

Exhibit 1



COPY

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June 2, 2008

Honorable Michael J. Aguirre
City Attorney
City of San Diego
1200 Third Avenue, Suite 1620
San Diego, CA 92101-4100

RE: Report of the California Attorney General: San Diego City Attorney Michael Aguirre's Allegations Against Mayor Jerry Sanders Regarding the Sunroad Project

Dear Mr. Aguirre:

I am writing in response to your letter of May 22 to Attorney General Brown requesting that certain aspects of the report we issued be corrected on pages 20 and 21.

We have carefully reviewed your letter and the attached materials, and we conclude that there were no oversights or mistakes in our report that warrant a change in our conclusion that the facts and law do not support your allegations of corruption against the mayor. Indeed, the part of the report you take issue with merely recounts details leading up to your allegations but does not relate to the merits of the allegations themselves. Furthermore, in some respects the materials you provided actually support and corroborate the report's findings.

Thank you for your comments.

Sincerely,

DANE R. GILLETTE
Chief Assistant Attorney General

For EDMUND G. BROWN JR.
Attorney General

Exhibit 2

Databases selected: ProQuest Newspapers, Hoover's Company Records

Sanders cleared in Sunroad dealings

Matthew T Hall. *The San Diego Union - Tribune*. San Diego, Calif.: May 21, 2008. pg. B.1

Abstract (Summary)

The report gives [Michael Aguirre]'s challengers "another club to bash him with," he said. It also lets Aguirre complain about being the victim of a conspiracy, which works because "the people who believe you believe you even more, and he doesn't have to worry about the people who don't believe him," [Chris Crotty] said.

The 36-page report further suggests that if anyone acted inappropriately, it was Aguirre. The report notes that [Jerry Sanders] and his aides said Aguirre and a top aide told them the city attorney would "go easy" on the mayor over the Sunroad flap if Sanders accommodated Aguirre on an office staffing issue. It also says an Aguirre aide warned a Sanders aide that Aguirre would accuse the mayor of corruption if the accommodation wasn't made.

[Steve Francis] called the timing of the attorney general's report "a little strange" but added he was "not going to even come close" to suggesting "there was some sort of plan by anybody" to coordinate its release.

Full Text (802 words)

Copyright Union-Tribune Publishing Co. May 21, 2008

SAN DIEGO --

Eleven months after City Attorney Michael Aguirre accused Mayor Jerry Sanders of being corrupt in his dealings with Sunroad developer Aaron Feldman, the state Attorney General's Office called the allegation unfounded.

Sanders had requested the report on San Diego's handling of a Kearny Mesa office tower that was first built too tall for air traffic from nearby Montgomery Field.

Aguirre quickly dismissed the report for its contents and timing as "blatantly political."

Two weeks before Election Day, both Sanders and Aguirre face much tougher fights than the typical incumbent from challengers who are largely setting the agendas. Yesterday, the report became the central topic in both races.

The development may seem to be a positive one for Sanders, one that follows closely the long-awaited restoration of the city's credit rating last week. But Democratic political consultant Chris Crotty cautioned that any mention of the Sunroad scandal also could be "an absolute negative" for Sanders.

For Aguirre, the effects are two-fold, said Crotty, a consultant who is not working on any local campaign.

The report gives Aguirre's challengers "another club to bash him with," he said. It also lets Aguirre complain about being the victim of a conspiracy, which works because "the people who believe you believe you even more, and he doesn't have to worry about the people who don't believe him," Crotty said.

The report says flatly on its first page that "the record does not support the allegations made by the city attorney against the mayor," which came in repeated public forums.

Aguirre accused Sanders of a back-room deal and giving special access to Feldman, who with his associates gave more than \$3,000 to Sanders' mayoral campaign and \$10,000 to ballot measures he pushed.

Aguirre declined to cooperate with the attorney general's review, saying yesterday he thought the outcome was

preordained.

The 36-page report further suggests that if anyone acted inappropriately, it was Aguirre. The report notes that Sanders and his aides said Aguirre and a top aide told them the city attorney would "go easy" on the mayor over the Sunroad flap if Sanders accommodated Aguirre on an office staffing issue. It also says an Aguirre aide warned a Sanders aide that Aguirre would accuse the mayor of corruption if the accommodation wasn't made.

Aguirre countered yesterday that the Mayor's Office had been the one playing "hardball."

After reading the report, City Council President Scott Peters called on the district attorney to investigate Aguirre for "extortion."

Peters is one of four candidates challenging Aguirre on the June 3 ballot, but the news release from his council office did not mention that. It began: "While this day justly offers satisfaction and vindication for the mayor, it is another sad chapter in the history of our City Attorney's Office."

Sanders has called the Sunroad scandal his biggest mistake as mayor. It began when Sunroad Enterprises, a company led by executives who helped elect Sanders, built the office tower in Kearny Mesa above an aviation height limit. It erupted after the mayor met privately with the developer and was slow to join a loud chorus led by Aguirre to remove the top floors of the building.

The building eventually was lowered from 180 feet to 160 feet.

Businessman Steve Francis, the main challenge to Sanders' re-election, has made the Sunroad issue a central theme of his multimillion-dollar campaign to unseat Sanders. It is the focus of a mailer and a television ad in which Francis bills himself as a "mayor that developers can't buy."

Francis called the timing of the attorney general's report "a little strange" but added he was "not going to even come close" to suggesting "there was some sort of plan by anybody" to coordinate its release.

Francis said rather than giving the mayor a boost, the report serves as "a painful reminder of what this administration has put us through."

The Attorney General's Office was silent on the report. The office did not return calls for comment about the report and its timing, and it did not say who wrote it.

Attorney General Jerry Brown is a Democrat, as are Aguirre and Peters. Francis and Sanders are Republicans. The Mayor's Office is nonpartisan, but at a news conference touting the report, Sanders noted that Aguirre and Brown are Democrats.

HIGHLIGHTS

From the attorney general's report on Mayor Jerry Sanders and the Sunroad office tower:

*

"It is false to assert that the mayor 'allowed' Sunroad to construct an illegal building which endangered public safety. The construction was properly and legally permitted by the city's established process."

*

"There was no 'back room deal.' "

*

"The facts do not support a conclusion that Sunroad Enterprises or Aaron Feldman had 'special access' or enjoyed 'undue influence' with the mayor."

