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(R-2006-632)
(COR.COPY)

RESOLUTION NUMBER R-301170

DATE OF FINAL PASSAGE • JAN 25 2006

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING THE PAYMENT OF
ADDITIONAL AMOUNTS TO KROLL INC TO CONTINUE
ITS ONGOING INVESTIGATIVE SERVICES AS THE CITY'S
AUDIT COMMITTEE AND OTHER MATTERS

WHEREAS, on February 14, 2005, the City Council authorized and directed that the former Mayor, the former City Manager, and the City Attorney execute an agreement with Kroll Associates, Inc. [Kroll] in connection with matters involving the San Diego City Employees' Retirement System [SDERS], which letter was duly signed and acknowledged, in an amount not to exceed \$250,000; and

WHEREAS, on March 8, 2005, the City Council established an Audit Committee of the City of San Diego [Audit Committee] as contemplated by the Sarbnes-Oxley Act of 2002; and

WHEREAS, on April 19, 2005, the Audit Committee engaged Willkie Farr & Gallagher LLP [WF&G] to serve as its counsel, and on May 10, 2005, the City Council approved the Audit Committee's engagement of WF&G, and increased the amounts payable to Kroll and WF&G to \$1,750,000 and \$500,000, respectively; and

WHEREAS, the City Council has authorized additional payments to be made to Kroll and WF&G from time to time for the continued provision of investigative and legal services; and

WHEREAS, the current authorization of funds by the City Council is not sufficient for the Audit Committee to complete its investigation; and

WHEREAS, Kroll has incurred a total amount of \$1,549,881.17 that has been billed to the City and remains outstanding through October 2005, and Kroll has incurred a total amount of approximately \$400,000 that is unbilled and outstanding through January 1, 2006; NOW THEREFORE,

BE IT RESOLVED by the Council of the City of San Diego as follows:

1. That the City Council hereby authorizes the additional expenditure of funds to Kroll and WF&G for professional services, in an amount not to exceed \$10 million to be paid for any outstanding amounts due and owing to Kroll and WF&G, and to pay for work, exclusive of out-of-pocket expenses, necessary for the Audit Committee to complete the investigation as it sees fit in an exercise of its sound and independent judgment.

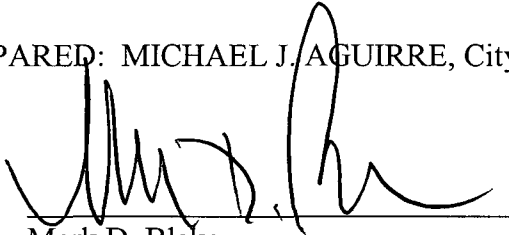
2. That the expenditure of an amount not to exceed \$10 million from Fund No. 81140, Dept. No. 82240, Object Account No. 4151, Job Order 062240 is hereby authorized for the purposes herein provided. The Mayor and the Auditor and Comptroller are hereby directed to consult with the City Attorney to determine whether allocations from other funds of the City to pay the expenses of Kroll and WF&G would be legal, that the Mayor and the Auditor and Comptroller shall report back to the City Council prior to making any expenditure from such other funds of the City.

3. That the Mayor and the Auditor and Comptroller are hereby authorized and directed to execute such agreements to implement the provisions of this resolution; provided such amendments do not increase the scope of services to be performed by the Audit Committee or increase the amount authorized to be paid to the Audit Committee as herein provided.

4. That the Audit Committee will use its best efforts to complete the investigation in an expeditious fashion and to complete it within the estimated range of professional services herein provided. The City shall cooperate fully with the investigation to assist in its timely completion. Should the investigation not proceed in accordance with the Audit Committee's present expectations, the Audit Committee will timely report to the City Council.

PREPARED: MICHAEL J. AGUIRRE, City Attorney

By



Mark D. Blake
Deputy City Attorney

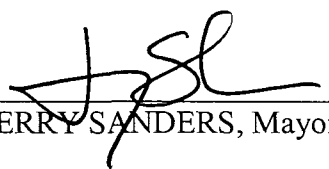
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AC2600539
Or.Dept:Mayor
R-2006-632

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at its meeting of JAN 17 2006.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 1-25-06
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

**The City of San Diego
CERTIFICATE OF CITY AUDITOR AND COMPTROLLER**

CERTIFICATE OF UNALLOTTED BALANCE

AC 2600539

ORIGINATING DEPT NO 010

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: _____ Fund: _____

Purpose: _____

Date: _____ By: _____

AUDITOR AND COMPTROLLER'S DEPARTMENT

| ACCOUNTING DATA | | | | | | | | | | | |
|-----------------|-------|------|------|-----|---------|-----------|-------------------|-------|-------|----------|--------|
| ACCTG LINE | CY PY | FUND | DEPT | ORG | ACCOUNT | JOB ORDER | OPERATION ACCOUNT | BENF/ | EQUIP | FACILITY | AMOUNT |
| | | | | | | | | | | | |
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| | | | | | | | | | | | |
| TOTAL AMOUNT | | | | | | | | | | | |

FUND OVERRIDE

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: \$10,000,000.00

Vendor: Kroll, Inc.

