America and State of California v. City of San Diego, Civil Action No. 88-1101-B (IEG) in the U.S. District Court, Southern California. The litigation involves allegations of violations of the Clean Water Act. There are a number of defenses available to the City and the case is being actively defended. In the opinion of the City Attorney, any damages or penalties are a charge against the sewer revenue funds under the City Charter, and not against the general fund. The City is currently reviewing various

options regarding sewer treatment, the costs of which may extend into the several billions of dollars in the long term, which will be borne under the sewer revenue fund.

On May 8, 1989, the court granted a motion for bifurcation separating the case into two (2) phases consisting of: 1) remedy and 2) penalty. The remedy phase will involve what secondary plant(s) as well as necessary infrastructure upgrades are to be built and the appropriate schedule by which they are to be accomplished. The penalty phase will involve the extent of liability as well as what damages, if any, are appropriate. The City brought the bifurcation motion to focus the energies of both parties on a remedial order involving the appropriate construction schedule while deferring the issue of what penalty, if any, should be imposed for past noncompliance and alleged sewer spills.

The court made clear it was approving bifurcation at the request of the City, with an express acknowledgement that the Clean Water Act exists, that the Act contains secondary treatment standards, that the City currently does not meet those standards and that no exemptions to the Act are currently claimed. The ruling of the court permits the resources of the City to be focused on fashioning an appropriate solution under the Clean Water Act. Trial is scheduled for November 6, 1990.

To the knowledge of the City, no litigation is pending or threatened concerning the validity of the Notes, and a certificate of the City Attorney to that effect will be furnished to the purchaser at the time of the original delivery of the Notes. The City is not aware of any litigation pending or threatened questioning the political existence of the City or contesting the City's ability to levy and collect ad valorem taxes or to collect or receive other Pledged Revenues or contesting the City's ability to issue and retire the Notes.

There are a number of law suits and claims pending against the City. The aggregate amount of the uninsured liability of the City and the timing of any anticipated payment of judgments which may result from suits and claims will not, in the opinion of the City Attorney, materially affect the City's finances or impair its ability to repay the Notes.

UNDERWRITING

The Notes are being purchased for reoffering by BT Securities Corporation (the "Underwriter"). The Note Purchase Agreement provides that the Underwriter will purchase all of the Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Note Purchase Agreement.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Notes. Quotations from and summaries and explanations of the Notes, Resolution and of statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

All data contained herein have been taken or constructed from City records and other sources. Appropriate City officials, acting in their official capacity, have reviewed this Official Statement and have determined that as of the date hereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading. An appropriate City official will execute a certificate to this effect upon delivery of the Notes. This Official Statement and its distribution have been duly authorized and approved by the Sacramento City Council of the City of San Diego.

By _____

By _____

#1201

JUL 23 1990

Passed and adopted by the Council of The City of San Diego on....., by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Abbe Wolfsheimer	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ron Roberts	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Hartley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Wes Pratt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Linda Bernhardt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Bruce Henderson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Judy McCarty	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Filner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Maureen O'Connor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

MAUREEN O'CONNOR

Mayor of The City of San Diego, California.

(Seal)

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California.

By *Ellen Board*, Deputy.

Office of the City Clerk, San Diego, California

Resolution Number *R-276075*

Adopted JUL 23 1990

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