Credit: STAFF WRITER

[Illustration]

1 CHART; Caption: HIGHLIGHTS

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Exhibit 3

MICHAEL J. AGUIRRE
SAN DIEGO CITY ATTORNEY

OFFICE OF
THE CITY ATTORNEY
CITY OF SAN DIEGO
MICHAEL J. AGUIRRE
CITY ATTORNEY

CIVIL DIVISION
1200 THIRD AVENUE, SUITE 1620
SAN DIEGO, CALIFORNIA 92101-4178
TELEPHONE (619) 236-6220
FAX (619) 236-7215

VIA FAX and REGULAR MAIL

May 17, 2007

Honorable Arnold Schwarzenegger
Governor
San Diego Office
1350 Front Street, Suite 6054
San Diego, CA 92101

Re: *Compliance with FAA Notice of Hazard*

Dear Governor Schwarzenegger:

Introduction

I am writing as the City Attorney of the City of San Diego to request your assistance in securing help from the office of the Attorney General in the City's efforts to have the top floors removed from a building being constructed in a highly used airport flight path that the Federal Aviation Administration has declared to be a hazard. Simply stated, the building endangers the lives of San Diegans. The California Department of Transportation has issued numerous warnings to the City and the developer of the building, going so far as calling the building "illegal." As the San Diego City Attorney, I have filed a lawsuit in California Superior Court seeking a declaration that construction on the top floors of the building must stop. Recently the California Pilots Association joined the lawsuit. I respectfully request that you ask the California Department of Justice Office of the Attorney General to join in this lawsuit aimed to protect the public safety of San Diegans.

Please find below the chronology of events which detail the City's and the developer's brazen disregard for codes and laws issued by the California Department of Transportation in allowing the construction of a building standing in the path of a highly traveled local airport runway.

Background

On 24 April 2006 the Federal Aviation Administration (FAA) issued a Presumed Hazard letter to Sunroad Enterprises based upon an initial finding that the Sunroad 12 office building at 180 feet exceeded obstruction standards and/or would have an adverse physical or electromagnetic interference affect upon navigable airspace or air navigation facilities.

On 20 June 2006 FAA Obstruction Evaluation Specialist Karen McDonald sent an email to Sunroad reminding Sunroad that the FAA had issued a Presumed Hazard letter advising that the maximum acceptable height for the Centrum 12 office building was 160 feet. The letter warned that after 24 June 2006 the FAA would be in a position to issue a Determination of Hazard to Air Navigation for any height greater than 160 feet.

Also on 20 June 2006 Sunroad sent a letter to the FAA representing that Sunroad conditionally agreed to the 160-foot height specified in the FAA letter of 24 April 2006.

On 22 June 2006 Sunroad filed with the FAA a form 7460-1 representing that the height of the Centrum 12 building would be 160 feet.

On 27 June 2006 the FAA issued a determination of No Hazard for the Spectrum 12 office building based upon the building height being limited to 160 feet.

On 26 July 2006 Sunroad filed a Supplemental Notice with the FAA informing the FAA that the Centrum 12 building was 180 feet.

On 11 August 2006 the FAA issued a Notice of Hazard to air navigation in and around the Montgomery Airport. The FAA based the notice on its finding that the Centrum 12 office building at a height of 180 feet "would have a substantial adverse affect on the safe and efficient utilization of the navigable airspace by aircraft and/or on the operation of air navigation facilities."

On 29 September 2006 Jeff R. Brown, aviation safety officer of the California Department of Transportation, stated that the "construction of the Sunroad Centrum 1 building is a violation of PUC Section 21659(a). Without issuance of a permit by the Department, continued construction of any part of the building that exceeds 160 above ground level is unlawful. That height as specified by the FAA in their Notice of Presumed Hazard, dated April 24, 2006, was the maximum height an object in that location could reach without resulting in a Determination of Hazard to air navigation If construction in violation PUC Section 21659 proceeds, you are proceeding at your own risk, as you have been notified of the Department's position. Additionally, if aircraft accident occurs at the site of this Sunroad Centrum 1 building because of this PUC violation, you are assuming all liability for the accident. Further attempts to obfuscate the issue or cause of additional delay with your legal responsibility to comply with Section 21659 of the State Aeronautics Act will result in enforcement action by the Department."

On 19 October 2006 the San Diego City Attorney wrote a letter to Jim Waring, deputy chief operating officer for the City of San Diego. This letter informed Mr. Waring that the FAA had determined that the Centrum 12 office building at 180 feet was a hazard to air navigation. The letter went on to state that "under California Government Code section 50485.2 the City has a duty has a duty to prevent the creation of any hazard to air navigation using the police powers of the City." The letter also cited San Diego Municipal Code section 121.0302(b)(4) and informed Mr. Waring that the section "makes it unlawful for any person to maintain or allow the existence of any condition that creates a 'public nuisance.'" The letter continued, "[W]ith knowledge of

the declaration by the FAA that the building is a 'hazard to air navigation,' the knowledge that it is a public nuisance under both state and local law, and the knowledge that the building is being constructed in violation of state law, the City must issue a 'Stop Work Order' for the Project."

On 27 October 2006 the City of San Diego's Development Services Department issued a Stop Work Notice "regarding the top 17 feet of" the Centrum 12 building. The notice provided that "no work was to be done in this section of the structure until authorized by this department."

On 9 November 2006 Jeff R. Brown, aviation safety officer for the California Department of Transportation, wrote a letter to Ms. Marcella Escobar-Eck, director of the Development Services Department for the City of San Diego, expressing concern that the Stop Work Order stated that "FAA regulation must be clarified prior to the continuing construction of the structure." Mr. Brown went on to remind the City that "the construction of this structure is a violation of California Public Utilities code Section 21659. This violation was made evident to the City in the City Attorney's letter dated October 19, 2006, and in our letters to the developer or the developer's attorney dated September 14, 2006, September 26, 2006, and October 13, 2006, copies of which were provided to City's Land Use and Economic Development Department staff either directly or via e-mail."

On 14 November 2006 Sunroad Vice President for Development Tom Story appeared before the City of San Diego Airports Advisory Committee at the Montgomery Field Airport Lobby. During this meeting, according to the meeting minutes, Mr. Story admitted Sunroad had decided to not amend the building plans for the Centrum 12 building to the 160-foot height, as represented to the FAA, "out of financial consideration." According to the meeting minutes, "Tom Story, Vice President for Development of Sunroad Enterprises, said that when it became known that 180 feet was going to be a hazard, they considered stopping at 160 feet but they would have had to redraw the plans. They decided not to amend the plans out of financial consideration. Sunroad's rights are fully vested. He believes the hazard is mitigated through the NOTAM and by raising the approach minimums. Mr. Story stated that the project was in full compliance with the City requirements."

On 21 November 2006 Sunroad Vice President of Development Tom Story wrote a letter to the City's Development Services Department requesting "authorization for the Development Services Department to install roofing on the Centrum 12 building" Mr. Story represented that completing the roof was needed "to protect the in-progress construction work and materials that are being installed in the lower 160 feet of the building and to avoid further delay of our project." In his letter Mr. Story went on to request that Sunroad be allowed to complete nine specific construction tasks. Mr. Story further stated, "[W]hile we clarify our position with the FAA we believe it prudent that Sunroad be allowed to protect our existing investment in order to minimize the cost and/or liability to the City should Sunroad determine that we must seek compensation for any incurred damages by the stop work order."