Purpose: To authorize the expenditures related to the report and an on going investigation of the Audit Committee, and authorize the Auditor and Comptroller to appropriate revenue projected to be higher than budgeted levels and expenditure savings within the General Fund Citwide Programs for transfer to Public Liability

Date: January 13, 2006 By: _____

AUDITOR AND COMPTROLLER'S DEPARTMENT

| ACCOUNTING DATA | | | | | | | | | | | |
|-----------------|-------|------|------|-----|---------|-----------|-------------------|-------|-------|----------|--------|
| ACCTG LINE | CY PY | FUND | DEPT | ORG | ACCOUNT | JOB ORDER | OPERATION ACCOUNT | BENF/ | EQUIP | FACILITY | AMOUNT |
| SEE ATTACHED | | | | | | | | | | | |
| | | | | | | | | | | | |
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| | | | | | | | | | | | |
| | | | | | | | | | | | |
| TOTAL AMOUNT | | | | | | | | | | | |

AC-361 (REV 2-92)

FUND OVERRIDE

AC 2600539

R - 301170

JAN 17 2006

| ACCTG LINE | CY PY | FUND | DEPT | ORG | ACCOUNT | JOB ORDER | OPERATION ACCOUNT | BENF/ EQUIP | FACILITY | AMOUNT |
|---------------|-------|-------|------|------|---------|-----------|----------------------|----------------|----------|-----------------|
| 001 | 0 | 100 | | | 9544 | | | | | \$7,131,000.00 |
| 002 | 0 | 41400 | 730 | 100 | 4151 | 002150 | | | | \$85,000.00 |
| 003 | 0 | 41200 | 750 | 1001 | 4151 | 001002 | | | | \$19,000.00 |
| 004 | 0 | 41200 | 751 | 1002 | 4151 | 001500 | | | | \$41,000.00 |
| 005 | 0 | 41200 | 752 | 1000 | 4151 | 000110 | | | | \$82,000.00 |
| 006 | 0 | 41200 | 753 | 010 | 4151 | 002000 | | | | \$26,000.00 |
| 007 | 0 | 41200 | 754 | 020 | 4151 | 004229 | | | | \$7,000.00 |
| 008 | 0 | 41210 | 755 | 1002 | 4151 | 001500 | | | | \$20,000.00 |
| 009 | 0 | 41210 | 757 | 020 | 4151 | 004229 | | | | \$96,000.00 |
| 010 | 0 | 41210 | 758 | 010 | 4151 | 001001 | | | | \$6,000.00 |
| 011 | 0 | 41210 | 759 | 010 | 4151 | 002010 | | | | \$17,000.00 |
| 012 | 0 | 41500 | 760 | 163 | 4151 | 000163 | | | | \$821,000.00 |
| 013 | 0 | 41506 | 776 | 455 | 4151 | 776260 | | | | \$974,000.00 |
| 014 | 0 | 41100 | 720 | 2000 | 4151 | 001101 | | | | \$17,000.00 |
| 015 | 0 | 50050 | 850 | 2000 | 4151 | 085010 | | | | \$129,000.00 |
| 016 | 0 | 50050 | 5431 | 100 | 4151 | 543100 | | | | \$59,000.00 |
| 017 | 0 | 41300 | 1311 | 1100 | 4151 | 001111 | | | | \$5,000.00 |
| 018 | 0 | 41300 | 1312 | 1250 | 4151 | 001000 | | | | \$35,000.00 |
| 019 | 0 | 41300 | 1313 | 1310 | 4151 | 001310 | | | | \$147,000.00 |
| 020 | 0 | 41300 | 1314 | 1410 | 4151 | 001110 | | | | \$85,000.00 |
| 021 | 0 | 41300 | 1316 | 1610 | 4151 | 001113 | | | | \$124,000.00 |
| 022 | 0 | 41300 | 1317 | 1720 | 4151 | 001113 | | | | \$74,000.00 |
| TOTAL AMOUNT | | | | | | | | | | \$10,000,000.00 |

R - 301170