

OVERSIGHT BOARD RESOLUTION NUMBER OB-2015-2

A RESOLUTION OF THE OVERSIGHT BOARD FOR CITY OF SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY APPROVING (i) THE EIGHTH RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY THROUGH DECEMBER 2015, DESIGNATED AS ROPS 15-16A, (ii) THE SIX-MONTH ADMINISTRATIVE AND PROJECT MANAGEMENT BUDGET OF THE SUCCESSOR AGENCY CORRESPONDING TO ROPS 15-16A, AND (iii) CERTAIN RELATED ACTIONS.

WHEREAS, the former Redevelopment Agency of the City of San Diego (Former RDA) administered the implementation of various redevelopment projects, programs, and activities within designated redevelopment project areas throughout the City of San Diego; and

WHEREAS, in accordance with Assembly Bill x1 26 (AB 26), the Former RDA dissolved as of February 1, 2012, at which time the City of San Diego, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency), assumed the Former RDA's assets and obligations; and

WHEREAS, the Successor Agency is winding down the Former RDA's affairs in accordance with AB 26, enacted on June 28, 2011, Assembly Bill 1484 (AB 1484), enacted on June 27, 2012, and subsequent legislation (collectively, the Dissolution Laws); and

WHEREAS, the Oversight Board has been formed to oversee certain actions and decisions of the Successor Agency in accordance with the Dissolution Laws; and

WHEREAS, the San Diego County Auditor-Controller (County Auditor), the State Controller, and the State Department of Finance (DOF) also possess certain rights and obligations under the Dissolution Laws with respect to the Successor Agency's administration of the Former RDA's operations; and

WHEREAS, pursuant to California Health and Safety Code (HSC) section 34177(1), Successor Agency staff must prepare a Recognized Obligation Payment Schedule (ROPS) on a forward-looking basis for each six-month fiscal period, showing the payments to be made toward enforceable obligations and the funding source for the payments, including, without limitation, the Redevelopment Property Tax Trust Fund (RPTTF); and

WHEREAS, Successor Agency staff has prepared the proposed eighth ROPS covering the period from July 1, 2015 through December 31, 2015, also known as ROPS 15-16A, based on the DOF's updated electronic template distributed to Successor Agency staff on January 9, 2015; and

WHEREAS, the current template for ROPS 15-16A requires detailed data to be entered in each of various columns in a specified format before ROPS 15-16A can be electronically "validated" and submitted to the DOF; and

WHEREAS, ROPS 15-16A consists of a multi-page spreadsheet in the DOF's mandatory template, showing proposed payments by the Successor Agency toward enforceable obligations for the ROPS 15-16A period, as well as the reconciliation of estimated versus actual payments made by the Successor Agency during the prior six-month ROPS 14-15A period covering July 1, 2014 through December 31, 2014, and this spreadsheet is included as Attachment A to the Staff Report dated February 4, 2015, accompanying this item (Staff Report); and

WHEREAS, ROPS 15-16A also consists of a document entitled "Successor Agency's Additional Explanation of Notes and Reservation of Rights" which has become necessary due to space limitations in the DOF's mandatory template and contains similar text compared to the footnotes in the ROPS for each prior six-month fiscal period (with the exception of certain

language to which the DOF objected in response to ROPS 13-14B), and this document is included as Attachment B to the Staff Report; and

WHEREAS, since January 9, 2015, Successor Agency staff has worked diligently to update the information on enforceable obligations in the newest ROPS template, and this process has been extremely time-consuming; and

WHEREAS, as described in the Staff Report, all of the basic data has been transferred to the current ROPS template, but Successor Agency staff continues to update the notes corresponding to various line items in ROPS 15-16A and to verify the factual accuracy of the information presented in all line items (collectively, the Pending ROPS Adjustments); and

WHEREAS, HSC section 34177(m) requires the Successor Agency to obtain the Oversight Board's approval of ROPS 15-16A and to submit ROPS 15-16A to the DOF by March 3, 2015, and subjects both the City and the Successor Agency to specified civil penalties in the event that ROPS 15-16A is not timely submitted to the DOF; and