On 1 December 2006 the San Diego City Attorney wrote Jim Waring regarding the request made by Sunroad representative Tom Story on 21 November 2006. The City Attorney informed Mr. Waring that the "mere suggestion of a possible solution to the current problem certainly does not

Honorable Arnold
Schwarzenegger

May 17, 2007

warrant a change of status to the current Stop Work Notice." The memorandum went on to remind Mr. Waring that the Department of Transportation had specifically requested that the Stop Work Order not only be invoked, but that the City move forward with permit revocation procedures." The memorandum concluded that "for all of these reasons it is imperative that there be no change to the Stop Work Order whatsoever."

On 13 December 2006 the Department of Development Services expanded the Stop Work Notice from the top 17 feet to the top 20 feet of the Centrum 12 building.

On 15 December 2006 the San Diego City Attorney filed a civil complaint directed at the public nuisance posed by the Sunroad 12 office building based upon the Notice of Hazard Determination by the FAA.

On 21 December 2006 the City's Development Services Department sent a letter to Tom Story as agent for Sunroad which provided, "[I]n the interest of saving the structure from damage which could be caused by weather, your request will be allowed for this phase of construction with the items discussed at the field meeting of 21 December 2006 with Joe Harris subject to your concurrence with the terms of this letter."

On 19 January 2007 Jeff R. Brown wrote in a letter to Jim Waring, "[W]hen the facts of the situation show a developer failed to comply with a federal notification regulation (Federal Aviation Regulation Part 77.17), used that violation of federal regulation to obtain local planning and building approval, knowingly began construction of a building determined by a federal agency to be a hazard, constructed parts of the building in violation of State law (PUC Section 21659), and continues to defy State and local attempts to resolve the situation, the reluctance of the City to take the necessary steps to protect its citizenry is a mystery." Mr. Brown continued, "As you surely know, the City Attorney of San Diego has filed a complaint against Sunroad on behalf of the City as the necessary first legal step in removing the hazard posed by the Sunroad Centrum 1 building. We ask that you rigorously enforce the Notice, and join with the City Attorney and others united in the interest of public safety, to protect the people of San Diego and local, State, and federal interest in Montgomery Field airport for which the City has obligated itself."

On 31 January 2007 the San Diego City Attorney sent a notice to Sunroad pursuant to California Penal Code §373(a). Penal Code §373(a) provides, "every person who maintains, permits, or allows a public nuisance to exist upon his or her property or premises, after reasonable notice in writing from a city attorney to remove, discontinue or abate the public nuisance has been served upon such person, is guilty of a misdemeanor, and shall be punished accordingly; and the existence of such nuisance for each and every day after the service of such notice shall be deemed a separate and distinct offense." The notice went on to state that "failure to take corrective action will constitute a misdemeanor" and each day the nuisance exists after service of this notice is a separate and distinct offense pursuant to California Penal Code §373(a).

On 20 March 2007 the San Diego City Attorney sent a notice to Sunroad clarifying that "no work of any kind is to be conducted on the top 20 feet of the Centrum 1 structure." The notice

Honorable Arnold
Schwarzenegger

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May 17, 2007

further stated, "Any previous communication allowing Sunroad to 'weatherize' the structure or by implication, allow any work whatsoever to be conducted within the top 20 feet of the structure, is hereby permanently revoked."

On 15 May 2007 the San Diego City Attorney issued his 17th Interim Report regarding the Sunroad Centrum 12 building and the SDG&E Substation.

Discussion

It is under the dire conditions detailed above that I hereby request the Governor to direct the California Department of Justice Office of the Attorney General to join in the City Attorney's lawsuit against the developer of the building standing in the flight path. I believe assistance from the California Department of Justice Office of the Attorney General would provide the necessary force to halt the construction of this building.

It is my fear that without your assistance, work will continue on this building and further endanger the lives of citizens of the State of California.

Respectfully yours,



Michael J. Aguirre
San Diego City Attorney

Exhibit 4

DEPARTMENT OF TRANSPORTATION
DIVISION OF AERONAUTICS – M.S.#40
1120 N STREET
P. O. BOX 942873
SACRAMENTO, CA 94273-0001
PHONE (916) 654-4959
FAX (916) 653-9531
TTY (916) 651-6827



*Flex your power!
Be energy efficient!*

January 19, 2007

Mr. James T. Waring
Deputy Chief Operating Officer
Land Use and Economic Development
Office of the Mayor
City of San Diego
202 C Street, 9th Floor
San Diego, CA 92101

Dear Mr. Waring:

The California Department of Transportation (Department), Division of Aeronautics has obtained a copy of the revised Stop Work Notice (Notice) issued by the City of San Diego (City) on December 13, 2006 for the Sunroad Centrum 1 (aka Sunroad Centrum 12) building located at 8620 Spectrum Center Boulevard. We have also reviewed a copy of the December 21, 2006 letter from Ms. Marcia Escobar-Eck of your Development Services Department to Sunroad Enterprises (Sunroad) authorizing construction of the Sunroad Centrum 1 building above the level specified in the Notice. The City's apparent failure to enforce the Notice, which enables the developer to violate State law and seems to disregard public safety, is of great concern to the Department.

In our letter of November 9, 2006, to the Development Services Department, we directly informed the City that any construction of the building above a height of 160 feet Above Ground Level (AGL) was a violation of California Public Utilities Code (PUC) Section 21659, a State law enacted to prohibit hazards near airports. As stated above, the City's December 21, 2006 letter, particularly when reviewed with respect to Sunroad's November 21, 2006, letter to the City requesting many permanent construction features under the pretense of 'weather proofing' the building, makes it difficult to regard the City's actions as anything other than an attempt to undermine State law.

Additionally, while we appreciate that you revised the Notice from halting work in the top 17 feet of the building to the top 20 feet, our review of plans approved by the City show that stopping work in the top 20 feet is still inadequate. The "20 feet" figure was based on data provided by Sunroad to the Federal Aviation Administration for a 180-foot tall building. Twenty feet was the amount the building exceeded the Federal Aviation Administration (and Department) standards, which would have allowed a building that was 160-foot tall. However, the plans approved by the City on February 10, 2006, show that the highest point of the building is approximately 602 feet Above Mean Sea Level, which translates to a true building height of 186 feet AGL. This means that the upper 26 feet of the building constitutes a hazard. As called for by our mission to protect aviation safety, people and property, we are notifying you of this fact, and request that you revise and reissue the Notice so that no work is accomplished in the top 26 feet of the Sunroad Centrum 1 building.

Mr. James T. Waring
January 19, 2007
Page 2

The City's attempts to pass liability for the illegal construction on to Sunroad entirely miss the point. This issue is not about who has liability for the hazard, but taking action to remove the hazard so that liability is not an issue. When the facts of the situation show a developer failed to comply with a federal notification regulation (Federal Aviation Regulation Part 77.17), used that violation of federal regulation to obtain local planning and building approval, knowingly began construction of a building determined by a federal agency to be a hazard, constructed parts of the building in violation of State law (PUC Section 21659), and continue to defy State and local attempts to resolve the situation, the reluctance of the City to take the necessary steps to protect its citizenry is a mystery.

