

OVERSIGHT BOARD RESOLUTION NUMBER OB-2015-9

A RESOLUTION OF THE OVERSIGHT BOARD FOR CITY OF  
SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY  
APPROVING THE FIRST AMENDMENT TO AGREEMENT  
REGARDING EXPENDITURE OF EXCESS BOND PROCEEDS  
AND MAKING A RELATED FINDING.

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 (City); 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, 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, consistent with California Health and Safety Code (Code) section 34179.7, the DOF issued a finding of completion to the Successor Agency on December 2, 2013,

signifying the Successor Agency's completion of three lump-sum payments of unencumbered funds to the County Auditor for pro rata distribution to the local taxing entities; and

WHEREAS, Code section 34191.4(c)(1) authorizes the Successor Agency, as the recipient of a finding of completion, to use unencumbered non-housing bond proceeds issued before 2011 (Excess Bond Proceeds) for the purposes for which the bonds were sold; and

WHEREAS, after the Successor Agency obtained the advance approval of the Oversight Board and the DOF, the City and the Successor Agency entered into that certain Agreement Regarding Expenditure of Excess Redevelopment Bond Proceeds dated November 14, 2014 (Original Agreement), on file in the Office of the City Clerk as Document No. RR-309247; and

WHEREAS, pursuant to the Original Agreement, the Successor Agency agreed to transfer to the City the available Excess Bond Proceeds, and the City agreed to expend the Excess Bond Proceeds in accordance with the Bond Spending Plan (Exhibit 2 to the Original Agreement) and consistent with the basic purposes for which the bonds were sold and the applicable provisions of the California Community Redevelopment Law; and

WHEREAS, in January 2015, the Successor Agency transferred the Excess Bond Proceeds in the approximate amount of \$55 million to the City; and

WHEREAS, the City and the Successor Agency now propose to enter into the First Amendment to Agreement Regarding Expenditure of Excess Redevelopment Bond Proceeds (First Amendment), a copy of which is included as Attachment D to the staff report accompanying this Resolution; and

WHEREAS, the First Amendment will accomplish three purposes: (i) to provide an updated version of Exhibit 1 to the Original Agreement, which reflects the actual amount of the Excess Bond Proceeds transferred to the City; (ii) to provide an updated version of Exhibit 2 to

the Original Agreement, which reflects additions, deletions, and consolidations of line items pertaining to potential redevelopment projects, activities, and programs on which the Excess Bond Proceeds may be expended; and (iii) to allow any portion of the Excess Bond Proceeds to be used, at the Successor Agency's election at any time, to defease (i.e., pay down) any of the Successor Agency's outstanding bonds from which the Excess Bond Proceeds were derived, as permitted by Code sections 34177(i) and 34191.4(c)(2); and

WHEREAS, the First Amendment will benefit the local taxing entities in two ways:

(a) like the Original Agreement, the First Amendment will streamline the completion of various public improvements serving the local community, which in turn will improve and increase the local tax base, including property and sales and uses taxes; and (b) the First Amendment will allow for the potential defeasance of outstanding redevelopment bonds using Excess Bond Proceeds where warranted under Code section 34177(i), thereby reducing the amount of bond debt service payable by the Successor Agency and increasing the residual balance of the Redevelopment Property Tax Trust Fund available for distribution to the local taxing entities.

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

1. The Board finds the First Amendment to Agreement Regarding Expenditure of Excess Redevelopment Bond Proceeds (First Amendment) will benefit the local taxing entities.
2. The Board approves the First Amendment.
3. The Board removes the condition in Paragraph 3 of Resolution No. OB-2014-83 adopted on October 1, 2014, which approved the Original Agreement, and confirms that new projects may be added to the Revised Bond Spending Plan (Exhibit 2 to the First Amendment) in the future without the Board's advance approval.

**PASSED AND ADOPTED** by the Oversight Board at a duly noticed meeting of the Oversight Board held on August 17, 2015, as follows:

The Oversight Board approved the action items memorialized in this Resolution through bifurcated motions. The first motion involved solely the approval of any item in the Revised Bond Spending Plan that will entail any payment to or contract with San Diego Gas & Electric and/or Sempra Energy, namely the item identifying the construction of Fire Station #2 – Bayside. The Board approved the first motion by a 4-0 vote. Chair Nelson and Board Member Davies abstained from participating in and/or voting on the first motion and the subject matter thereof. They each noted for the record that their abstention resulted from a potential conflict of interest related to San Diego Gas & Electric and/or Sempra Energy. The second motion involved the approval of all action items memorialized in this Resolution other than the subject matter addressed in the first motion. The Board approved the second motion by a 6-0 vote.

  
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Chair, Oversight Board