

# Exhibit 1

ORION TITLE INSURANCE AND TRUST COMPANY

# HISTORY OF SAN DIEGO COUNTY

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workers), the San Diego Reptile Club, San Diego Aquarium Association, San Diego Shell Club, Mineral Society of San Diego, Junior Naturalists' Club, and Sunset Hikers. The facilities of the San Diego Society of Natural History and its library are available to these club members at all times. Reciprocally, the clubs are often of value to the Society in the specimens which they donate and the activities which they sponsor. For example, the exhibit of live tropical and other fishes, which has become a prominent attraction in the Museum, was started through the agency of the Aquarium Association.

As we write, the Natural History Museum is performing a function different from any in the 62 years' history of the Society that operates it. It has temporarily become the "Palace of Natural History" and is an integral unit in the California Pacific International Exposition. All its operations, for the time being, are centered on the largest possible contribution to the success of this great enterprise.

It may seem a far cry from the quiet gatherings of a few kindred spirits, back in the '70s, which formed the beginnings of the San Diego Society of Natural History, to 1936 conditions when over 13,000 persons have been counted entering the doors of its Museum in a single day; from the informal display of a few personally collected specimens to present-day possessions of nearly half a million classified items. Reviewing the presidents of the Society who have carried the banner during these years, we find that George W. Barnes served from 1874 to 1888, Daniel Cleveland from 1888 to 1890 and again from 1893 to 1904, B. F. McDaniel from 1890 to 1893, Anthony W. Vogdes from 1904 to 1920, Fred Baker from 1920 to 1922 and Joseph W. Sefton, Jr., from 1922 to the present time. Behind these leaders has been the indomitable spirit of those who have carried forward through the years the torch of the San Diego Society of Natural History, paralleling in the development of their organization the growth of the city which has been its home.



### SAN DIEGO'S MUNICIPAL HISTORY

By ALLEN H. WRIGHT, City Clerk

The commemorative postage stamps printed by the United States government for the California Pacific International Exposition in 1935 bear the following: "1835—San Diego—1935." The use of the earlier date caused much comment and evoked many inquiries as to its application to San Diego, which did not receive its charter until 1850.

Founded in 1769 by the Franciscans, San Diego was for sixty-six years under military rule, the few inhabitants living in their adobe homes under the protection of the soldiers of the presidio. It was not until January 1, 1835, that elected officers of the pueblo of San Diego assumed office and civil government, for the first time, became dominant. This event, then, explains the use of the date of 1835 on the exposition stamps and gives authority for considering the exposition as marking the first centenary of San Diego's existence as a municipality.

The first officials of the pueblo of San Diego, chosen at the election held December 21, 1834, were as follows: Alcalde, or mayor, Juan Maria Osuna; regidores, or aldermen, Juan Bautista Alvarado and Juan Maria Marron; syndico procurador, or attorney, Henry D. Fitch. Thirteen votes had been cast to bring into being this first town council, or ayuntamiento. San Diego, however, had its own council for but three years, before, owing to its small population, it was made a part of the sub-prefecture of Los Angeles, with its affairs conducted by a juez de paz, or judge, named annually by the governor. Jose Antonio Estudillo was the first to occupy this post. This status continued until the time of the Mexican War.

The City of San Diego began to function as a municipality under American rule with an election on June 16, 1850, following the setting up of the County of San Diego, which, on February 18th of that year, had been one of the original twenty-seven counties forming the newly admitted state of California.

In the archives of the city clerk's office are the original minutes of the meeting of the first common council, held on June 17th, the day after the election, at four o'clock in the afternoon. John Hays, who, on April 1, had been elected the first county judge, was present to administer the oath of office to Joshua H. Bean, the last to hold the title of alcalde, under the Mexican government, who now became the first to hold the title of mayor under the new order of things.

Following the induction of the mayor into office, Judge Hays swore in the first group of councilmen, which included Charles Haraszthy, William Leamy, Charles R. Johnson, Charles P. Noell, and Dr. Atkins S. Wright. The last named was elected as president of the board, and John Conger was appointed secretary pro tempore. Five days later the council made Conger city clerk. In September ill health forced Conger's retirement and W. E. Rust was appointed to the position. The latter, in turn, was succeeded in January, 1851, by A. J. Matsell, who presented his resignation on July 8, of that year. He was succeeded by Frederick J. Painter.


Fitch

Noell

Changes had also taken place, during the city's first year, in the make-up of the common council, with Johnson resigning August 5 and being succeeded on August 12 by George F. Hooper. On August 24 Noell resigned and his councilmanic robes fell upon Philip Crosthwaite, who took office on September 9. In January, 1851, the entire personnel of the council was changed by the election of A. Blackburn, John Brown, J. Jordan, G. P. Tebbetts and E. Wall, with D. B. Kurtz gaining office as the city's second mayor.

On January 30, 1851, the seat of Mr. Jordan having been contested and the decision being against him, a vacancy was created and at an election held on February 10 Thomas Wrightington was chosen. By July two more members dropped out, Messrs. Blackburn and Wall, and their places were filled by the election of John Dillon and John Judson Ames. The latter was the editor of San Diego's first newspaper, the Herald. In October Wrightington resigned, and for the remainder of the year the city's business was conducted mainly by three councilmen.