As you surely know, the City Attorney of San Diego has filed a complaint against Sunroad on behalf of the City as the necessary first legal step in removing the hazard posed by the Sunroad Centrum 1 building. We ask that you rigorously enforce the Notice, and join with the City Attorney and others united in the interest of public safety, to protect the people of San Diego and local, State, and federal interests in Montgomery Field airport for which the City has obligated itself. If you have any additional questions or need further assistance, please do not hesitate to contact us at (916) 654-4565 or e-mail at jeff.brown@dot.ca.gov.

Sincerely,

Original Signed by

JEFF R. BROWN
Aviation Safety Officer

c: Carmen Brock, Deputy City Attorney, City of San Diego
Honorable Mayor Jerry Sanders
Ms. Marcela Escobar-Eck, Director, Development Service Department
San Diego City Council
FAA Western Pacific Region

Exhibit 5

CONFIDENTIALSTATE OF CALIFORNIA – COUNTY OF SAN DIEGO
SEARCH WARRANT

THE PEOPLE OF THE STATE OF CALIFORNIA TO ANY SHERIFF, POLICE OFFICER, OR PEACE OFFICER IN THE COUNTY OF SAN DIEGO:

Proof by affidavit having been made before me by Affiant Barry A. Bruins that there is probable cause to believe that the property and records described herein may be found at the locations set forth herein and are lawfully subject to seizure pursuant to Penal Code Section 1524 (a) (2), (3), and (4) as property or business records and communications possessed by a person with the intent to use it as a means of committing a public offense or is possessed by another to whom he or she may have delivered it for the purpose of concealing it or preventing its discovery. And further that Affiant further believes that the same property and records may be evidence that a felony has been committed, to wit conspiracy to obstruct or pervert the due administration of the laws in violation of Penal Code Section 182 and a conspiracy in violation of Penal Code Section 182 to violate section 27.3550 of the San Diego Municipal Code, a public offense punishable as a misdemeanor.

YOU ARE THEREFORE COMMANDED TO SEARCH:

4445 Eastgate Mall, Suite 400, San Diego, California, 92121. It is further and more particularly described as a commercial office building, four stories high with white marble exterior and a circular grey metal structure over the middle of the roof of the building. The building is located on the south side of Eastgate Mall just slightly east of the "T" intersection of Eastgate Mall and Easter Way. The building has the words "Sunroad Corporate Center II" spelled out across the top of the east and west faces of the building just below the roofline. The Sunroad Corporate Center II building has a parking lot along the east exposure of the building and a manmade lake along the west exposure of the building. The main entrances of the building are on the east and west side in the middle of the building. Inside the entrance lobby on the east side is a black building directory with white letters showing "Sunroad Enterprises 400."

FOR THE FOLLOWING PROPERTY:

All writings (stored in any medium), documents, records, logs, files, correspondence, notes, voicemail and memoranda in Sunroad's possession or under its control pertaining to (1) the hiring and employment scope of Thomas Story for the years 2005 and 2006, including but not limited to his hire date and any writing concerning his employment; and (2) all writings, documents, records, files, logs, correspondence, notes, voice mail and memoranda directed to, received or reviewed by, or sent or created by Thomas Story during the years 2005 and 2006, including all meetings and discussions with City of San Diego official or staff person regarding New Century Center, Sunroad Spectrum, Sunroad Centrum 12 or Sunroad Centrum Residential

"Writing" means any handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored.

AND TO SEIZE IT IF FOUND and bring it forthwith before me, or this court without delay. This Search Warrant and incorporated Affidavit was sworn to as true and subscribed before me this 21st day of MARCH, 2007 at 3:16 A.M./P.M. Wherefore, I find probable cause for the issuance of this Search Warrant and do issue it.

Filed under Seal yes no



Judge of the Superior Court
County of San Diego

CONFIDENTIAL

CONFIDENTIAL

Exhibit 6

City has warrant to search builder's office | Dispute is over height of tower near airport

[R,F Edition]

The San Diego Union - Tribune - San Diego, Calif.

Author: David Hasemyer

Date: Mar 23, 2007

Section: LOCAL

Text Word Count: 801

Document Text

Copyright Union-Tribune Publishing Co. Mar 23, 2007

SAN DIEGO -- The City Attorney's Office has obtained a search warrant for the office of Tom Story, a vice president for Sunroad Enterprises, the company that is building an office tower that the FAA says is a hazard to airplanes landing at Montgomery Field.

The warrant, issued Wednesday, allows investigators for the Public Integrity Unit of City Attorney Michael Aguirre's office to search Story's office.

The warrant, which has been sealed, was granted by Superior Court Judge George "Woody" Clarke. As of last night, it had not been served. Aguirre said he could not discuss the content of the warrant because it pertains to an ongoing investigation.

Story said the company's lawyers offered late yesterday to give Aguirre any documents he wanted in exchange for his promise not to execute the search warrant. Story said the company hopes to avoid the public spectacle that a search would create.

"We want to accommodate the city attorney in what he is looking for without the notoriety," Story said.

Aguirre could not be reached for comment last night. But Story said the City Attorney's Office had agreed not to serve the search warrant today to give both sides time to discuss what documents are being sought.

"We need to learn more about what they want and then make our best effort as quickly as possible to provide that information," Story said.

Story emphasized that neither he nor the company has anything to hide.

"This building is being constructed under the terms of the permits issued by the city," he said.

Before Story became Sunroad's vice president of development, he was chief of staff for former Mayor Dick Murphy. Before that, Story had worked for the city for years in development services.

The warrant comes as the City Attorney's Office and Sunroad are engaged in a legal battle over the height of the 12-story building going up in Kearny Mesa, less than a mile northwest of Montgomery Field.

In August, the Federal Aviation Administration declared the \$45 million building a hazard to planes landing in bad weather, saying it exceeds the 160-foot safe height limit by 20 feet.

Since then, Aguirre has filed a lawsuit seeking a court order to compel Sunroad to tear down the top two floors. Sunroad has countersued the city for \$40 million, claiming it has a right to finish construction because the city issued permits for the building.

In January, Aguirre requested a federal criminal investigation into city officials and Sunroad executives involved in construction of the office tower.

He called Sunroad executives "irresponsible" for putting up a building they knew exceeded the height limit and for continuing to disregard the FAA.

"There has been a willful disregard for federal and state laws and for the safety of people," Aguirre said at a Jan. 23 news conference held a block from the building. "I am hoping the U.S. attorney will take speedy action and make an aggressive prosecution of this matter."

A spokesman for the U.S. Attorney's Office did not respond to a request for comment yesterday.

During bad weather -- low clouds or high winds -- planes landing at Montgomery Field must circle within 400 feet of the building, a landing pattern that accounts for about 15 percent of landings at the airport each year.

Sunroad officials say the building is not a hazard because the FAA has warned pilots to fly a safe distance away.

