CONTINUING DISCLOSURE CERTIFICATE

CITY OF SAN DIEGO

Dated as of December 15, 2003

Relating To
$5,430,000
City of San Diego
Assessment District No. 4096 (Piper Ranch)
Limited Obligation Improvement Bonds

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate"), dated as of December 15, 2003, is executed and delivered by the CITY OF SAN DIEGO, a chartered city and municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California and its Charter (the "City").

W I T N E S S E T H :

WHEREAS, pursuant to an Indenture, dated as of December 15, 2003 (the "Indenture"), by and between the City and the Union Bank of California, N.A., as trustee (the "Trustee"), the City has issued $5,430,000 aggregate principal amount of City of San Diego Assessment District No. 4096 (Piper Ranch) Limited Obligation Improvement Bonds (the "Bonds"); and

WHEREAS, this Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the underwriters of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5);

NOW, THEREFORE, for the benefit of the holders and beneficial owners of the Bonds, the City hereby promises and covenants as follows:

Section 1. Definitions. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture. In addition, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the City pursuant to, and as described in, Sections 2 and 3 hereof.

"Disclosure Representative" means the Deputy City Manager of the City or his or her designee, the Treasurer of the City or his or her designee, or such other officer or employee as the City shall designate in writing to the Dissemination Agent (if other than the City) from time to time.

"Dissemination Agent" means the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Listed Events" means any of the events listed in Section 4(a) hereof.

"National Repository" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Official Statement" means the Official Statement, dated December 17, 2003, relating to the Bonds.

"Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" means each National Repository and each State Repository.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 2. Provision of Annual Reports. (a) The City shall, or, if the City is not the Dissemination Agent, the City shall cause the Dissemination Agent to, provide to each Repository an Annual Report which is consistent with the requirements of Section 3 hereof, not later than nine months after the end of the City's fiscal year (which currently would be April 1), commencing with the report for the 2002-03 fiscal year. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 hereof; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 4(f) hereof.

(b) Not later than 15 business days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the City shall provide the Annual Report to the Dissemination Agent (if the City is not the Dissemination Agent).

(c) If the Dissemination Agent does not provide an Annual Report to Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any;

(ii) if the Dissemination Agent is the City, provide the Annual Report to each Repository, as provided herein and, if the Dissemination Agent is not the City, provide any Annual Report received by it to each Repository, as provided herein; and

(iii) if the Dissemination Agent is not the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

(e) if the City is the Dissemination Agent, the City shall, or, if the City is not the Dissemination Agent, if received by the Dissemination Agent, the Dissemination Agent shall,

provide an Annual Report to each Participating Underwriter described on Exhibit B attached hereto at the time such Annual Report is provided to the Repositories in accordance with this Section.

Section 3. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to that used for the City's audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The information described below:

(i) The principal amount of Bonds Outstanding as of December 31 of the prior calendar year.

(ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of December 31 of the prior calendar year.

(iii) The balance in the Improvement Fund as of December 31 of the prior calendar year.

(iv) The Assessment delinquency rate for the District as of December 31 of the prior calendar year; the number of parcels within the District delinquent in payment of Assessments as of December 31 of the prior calendar year; the amount of each delinquency; the length of time delinquent and the date on which foreclosure was commenced, or similar information pertaining to delinquencies deemed appropriate by the City; provided, however, that parcels with delinquencies of $1,000 or less may be grouped together and such information may be provided by category.

(v) The status of foreclosure proceedings and a summary of the results of any foreclosure sales as of December 31 of the prior calendar year.

(vi) The identity of any property owner, representing more than 5% of the Assessment levy, delinquent in payment of Assessments as of December 31 of the prior calendar year.

(vii) An update, as of December 31 of the prior calendar year, of the information contained in Table 1 of the Official Statement.

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b) of this Section, the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds.

(vii) Modifications to rights of Bond holders.

(viii) Contingent or unscheduled Bond calls.

(ix) Defeasances.

(x) Release, substitution, or sale of property securing repayment of the Bonds.

(xi) Rating changes.

(b) If the Dissemination Agent is not the City, the Dissemination Agent shall, before the close of the business day following the business day on which it obtains actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f) of this Section.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Dissemination Agent pursuant to subsection (b) of this Section or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the City is not the Dissemination Agent and the City determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the City shall promptly notify the Dissemination Agent in writing; such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f) of this Section.

(e) If the City is not the Dissemination Agent and, in response to a request under subsection (b) of this Section, the City determines that the Listed Event would not be material under applicable federal securities law, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f) of this Section.

(f) If the City is the Dissemination Agent and the City determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the City shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository and shall provide a copy of such notice to each Participating Underwriter described on Exhibit B attached hereto.

If the City is not the Dissemination Agent and the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository and shall provide a copy of such notice to each Participating Underwriter described on Exhibit B attached hereto.

Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 5. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 4(f) hereof.

Section 6. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the City shall be the Dissemination Agent.

Section 7. Amendment; Waiver. Notwithstanding any other provision hereof, the City may amend this Disclosure Certificate, and any provision hereof may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to Sections 2(a), 3 or 4(a) hereof it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders; or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of holders.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial statements or information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 4(f) hereof.

Section 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 9. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, and upon indemnification of the Trustee to its reasonable satisfaction, shall), or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Trustee, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 11. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City has executed this Disclosure Certificate as of the date first above written.

CITY OF SAN DIEGO

By: Mary E. Vattimo

Mary E. Vattimo, City Treasurer

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of San Diego

Name of Bond Issue: City of San Diego Assessment District No. 4096 (Piper Ranch) Limited Obligation Improvement Bonds

Date of Issuance: January 14, 2004

NOTICE IS HEREBY GIVEN that the City of San Diego (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by Section 6.11 of the Indenture, dated as of December 15, 2003, by and between the City and Union Bank of California, N.A., as Trustee. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

City of San Diego

EXHIBIT B

PARTICIPATING UNDERWRITERS

Stone & Youngberg LLC
One Ferry Building
San Francisco, California 94111
Attention: Municipal Research Department