The first Monday in January, 1852, witnessed another election, and, once more, a new slate went into office by the selection of Charles Fletcher, Charles Johnson, William Leamy, R. E. Raimond and William P. Toler. However, these were destined to hold their positions but a short time, and on February 28, of that year, they held their last meeting as a common council and adjourned sine die.



The little municipality began functioning under a board of trustees on March 25, 1852, with C. P. Noell, C. J. Coutts and G. P. Tebbetts in the new offices. They were assigned duties as follows: Noell was president of the board, Coutts was treasurer and Tebbetts was secretary. The following day the board, by resolution, called upon all previous charter officers to submit reports on the city affairs which had been handled by them during the year or two they had been in charge.

On May 20 Cave J. Coutts resigned from the board, giving as his reasons the fact that he was being called away from San Diego for an indefinite period. On June 9 Trustees Noell and Tebbetts met and received the resignation of Noell, leaving but Tebbetts as sole trustee and on June 10 he submitted his resignation to Judge Hays. A special election was held, at which W. C. Ferrell, James W. Robinson, and Louis Rose were chosen trustees, and on July 31 they organized by choosing Robinson as president, Ferrell as secretary, and Rose as treasurer. This new board on August 25 "entered upon an investigation of the liabilities of the former corporation of the City of San Diego," and tried to find ways and means to settle all indebtedness outstanding, as evidenced by "scrip," which had been freely issued, in lieu of coin of



























































































































































































































































































































































































































































































































































































































































































































	<p>Retirement Issues:</p> <ul style="list-style-type: none"> <li>• Funding Ratio Impact on City Contribution (Info)</li> <li>• 2.5% at 55 General Member Formula (Action)</li> <li>• Increases in Employee Pick-ups (Info)</li> <li>• Retiree Health Insurance and Funding (Action)</li> <li>• Authority to Pay "13<sup>th</sup>" Check to Retirees (Action)</li> <li>• Presidential Leave and Retirement Benefits (Action)</li> </ul> <p style="text-align: right;">27</p>
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Slide 28 of the PowerPoint included with the 26 April 2002 Closed Session Memorandum provides detailed information regarding the funding ratio's effect on the City's pension contribution:

	<p style="text-align: center;"><b>Meet &amp; Confer 2002</b>  Funding Ratio Impact on City Contribution  <i>1997 Manager's Proposal</i></p> <ol style="list-style-type: none"> <li>1. Increased formulas for all employee groups</li> <li>2. Created Retiree Health Benefit within CERS</li> <li>3. Created DROP Program</li> <li>4. Created "corridor" plan for city contribution rates <ol style="list-style-type: none"> <li>1. annual employer rate increases capped at 0.50%</li> <li>2. less than actuarially determined rate</li> <li>3. has created "unfunded" liability</li> <li>4. Included "<u>trigger</u>" if funding ratio dropped 10% (to 82.3%), city pays full actuarial rate (FY02 would be 15.59% v. 10.33% - approximately +\$25m)</li> </ol> </li> </ol> <p style="text-align: right;">28</p>
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On Slide 29, the effect of the funding on the City's pension contribution is discussed in terms of the current funding ratio. City staff represented to the Council that the funding ratio trigger would require the City only to pay the "full actuarial rate" of approximately \$25 million. However, the 1997 Managers Proposal ("MP 1")









































































































































































































DROP's "Hidden" Liabilities  
September 13, 1999

After our most recent DROP meeting, it became apparent that one technical point is making the concept of DROP murky. The issue relates to the account balance during a participant's DROP period.

In regard to the participant's DROP account, one person said, "What do I care? If it's in a defined contribution account balance, I view it as an entirely separate issue than the funding of the defined benefit plan." Another said, "These monies have already been considered and funded in the process in any event."

Such comments are understandable but untrue. Hopefully, the following example will illustrate.

Let's assume that a firefighter has 30 years of service and is 55 years old. The firefighter elects to work three additional years.

The pension at age 55 is \$40,000 per year. What is the actuarial value of the total benefit due the firefighter ceases providing services at age 58 under both a DROP election and no DROP election?

**If the firefighter DROPS:**

Part A is their DROP account. We are assuming a 2% annual pension increase. This is determined by:

	<u>Pension Amounts</u>	<u>DROP Account Additions</u> <u>Credited Interest during 3 years</u>	<u>Total</u>
Year 1	\$40,000	\$8,486	\$48,486
Year 2	\$40,800	\$4,993	\$45,793
Year 3	\$41,616	\$1,633	\$43,249
Totals	\$122,416	\$15,112	\$137,528

Part B: The actuarial value of future pension payments from the non-DROP pension is:

$$\$42,448 * 13.54 = \$574,746$$

13.54 is an actuarial factor to reflect the present value of future anticipated payments of \$1 per year commencing at age 58.

The sum of Part A and Part B is \$712,274:

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