The city's Development Services Department ordered Sunroad in October to stop working on the top 20 feet of the building. That order was later modified to allow Sunroad to weatherproof the top by adding a roof and constructing a room on the roof to house the building's elevator equipment.

The modification document did not list exterior walls as part of the approved work for the top of the building. Nevertheless, Sunroad began installing the glass walls last week.

When Aguirre learned Tuesday that the walls were going up, he immediately sent a letter to Sunroad revoking permission to weatherproof or do any other work on the top of the building.

"If it is not already clear, no work of any kind is to be conducted on the top 20 feet of the Centrum I structure," the letter said.

Despite that directive, Story said yesterday that construction is continuing on the exterior walls. He said his lawyers advised him that Aguirre does not have authority to order a halt to the work, because that authority rests with the Development Services Department.

Marcela Escobar-Eck, the city's director of Development Services, inspected the work Tuesday night and deemed it within the scope of the modified stop-work order.

"We have complied with every part of the stop-work order and will continue to do so," Story said.

[Illustration]

1 PIC; Caption: Howard Lipin / Union-Tribune

Credit: STAFF WRITER

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Abstract (Document Summary)

Since then, [Michael Aguirre] has filed a lawsuit seeking a court order to compel Sunroad to tear down the top two floors. Sunroad has countersued the city for \$40 million, claiming it has a right to finish construction because the city issued permits for the building.

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Exhibit 7

UNION-TRIBUNE EDITORIAL

Smear tactics

Aguirre probe exposes prosecutorial abuse

March 24, 2007

City Attorney Mike Aguirre is engaged in a reckless campaign to criminalize his civil dispute with Sunroad Enterprises over an office tower the developer is building near Montgomery Field. Fortunately, Aguirre's abuse of prosecutorial authority has hit an urgently needed roadblock in the form of Police Chief William Lansdowne.

To his credit, Lansdowne refuses to execute a baseless search warrant obtained by Aguirre for the office of Sunroad Vice President Tom Story. After reading the affidavit filed by Aguirre in requesting the warrant from Superior Court Judge Woody Clarke, Lansdowne concluded there was no evidence of any crime. State law requires that, when executing a search warrant, a law enforcement officer must act in the good-faith belief that an illegal act has been committed.

Lansdowne's determination that Aguirre concocted the affidavit without substantiation is a stinging indictment of the city attorney himself. Because state law stipulates that search warrants may be served by law enforcement agencies only, Aguirre now has no ability to further his groundless search of Story's office, which appears designed to bully and coerce Sunroad.

The warrant obtained by Aguirre to search Story's office has been sealed, thus leaving the public in the dark. What's more, Aguirre's spokesman declared yesterday that the city attorney would not comment on it, period.

Aguirre's high-profile assault on Sunroad has generated ample headlines. There is no doubt here that Sunroad erred grievously in putting up a 12-story building close to the airport even after the Federal Aviation Administration ruled it to be a safety hazard. Yet even though civil infractions of state or federal regulations indeed may have occurred, we have seen absolutely no evidence of criminal wrongdoing.

The lack of evidence, however, did not stop Aguirre from calling a press conference two months ago and urging the U.S. attorney to prosecute not only Sunroad executives but also city officials who differed with Aguirre on the project. To date there is no indication the U.S. attorney did anything other than ignore Aguirre's carefully staged call for his opponents in a policy disagreement to be prosecuted.

Aguirre's probe of Sunroad bears all the markings of a smear campaign, pure and simple.

In fact, Sunroad officials are among an ever-growing group of Aguirre's opponents branded by him as criminals, from members of the City Council to the developers of Liberty Station. In every case, Aguirre's charges have fizzled. All the same, his tactic of trying to criminalize policy differences has no doubt helped to intimidate those who disagreed with him and unfairly sullied their names.

San Diegans should pay close attention to the outcome of the Sunroad "investigation" and decide for themselves in the end whether the real abuse was perpetrated by Tom Story or Mike Aguirre.

[»Next Story»](#)

Find this article at:

http://www.signonsandiego.com/uniontrib/20070324/news_lz1ed24top.html

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Exhibit 8

[More Metro news](#)

Aguirre, chief escalate war of words

City attorney sees obstruction of justice

By Alex Roth
and David Hasemyer
UNION-TRIBUNE STAFF WRITERS

March 30, 2007

SAN DIEGO – A dispute between San Diego City Attorney Michael Aguirre and a local developer erupted into a barrage of accusations yesterday, with Aguirre accusing the police chief of obstructing justice and the police chief accusing Aguirre of “character assassination.”

The fireworks began after a San Diego Superior Court judge unsealed a warrant that gave Aguirre permission to search the offices of Sunroad Enterprises, which is building a controversial office tower near Montgomery Field.

According to the warrant, Aguirre is investigating Tom Story, Sunroad's vice president of development, for possible misdemeanor violations of a city lobbying law.

At a news conference after the warrant was unsealed, Aguirre accused Police Chief William Lansdowne of deliberately hampering the investigation.

“I am ashamed of Mr. Lansdowne,” Aguirre said.

Mayor Jerry Sanders rushed to the chief's defense, expressing outrage at Aguirre's “irresponsible” accusations against Lansdowne.

Lansdowne lashed back at Aguirre in an opinion piece submitted to *The San Diego Union-Tribune's* newsroom and editorial board.

“Never in my four-decade career in law enforcement have I seen a more blatant attempt by an elected official to misuse his powers for personal political gain,” Lansdowne wrote. “If you were to believe Aguirre, it seems that everyone in San Diego is either corrupt or conspiring to commit a crime. Everyone of course but himself. Joseph McCarthy would be very proud.”

District Attorney Bonnie Dumanis informed Aguirre this week that his office no longer has authority to prosecute so-called “wobbler” cases – those that could be charged as either felonies or misdemeanors.

Aguirre used his authority to prosecute wobblers as an avenue to help him conduct a criminal investigation of Sunroad.

“(A)s the District Attorney has original jurisdiction of all felonies in this county, it would be greatly appreciated if the City Attorney's Office refers all investigations, requests for search warrants, and any other matters potentially resulting in felony criminal charges to this office,” Dumanis wrote in a Tuesday letter to Aguirre.

Aguirre said Dumanis' decision won't affect his ability to proceed with the Sunroad investigation.

The controversy involves a 12-story office tower Sunroad is building near the airport in Kearny Mesa. The Federal Aviation Administration has declared the 180-foot tall building a hazard because it violates the agency's height limit. In December, Aguirre filed a lawsuit demanding that Sunroad remove the top two floors.

Last week he obtained the warrant to search Sunroad, but the search was never executed because Lansdowne expressed reservations about the warrant's validity. With rare exceptions, search warrants are granted only in felony cases, which are handled by the District Attorney's Office, not the city attorney.

After the police balked, Aguirre approached Dumanis and the state Attorney General's Office, but they also refused to execute the search, citing the same concerns. No one on Aguirre's staff is authorized to execute a search warrant.

