

OVERSIGHT BOARD RESOLUTION NUMBER OB-2015-13

A RESOLUTION OF THE OVERSIGHT BOARD FOR CITY OF SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY APPROVING (i) THE NINTH RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY THROUGH JULY 2016, DESIGNATED AS ROPS 15-16B, AND (ii) THE SIX-MONTH ADMINISTRATIVE AND PROJECT MANAGEMENT BUDGET OF THE SUCCESSOR AGENCY CORRESPONDING TO ROPS 15-16B.

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(l), 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 ninth ROPS covering the period from January 1, 2016 through June 30, 2016, also known as ROPS 15-16B; and

WHEREAS, ROPS 15-16B 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 15-16B period, as well as the reconciliation of estimated versus actual payments made by the Successor Agency during the prior six-month ROPS 14-15B period covering January 1, 2015 through June 30, 2015, and this spreadsheet is included as Attachment A to the Staff Report dated September 17, 2015, accompanying this item (Staff Report); and

WHEREAS, ROPS 15-16B 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 text similar to a document included in the ROPS for prior fiscal periods, and this document is included as Attachment B to the Staff Report; and

WHEREAS, HSC section 34177(m) requires the Successor Agency to obtain the Oversight Board's approval of ROPS 15-16B and to submit ROPS 15-16B to the DOF by October 5, 2015, and subjects both the City and the Successor Agency to specified civil penalties in the event that ROPS 15-16B 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 15-16B is January 4, 2016 (ROPS Distribution Date); and

WHEREAS, HSC section 34177(m) provides the DOF with a 45-day review period on ROPS 15-16B, 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 15-16B 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 15-16B, request additional review by the DOF and an opportunity to meet and confer with the DOF on disputed items in ROPS 15-16B, 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 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 January 1, 2016 through June 30, 2016 (ROPS 15-16B Budget), a copy of which is included as Attachment C to the Staff Report; and

WHEREAS, the ROPS 15-16B Budget includes the total amount of \$4,084,354, of which \$2,379,354 is allocated to administrative costs and \$1,705,000 is allocated to project-specific costs, as such categories of costs are described in HSC section 34171(b); and

WHEREAS, the ROPS 15-16B 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 15-16B and the ROPS 15-16B 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 15-16B initiated by Successor Agency staff with the DOF.

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

1. ROPS 15-16B is approved.
2. The ROPS 15-16B Budget is approved.
3. The Successor Agency is authorized to make payments in accordance with the ROPS 15-16B 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 September 21, 2015.

The Oversight Board approved this Resolution through two separate motions, due to the abstention of certain board members from voting on one line item showing San Diego Gas & Electric and/or Sempra Energy as the payee of an enforceable obligation in ROPS 15-16B.

The first motion involved the approval of all action items in this Resolution, except for line item 320 in ROPS 15-16B. The Oversight Board approved this first motion by a 6-0 vote. The second motion involved solely the approval of line item 320 in ROPS 15-16B. The Oversight Board approved this second motion by a 4-0 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