

OVERSIGHT BOARD RESOLUTION NUMBER OB-2012-19

A RESOLUTION OF THE OVERSIGHT BOARD FOR CITY OF SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY AUTHORIZING THE SUCCESSOR AGENCY TO ENTER INTO CONTRACTS USING THE CONTINGENCY RESERVE IN THE APPROVED SECOND RECOGNIZED OBLIGATION PAYMENT SCHEDULE, INCLUDING, BUT NOT LIMITED TO, SERVICES CONTRACTS WITH THE ACCOUNTING FIRM TO COMPLETE THE TWO-PART DUE DILIGENCE ACCOUNTING REVIEW UNDER ASSEMBLY BILL 1484.

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, and Assembly Bill 1484 (AB 1484), enacted on June 27, 2012 (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, AB 1484 has added California Health and Safety Code sections 34179.5 and 34179.6, which collectively establish a new requirement for the Successor Agency to employ an independent licensed accountant to perform a two-part due diligence accounting review of housing assets and non-housing assets (Two-Part Review); and

WHEREAS, the main purpose of the Two-Part Review is to determine to what extent the Successor Agency possesses any unencumbered cash balances that will need to be transferred to the San Diego County Auditor-Controller (County Auditor) for pro rata distribution to the local taxing entities; and

WHEREAS, AB 1484 states that the review of housing assets must be completed by October 1, 2012, and that the review of non-housing assets must be completed by December 15, 2012, but does not specify how the costs of the Two-Part Review are to be paid; and

WHEREAS, the approved second Recognized Obligation Payment Schedule, covering the period from July 1 through December 31, 2012 (ROPS 2), includes a contingency line item in the aggregate amount of \$500,000, to address unforeseen expenditures that may be incurred by the Successor Agency; and

WHEREAS, the Successor Agency intends to enter into services contracts retaining an independent accounting firm to complete the Two-Part Review, provided that the selected accounting firm must be approved by the County Auditor; and

WHEREAS, due to the absence of any other funding source identified in AB 1484, the Successor Agency intends to pay for the accounting firm's costs charged during the six-month fiscal period covered in ROPS 2 by utilizing the funds available under the contingency line item in ROPS 2; and

WHEREAS, it is anticipated the third Recognized Obligation Payment Schedule, covering the period from January 1 through June 30, 2013, will include more specific line items for the payment of costs associated with the completion of the Two-Part Review that become payable during the first half of 2013; and

WHEREAS, it is anticipated that the Successor Agency may be required to enter into services contracts, management contracts or similar contracts during the second half of 2012 to address previously unforeseen expenditures in addition to the costs of the Two-Part Review, utilizing the funds available under the contingency line item in ROPS 2.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board that the Successor Agency is authorized to execute services contracts, management contracts or similar contracts during the second half of 2012, utilizing the funds available under the contingency line item in ROPS 2, to address previously unforeseen expenditures, including, but not limited to, the contracts with the independent accounting firm related to completion of the Two-Part Review.

PASSED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on August 7, 2012.



Chair, Oversight Board