Yesterday, Superior Court Judge George "Woody" Clarke, the judge who signed the warrant, unsealed it at the request of the *Union-Tribune* and Sunroad, whose lawyer said the company "has nothing to hide in this matter."

The warrant's affidavit accuses Story, the Sunroad executive, of violating a municipal ordinance that requires former city officials to wait a year before lobbying their former employer.

Story served as deputy director of the Planning Department from 1997 until 2001 and later became then-Mayor Dick Murphy's chief of staff. When Murphy resigned in July 2005, Story quit too, though he remained on the city payroll through November because of unused vacation.

According to the warrant, Story went on Sunroad's payroll in late 2005 and began contacting development services officials in February 2006.

At the news conference, Aguirre said he is also investigating city employees whom Story contacted either directly or indirectly.

Pam Naughton, Story's lawyer, insisted her client "scrupulously followed the law" and was hired for his background as a landscape architect and his 30 years of experience with land-use matters.

"Mr. Aguirre has a rather twisted notion of what the law allows and doesn't allow in this area of 'lobbying'" she said.

At his news conference, Aguirre accused the police chief of leaking information about the warrant before the search could be conducted.

As a result of a story about the warrant in last week's *Union-Tribune*, Sunroad was given "whatever time they needed to do whatever they wanted to do with the documents," he said.

Sunroad eventually agreed to turn over documents voluntarily, but Aguirre said his office obtained only a fraction of the documents that might have been seized had news of the search not been made public in advance.

Although Aguirre accused Lansdowne of obstructing justice, he said he didn't plan to formally investigate the police chief.

"I've got my hands full right now just dealing with this case," he said, referring to the Sunroad investigation.

Lansdowne denied leaking information about the warrant.

"He's making these wild accusations, and he's got no foundation for it," Lansdowne said in an interview yesterday. He accused Aguirre of "character assassination, which is his tactic."

Earlier this week, Sheriff Bill Kolender defended Lansdowne's decision not to execute the warrant. Yesterday, officials in the state Attorney General's Office said they also agreed with Lansdowne, which is why they declined to conduct the search.

Dane Gillette, a senior assistant attorney general based in San Francisco, cited "concerns over the adequacy of the affidavit in support of the search warrant."

The affidavit was signed by Barry Bruins, an investigator in Aguirre's office. Before joining Aguirre's public integrity unit, Bruins worked in the San Bernardino County District Attorney's Office, where he was demoted after he was accused of helping leak information about an ongoing corruption investigation to the political opponent of one of the targets.

Bruins sued San Bernardino County for \$1.7 million, claiming he was made a scapegoat in a political dust-up. The case was later dismissed.

In her first comments on the controversy, Dumanis said yesterday that her office agreed with the assessment of the state Attorney General's Office.

"We declined the city attorney's request to serve the search warrant because it was defective, and we so advised the chief of police," Dumanis said.

■ Alex Roth: (619) 542-4558; alex.roth@uniontrib.com

Find this article at:

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Exhibit 9

Virtue club list is short - just ask Dumanis

UNION-TRIBUNE

July 11, 2007



Given the behavior of some of our elected officials, it's nice to know that a few politicians in this town remain pillars of moral rectitude.

Three, to be exact. Let's call them the Axis of Virtue.

They are San Diego Mayor Jerry Sanders, Sheriff Bill Kolender and District Attorney Bonnie Dumanis. Each is beyond reproach, whistle-clean.

Says who? District Attorney Bonnie Dumanis, that's who.

I learned of the Axis of Virtue only this week, when Dumanis and I met for lunch. True, about 40 other people were in the room. But for a short time, it felt like just the two of us.

Dumanis had invited the media to meet with her Public Integrity Unit, which recently secured an indictment of Chula Vista Councilman Steve Castaneda on charges of concealing income and lying under oath.

Nobody loves public integrity more than I do, so I was happy to join the party.

Not surprisingly, the members of the Public Integrity Unit didn't want to talk much about the details of their work. They like secrecy so much that, although the unit formed 13 months ago, the public wasn't told until March.

Give Dumanis credit for making this work a priority. Ferreting out public corruption is a serious business that can make lifelong enemies of powerful people.

Her predecessor, Paul Pfingst, did little along these lines, perhaps heeding the lesson of his own predecessor, Ed Miller, who prosecuted Mayor Roger Hedgecock for election code violations. Miller drove Hedgecock from office in 1985 – and into the talk-radio gig from which Hedgecock would help to drive Miller from office a decade later.

Ever diplomatic, Pfingst once tried to get the state attorney general to take over a case against a public official by saying it would be improper for him to prosecute a campaign contributor. I suspect contributions came rolling in after that.

Anyway, getting back to the Axis of Virtue.

Early in our lunch, we learned that Dumanis does not want anyone to think political considerations influence the Public Integrity Unit. For that reason, she has sworn off endorsing fellow politicians, or seeking their endorsements.

At which point a certain columnist recalled that, just three weeks ago, Dumanis stood behind Mayor Sanders

as he declared himself innocent of wrongdoing in his mishandling of the Sunroad issue.

So I meekly raised my hand and asked Dumanis why, if she feels that endorsements send the wrong message, she endorsed Sanders' honesty in the middle of a political crisis.

“Jerry is somebody I have known for about 14 years,” she said, “and if any investigation was to come to this office regarding Jerry Sanders it would have to go to the Attorney General's Office. So I felt comfortable standing up and vouching for the integrity of Jerry Sanders.”

She added: “I would stand with him today, and I would stand with him anytime.”

It struck me that a statement like that is much better than a simple campaign endorsement. I'll be shocked if it doesn't appear on a Sanders mail piece next year. By reprinting it here, in fact, I'm probably doing more to help his re-election than all the public-relations wizards on his office payroll.

Next I asked if Dumanis' effusive regard for Sanders would also prevent her from investigating his staff, for fear that the public would doubt the sincerity of her prosecution.

Dumanis said she'd prosecute his underlings – “unless it was somebody who might be in his inner circle. I think that would go to the Attorney General's Office.”

How big is that inner circle, I wondered? I'd guess it's bigger today than it was last week.

Though fearful of monopolizing the lunch, I pressed on: Were there other public officials whom Dumanis holds in the same high regard?

“I hold a lot of people in regard,” she said, “but I don't know . . . that I wouldn't want to do their investigation.”

She thought a while. “Probably Kolender. I wouldn't do an investigation of him.”

I shouldn't have been surprised to hear the sheriff's name, given his emeritus role as the county's Godfather of Law Enforcement.

Yet upon reflection, the “probably” should have sparked my curiosity. Does Dumanis know something about Kolender that prompted this momentary hesitation?

Oblivious, I continued: Does anyone on the Board of Supervisors warrant such esteem?

“No,” Dumanis answered crisply.

Her tone told me there were no more Get Out Of Prosecution Free cards available.

