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8/8/06

RESOLUTION NUMBER R- 301857

DATE OF FINAL PASSAGE SEP 29 2006

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO RECEIVING THE REPORT OF THE AUDIT COMMITTEE

WHEREAS, on February 14, 2005, Kroll, Inc. was hired by the City of San Diego to provide investigative services in their role as the City's Audit Committee related to the City's overdue audit for fiscal 2003, to review and evaluate the findings of the investigations by Vinson & Elkins and the City Attorney with respect to the City's financial disclosures and related practices, and to provide consulting assistance in assessing internal control deficiencies affecting matters discussed in these investigative reports; and

WHEREAS, since February 14, 2005, the City Council has paid approximately \$20.3 million for the Audit Committee investigation; and

WHEREAS, the amounts authorized for payments to Kroll, Inc. and its law firm, Willkie Farr & Gallagher, LLP, include:

1. On February 14, 2005, the City Council authorized the initial contract, not to exceed \$250,000 (Resolution R-300139).
2. On May 10, 2005, the City Council voted to increase the Kroll funding "for a total not to exceed amount" of \$1.75 million (including the \$250,000 approved February 14, 2005 and \$1.5 million authorized on May 10, 2005) for continued services of the audit committee (Resolution R-300423).

3. On June 28, 2005, the City Council authorized an additional \$200,000 to Kroll as part of more than \$700,000 approved for Kroll and Willkie, Farr & Gallagher for continued provision of investigative services. (Resolutions R-300629 and R-300630).

4. On August 9, 2005, the City Council authorized \$1.2 million more for the investigation and to bring the "not to exceed" amount of the Kroll contract to \$3.55 million to cover Kroll's estimated expenses for the first portion of Fiscal Year 2006. (Resolution R-300780); and

5. On January 17, 2006, the City Council voted to provide another \$10 million in funding to Kroll and Willkie, Farr & Gallagher to pay for outstanding amounts due and owing to Kroll and to pay for work Kroll represented was necessary to complete the investigation. (Resolution R-301170).


6. On May 8, 2006, the City Council authorized an additional \$3.3 million for professional services and up to \$800,000 in expenses for the Audit Committee for electronic discovery and retention purposes. (Resolution R-301438).

WHEREAS, the Audit Committee has prepared a lengthy report on its investigation and has presented the report to the Mayor and City Council at a special meeting; NOW

THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that it hereby receives the Audit Committee's report on its investigation of the San Diego City Employees' Retirement System, the San Diego Sewer Rate Structure, and related matters.


APPROVED: MICHAEL J. AGUIRRE, City Attorney

By   
Kimberly K. Harris  
Deputy City Attorney

KKH:amp:ai  
08/07/06  
Or.Dept:Mayor  
09/28/06COR. COPY

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of AUG 08 2006.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 9-29-06  
(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

Passed by the Council of The City of San Diego on AUG 08 2006, by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Scott Peters	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Toni Atkins	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brian Maienschein	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Donna Frye	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jim Madaffer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ben Hueso	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage SEP 29 2006

AUTHENTICATED BY:

JERRY SANDERS  
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

(Seal)

By *Mary Cepeda*, Deputy

Office of the City Clerk, San Diego, California

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