



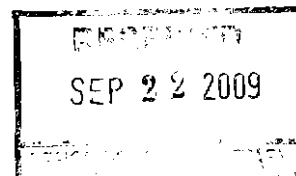
County of San Diego

DONALD F. STEUER
CHIEF FINANCIAL OFFICER
(619) 531-5413
FAX (619) 531-5219

AUDITOR AND CONTROLLER
1600 PACIFIC HIGHWAY STE 166, SAN DIEGO, CALIFORNIA 92101-2478

TRACY M. SANDOVAL
ASST. CHIEF FINANCIAL OFFICER/
AUDITOR & CONTROLLER
(619) 531-5413
FAX (619) 531-5219

September 8, 2009



Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Ms. Murphy:

RELEASE NO. 34-60332; FILE NO. S7-15-09

This letter provides comments on the Commission's proposed amendment to its Rule 15c2-12 (the "Rule"), as contained in Release No. 34-60332 (the "Release") on behalf of the County of San Diego, California.

The County is a regular issuer of debt in the public markets, the general administration of which is handled by various departments in the County's Finance and General Government Group. The County's long-term obligations may be issued as bonds, notes or certificates of participation, and may be issued by the County itself, as well as through the San Diego County Capital Asset Leasing Corporation, the County's Redevelopment Agency and other County financing conduits. As of the fiscal year ended June 30, 2009, the County had \$1,497 million of outstanding par, which includes the following long-term obligations outstanding: three issues of taxable pension obligation bonds with an aggregate outstanding par amount of \$1,006 million; 12 lease-backed transactions (certificates of participation or lease revenue bonds) with an outstanding par amount of \$462 million; one series of bonds issued through the County of San Diego Redevelopment Agency with an outstanding par amount of \$15 million; and four additional bond issuances, including multi-family housing revenue bonds and reassessment district bonds, with an outstanding par of \$14 million.

The County has always had a policy to provide extensive disclosure to its bondholders, regardless of regulations, and supports timely and complete disclosure by participants in the municipal securities markets. However, we have comments regarding the proposed amendments to the Rule based upon our extensive experience with certain of these requirements over the last few years.

I. Time for Filing Notices.

The Release proposes to fix a single, 10-day deadline for the filing of notice of any of the events under Section (b)(5)(i)(C) of the Rule. The proposal requires the notice to be filed within 10 days of the occurrence of the event. We have had actual experience in the past year where

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we did not receive actual notice of various rating changes affecting bond insurers or banks, which would affect some of our bond issues, in a timely manner. Had the proposed Rule been in effect, we would have failed to comply with the 10-day requirement.

We recommend that, if any fixed deadline for filing notices is adopted, it should be measured from the issuer's receipt of knowledge of the event, rather than the occurrence of the event.

If the Commission does apply a fixed period for filing of notices, we think the 10-day proposed period is reasonable. Any shorter time would be burdensome on County staff which have, of course, many other responsibilities. At certain times of the year, staff may be engaged both in new bond financings as well fully engaged in normal financial management responsibilities. Some time is required to simply ascertain the facts, and in some cases to determine if the event in question is material. Sometimes we will have our outside bond counsel review the proposed notice. Finally, in our organization, any public filing such as this requires review by several layers of management after drafting by staff, which may take several days depending on workload and availability of senior management. Accordingly, we would strongly oppose anything shorter than a 10-day period to file required notices.

II. Change in Materiality Standard

The Release proposes to eliminate the "materiality" standard for filing notices for six events. While we understand that these events are on their face of significant importance to investors, and generally should be known immediately to the issuer (save for rating changes, discussed below), we note that there are circumstances where a principal or interest payment delinquency may be outside the control of the issuer and would not represent a financial failure on the issuer's part. There could be a disruption in the Federal Reserve Wire system, or an error or lapse by a trustee or paying agent or a clerical error at DTC, any of which might result in a very short-term delay in crediting payments to bondholders. In the past we would have treated such an event as not material. Forcing filing of a notice in such an instance would create an unwarranted implication that the issuer had suffered a financial adversity.

III. Notice of Rating Changes

We respectfully urge the Commission to amend the Rule to eliminate Section (b)(5)(i)(C)(11), the requirement for the issuer (or other obligated person) to file notices regarding changes in ratings of bonds. This single requirement has caused the greatest burden on us in compliance with the Rule, and we do not think that on a cost-benefit basis it justifies inclusion in the Rule.

First, rating changes are not within the control of the issuer, so knowledge of these developments has to come via third parties. We learn about these events from seeing press releases or news stories. The rating agencies do not directly contact issuers with detailed information regarding rating changes. This has been particularly problematic in the past year or more when there have been multiple rating actions taken with regard to insurers and banks.

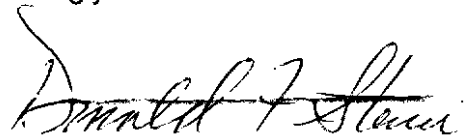
Second, the availability of information has greatly expanded since the Rule was first adopted in its present form in 1995. Investors and analysts have numerous electronic sources

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of information about the ratings for bond issues, not least from the rating agencies themselves. It seems highly improbable they will be looking to the MSRB EMMA site for this information.

Finally, we have reviewed our own experience in complying with this aspect of the Rule in the past year, and must emphasize that it has required a significant commitment of staff time and resources. While we are fully committed to accurate and complete disclosure regarding the County of San Diego and its financial condition, we do not believe that these required rating change notices have in any way contributed to increased investor awareness.

We urge the Commission to take into consideration these comments and to modify the proposed amendments to the Rule accordingly.

A handwritten signature in cursive script, reading "Donald F. Steuer", is written over a horizontal line.

DONALD F. STEUER
Chief Financial Officer
County of San Diego

c: Bill Bothwell, Orrick, Herrington & Sutcliffe LLP