After lunch, Dumanis approached me with a follow-up thought: She hoped I would not misconstrue her comment about the county supervisors – who, incidentally, approve her office's budget – as a disparagement of their honesty.

I assured her I would not.

After all, the Axis of Virtue is an exclusive club: Sanders, Kolender and, of course, its gatekeeper, Dumanis herself.

The rest of us can only stand outside and hope that, someday, we might be worthy of admittance.

■Gerry Braun: (619) 542-4563; gerry.braun@uniontrib.com

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Exhibit 10

Wednesday

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News

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Front Page (PDF)

The Last Week

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InStyle

Night & Day

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Sunday Arts

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Quest

Wheels

The San Diego Union-Tribune.

It's time to stop the name-calling

By Herbert G. Klein
June 13, 2007

When one goes to the ballpark and hears the crowd chant "Beat L.A." it is clear that more than a ballgame is involved. We not only want to win the game, but we want to be better than Los Angeles.

San Diegans take great pride in their region. We do not want to be like any other region, particularly Los Angeles. We admire the greatness of Los Angeles, but we take pride in our unique attributes.

In the era of the 1950s, we took personally the Time magazine description of our community as a "bust city." We were losing the aircraft industry, and the future appeared bleak. Since that time, we have cycled through being the missile center of the country, and now our scientific development along with our great universities have helped renew our pride and our economy. Our future looms bright.

More recently, however, our pension and City Council debacles caused The New York Times to label us "Enron by the sea," and again it has become difficult to call ourselves "America's Finest City," a prideful slogan given to us by San Diego's finest mayor, Pete Wilson, when San Diego lost the 1972 Republican National Convention.

Much in city government has changed in the past year as San Diego's new mayor under a newly instituted strong mayor system of government has started to bring order out of chaos. He is well along the path of rebuilding confidence in City Hall.

Today's threat to our pride comes from the next potential nationwide headline, which could read "City attorney accuses San Diego mayor of corruption."

That is serious business.

It not only would hurt our pride, but it could deal a serious blow to San Diego's economic recovery. Who wants to do business in a corrupt city? Perhaps more important, how would these false charges affect an honest, hard-working mayor - all over a possible disagreement on a budget issue?

The old saying, "Sticks and stones can break my bones, but words will never hurt me," is outmoded. I remember a remarkable, honest White House Cabinet officer once calling me and pleading, "How can I get back my good name?" He was innocent of the charges but never completely recovered his reputation.

The babble of charges by City Attorney Mike Aguirre haven't hurt the good name of Mayor Jerry Sanders, whose poll ratings phenomenally remain above 70 percent, but they can be dangerous for the community's reputation and our economy.

I have a quiet friendship with Aguirre that covers probably 15 years. We have spent many hours discussing his sometimes unique and interesting ideas, though we have disagreed on most. Our relationship may change once he reads this article. These days Aguirre offers up outrageous blasts freely. It will be interesting to see how he reacts to constructive criticism.

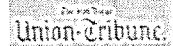
Somehow Aguirre has determined that his best weapon when disagreeing with someone is to engage in name-calling, usually by labeling someone "corrupt." Because he is the elected city attorney, his charges get covered by the media. Unfortunately, he rarely backs the charges with facts as a city attorney should.

"Corrupt" is a strong word not to be used lightly by anyone, particularly a city attorney.

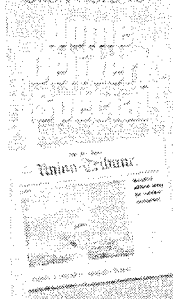
Another example of Aguirre's false accusations is his charge that The San Diego Union-Tribune is managed by "politicians." He didn't make these absurd charges when the newspaper endorsed him for office, and the management of

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the paper has not changed. It is run by professional, competent editors.

I know Aguirre to be intelligent and energetic, but his wild charges are damaging San Diego, and it is time he stopped it. In Washington, bitter partisanship is endangering our ability to govern. Name-calling can have the same effect locally. It is dangerous, and if Aguirre is to fulfill even his own ambitions, he should realize this.

If there is real corruption somewhere, let's dig it out and make it public. Name-calling only damages the credibility of our region. It is the tactic of bullies.

San Diego would benefit greatly from an apology from the city attorney followed by a newly displayed determination to resolve its many unresolved legal problems delayed in the City Attorney's Office.

We must move ahead in a civil fashion, now – right now.

■ Klein is a national fellow of the American Enterprise Institute, retired editor in chief of Copley Newspapers and former Nixon White House director of communications.

[»Next Story»](#)



Exhibit 11

Letters

[R,F Edition]

The San Diego Union - Tribune - San Diego, Calif.

Date: Jun 15, 2007

Start Page: B.9

Section: OPINION

Text Word Count: 1276

Document Text

City Attorney Aguirre calls Mayor Sanders 'corrupt'

Regarding "It's time to stop the name-calling" by Herbert G. Klein (Opinion, June 13):

When he took office, Mayor Jerry Sanders told the people of this city that "San Diego's municipal government has failed its citizens and become an embarrassing and corrupt impediment to progress."

He promised voters he would "tell the whole truth -- what happened, why it happened and how it will be fixed." He represented he would change the "operating philosophy" at City Hall, which was one of "delay, deny or deceive."

Unfortunately, the mayor engaged in an embarrassing and corrupt course of action when he allowed a campaign contributor, who had raised thousands of dollars for the Sanders campaign, to construct a building near the city's airport at Montgomery Field in defiance of Federal Aviation Administration safety standards and California state law.

Moreover, the mayor engaged in a corrupt and embarrassing course of action when he deployed the "highest level executive with the necessary expertise on these issues" from the San Diego County Regional Airport Authority, along with city staff, to lobby the FAA for changes to the routing of airplanes at Montgomery Field so that the illegal building could remain. In doing so, Mayor Sanders misused thousands of dollars of public funds for the private benefit of a campaign contributor.

When the facts of the mayor's misconduct began to leak out to the public, the mayor engaged in a campaign of delay, deny and deceive.

The mayor delayed turning over pertinent documents for weeks. He denied that he was helping his campaign contributor to circumvent FAA rules. And he deceived by claiming "nothing could be further from the truth" in response to allegations he was misusing an Airport Authority senior staffer to lobby the FAA to allow the illegal building to stay.

Klein addresses none of these facts. Instead, he attacks the City Attorney's Office for doing the very thing Mayor Sanders promised to do: tell the whole truth -- what happened, why it happened and how it will be fixed.

Mayor Sanders can still recover and find his way, but he needs to do what he promised. No more delays, denials or deceptions. No more embarrassing, corrupt favors to campaign contributors. Rather, the mayor needs to tell us the whole truth, what happened, why it happened, and how it will be fixed so that it never happens again, as he promised.

MICHAEL AGUIRRE

San Diego City Attorney

Not happy over Hunter's jet support

Regarding "Hunter defends support for jet" (A1, June 13):

Rep. Duncan Hunter, R-Alpine, arranges for \$63 million of our money to be given to a local company to develop a product that the military customer does not want. In return, he gets \$36,000 from the company. Incredible!