WHEREAS, the anticipated date for the County Auditor's semi-annual distribution of property taxes generated in the redevelopment project areas to the Successor Agency and local taxing entities with respect to ROPS 15-16A is June 1, 2015 (ROPS Distribution Date); and

WHEREAS, HSC section 34177(m) provides the DOF with a 45-day review period on ROPS 15-16A, during which the DOF will make a determination on the amount of enforceable obligations and the proposed funding sources and may eliminate or modify any item on ROPS 15-16A prior to its approval; and

WHEREAS, based on HSC section 34177(m), the Successor Agency may, within five business days after the DOF's determination on ROPS 15-16A, request additional review by the DOF and an opportunity to meet and confer with the DOF on disputed items in ROPS 15-16A,

and the DOF must notify the Successor Agency and the County Auditor regarding the outcome of its additional review at least 15 days before the ROPS Distribution Date; and

WHEREAS, HSC section 34182.5 enables the County Auditor to deliver written notice at least 60 days before the ROPS Distribution Date, objecting to the inclusion of any items in ROPS 15-16A that are not demonstrated to be enforceable obligations, and further enables the Oversight Board, in response to the County Auditor's objection, to refer any disputed item in ROPS 15-16A to the DOF for a determination of what will be approved for inclusion in ROPS 15-16A; and

WHEREAS, HSC section 34177(j) requires the Successor Agency to prepare, and to submit to the Oversight Board for approval, an administrative budget for each upcoming six-month fiscal period, estimating the administrative costs to be expended during the applicable fiscal period, identifying the proposed sources of payment for such administrative costs, and identifying proposed arrangements for administrative and operations services provided by a city or other entity; and

WHEREAS, Successor Agency staff has prepared a proposed six-month Administrative and Project Management Budget for the Successor Agency covering the period of July 1, 2015 through December 31, 2015 (ROPS 15-16A Budget), a copy of which is included as Attachment C to the Staff Report; and

WHEREAS, the ROPS 15-16A Budget includes the total amount of \$3,143,000, of which \$1,843,000 is allocated to administrative costs and \$1,300,000 is allocated to project-specific costs and litigation costs, as such categories of costs are described in HSC section 34171(b); and

WHEREAS, the ROPS 15-16A Budget contemplates the Successor Agency's payment of funds to the City in exchange for the provision of certain services by the City and a City-owned

nonprofit public benefit corporation, namely Civic San Diego, related to winding down the Former RDA's affairs; and

WHEREAS, the Oversight Board's decisions regarding approval of ROPS 15-16A and the ROPS 15-16A Budget will not become effective until after those decisions have been approved or deemed approved by the DOF in accordance with HSC sections 34177(m) and 34179(h), subject to the outcome of any meet-and-confer process on ROPS 15-16A initiated by Successor Agency staff with the DOF.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

1. ROPS 15-16A is hereby approved.
2. Subject to the approval of the Oversight Board's Chair and the Oversight Board's legal counsel, Successor Agency staff may make any necessary adjustments to ROPS 15-16A due to delays associated with the DOF's recent provision of the updated electronic template for the ROPS, provided that the substantive content of ROPS 15-16A remains substantially the same and provided further that any adjustments are consistent with the scope of the Pending ROPS Adjustments disclosed by Successor Agency staff during the Oversight Board meeting held on February 9, 2014.
3. The ROPS 15-16A Budget is hereby approved.
4. The Successor Agency is authorized to make payments in accordance with the ROPS 15-16A Budget, utilizing the funding sources identified therein.

PASSED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on February 9, 2015.

The Oversight Board approved this Resolution through two separate motions, due to the abstention of certain board members from voting on individual line items showing San Diego

Gas & Electric and/or Sempra Energy as the payee of, or involved party in, an enforceable obligation in ROPS 15-16A.

The first motion involved the approval of all action items in this Resolution, except for line items 320 and 614 in ROPS 15-16A. The Oversight Board approved this first motion by a 7-0 vote. The second motion involved solely the approval of line items 320 and 614 in ROPS 15-16A. The Oversight Board approved this second motion by a 5-0 vote, with Chair Nelson and Board Member Davies abstaining from the vote due to a potential conflict of interest that they each noted on the record.



Chair, Oversight Board