DONALD WILSON

Carlsbad

Exhibit 12

**MAYOR JERRY SANDERS
CITY OF SAN DIEGO
STATE OF THE CITY
January 12, 2006**

View online video archives of State of the City Address

Thank you and good evening.

I appear before you this evening because our City Charter requires that every year, on or before the 15th day of January, the mayor communicates the state of the City's affairs.

Over the course of my term, I will communicate regularly with our citizens so that they feel well informed about the various problems facing our city and more importantly, the solutions that I propose.

I can tell you with confidence that the state of our city – of its people and of its economy – is strong and healthy. As a place to live, to raise a family, to do business and to recreate, San Diego is truly America's finest city.

But the state of San Diego's city government – our government -- is something else altogether. It today faces the most serious financial, organizational and ethical crisis in its history.

I've been mayor of this city for just over 6 weeks, and I assumed the voter-mandated executive powers of a strong mayor just 12 days ago.

So my report to you today on the condition of city government is -- of necessity – preliminary.

Mayors before me have offered platitudes -- they have offered visions and ten point plans. That's not my style and that's not what our city needs right now.

San Diegans are craving for someone to tell it to them straight – for their mayor to tell them the whole truth -- what happened, why it happened and how it will be fixed.

People in government circles have invented the fancy word “transparency” to describe this concept. But all it really means is telling the truth – being open and honest. And that's exactly what I plan to do.

I am a hopeful person by nature. I look across our city and I see incredible promise. We are blessed with a wealth of riches not bestowed on many places.

Our community is recognized globally for its top ranking as an academic and research mecca. And, as a growing hub for the biomedical, high-tech and telecommunications industries, San

Diego continues to be on the cutting edge of science and technology. Our cultural institutions are second to none. Our diversity, legend.

Unfortunately, in recent years, our local government has not lived up to the standards of the community it serves. San Diego's municipal government has failed its citizens and become an embarrassing and corrupt impediment to progress.

Section 1: Mavor Provides Honest, Straightforward "Findings" about Pension Crisis

While the outlines of our crises are well documented, it is important that we understand their origins so that we make a meaningful break from the past and move toward solutions.

First, the city employees' pension fund was intentionally under-funded over the past ten years. New pension benefits were knowingly granted far in excess of what revenues paid into the system could support.

Second, this has created a shortfall of at least \$1.4 billion in the employee pension fund. There is also a significant unfunded liability in the City's retiree healthcare benefits.

Third, city government leaders misinformed investors when they sold millions of dollars in municipal bonds, failing to properly disclose the shortfall in the employee pension fund and other accounting irregularities.

Fourth, this misconduct and the subsequent attempts to cover it up have delayed release of our city's audited financial statements for the past three years.

Fifth, without audited financial statements, it would be cost prohibitive for the city to approach the municipal bond market, which is used by nearly every American city to finance major infrastructure projects. The result? Badly needed infrastructure projects, such as critical water and sewer improvements, have been delayed.

All of these well chronicled facts are now the basis for the indictments and criminal complaints at both the federal and local level.

Section 2: Mavor Details City's Management Problems

But city government's problems run much deeper than financial misconduct and deception.

Sixth, in a related matter, city government has failed to tell its citizens the truth about the city's operating budget. For years, unrealistic budgets have hidden the fact that expenditures exceeded the budget by tens of millions of dollars each year. Were it not for the robust growth in city revenues, the financial picture would be far worse.

Seventh, for years, important problems were swept under the rug by City government leaders.

As best I can tell, the operating philosophy around City Hall involved one of these three words: delay, deny or deceive.

This “us vs. them” mentality has contributed to a culture of secrecy, where important decisions were made behind closed doors, and ethical standards were compromised, resulting in a serious erosion of trust in city government.

Eighth, even worse, basic information systems necessary to monitor how much is being spent and how effectively services are being delivered simply don’t exist.

And finally, despite growth in the number of city employees over the past decade, the quality of basic neighborhood services in our city has not improved.

Section 3: Mayor takes Accountability/Ownership

No matter what the problems may be – or who caused them – I take responsibility for them and am willing to be held accountable.

Section 4: Speaking Directly to City Employees

I would like to address the 11,000 hardworking women and men who serve our citizens as employees of the City of San Diego. I myself was a City employee for 26 years and am very proud of my service to our citizens.

One of the most unfortunate aspects of the crisis that surrounds us is the *false* perception that you are somehow to blame for our city’s problems. Nothing could be further from the truth. **The system failed you -- not the other way around. There is great honor in being a public servant and you should be proud to be an employee of the City.**

One of the most enjoyable parts of my job has been speaking to members of our dedicated workforce. At one of my first appearances, I was asked a simple but straightforward question by a landfill worker: what do you expect from us? My answer was just as simple: continued hard work, honesty and keeping the customer in mind. That’s all that I can ask – just keep doing your jobs and I promise that we will work through these problems.

Clearly, the City and its employees are doing many things right:

- San Diego is today one of the safest big cities in America.
- We have one of the world’s most competent lifeguard agencies. They have set the standard for cliff and swift water rescues.
- Our library services are consistently rated as the “top rated city service” by residents.
- Each year, tens of millions of residents and visitors visit our 39,000 acres of parks and open space.

Our City employees make all of this possible and they are to be congratulated for it.

Section 5: Fixing the Problems

Tonight, I'm going to tell you some of the initial steps I'm taking to address the City's problems.

Please keep in mind that these problems took years to create, so they're not going to be solved overnight. To use a term that sports fans will recognize, the three years of my term will be "rebuilding years."

The solutions are going to involve pain and sacrifice from everyone, from city administrators and city employees to residents and businesses.

And most important, these solutions are going to require cooperation from the City Council and the City Attorney.

Section 6: Speaking to the Mayor's Fellow Elected Officials

To all of my fellow elected officials, I say: San Diego voters expect us to solve these problems.

Voters want to see nothing short of major, wholesale reform. They have patience for nothing short of that. They also want to see us cooperating with one another to make that reform happen.

I'm not here to criticize the City Council, the City Attorney or the employee labor unions. But, we have a collective problem here that we all need to face.

There will be days when I make everyone angry. But I need to say and do what I think is right.

Section 7: Changing the Pension Board and the Reinstatement of the City Attorney

It will take drastic, but thoughtful, reforms to change our City.

I have asked the current appointed board members of the City's Retirement System to resign. My plan would be for them to serve through the presentation of the Navigant report on January 20th and then to empanel a new board.

Reform means change -- and these changes are necessary to restore public confidence -- and more importantly, to return the System to fiscal health.

My recommendation represents the need for a fresh start. Individually, I think all of the members of the pension board are fine people. My recommendation should **not** be interpreted as a reflection on any one of them. They are to be thanked for their service to the community. Their mission has been a difficult and thankless one.

