

#151
7/29

(R-2014-52 REV.)

RESOLUTION NUMBER R-308378

DATE OF FINAL PASSAGE AUG 5 2013

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO, ACTING AS THE SOLE MEMBER OF THE SAN DIEGO DATA PROCESSING CORPORATION, INC., AUTHORIZING WINDING-UP AND DISSOLUTION OF THE CORPORATION.

WHEREAS, the San Diego Data Processing Corporation, Inc. [Corporation] was created by the City of San Diego [City] in 1979 to provide Information Technology [IT] services to the City and to other public agencies as deemed appropriate by the Corporation's Board of Directors; and

WHEREAS, in 2012, the services which the Corporation provided to the City were bid out and contracts to perform those services were awarded to other vendors; and

WHEREAS, it is expected that the transition from the Corporation to new vendors will be complete on or around August 16, 2013; and

WHEREAS, the Council of the City of San Diego, acting as the sole member of the Corporation, has determined that it is in the best interests of the Corporation to be wound up and dissolved; and

WHEREAS, the Corporation currently holds sufficient cash and other assets to pay or provide for all its known debts and liabilities, which are described on the attached Exhibit A;
NOW THEREFORE,

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

1. That acting as the sole member of the Corporation, the Council hereby elects to take such steps as are necessary to wind-up and dissolve the Corporation.

2. That the directors of the Corporation are authorized and directed to mail promptly, or cause to be mailed promptly, to all known creditors and claimants of the Corporation, if any, whose addresses appear in the records of the Corporation, and to the California Attorney General, written notice of the commencement of proceedings to wind up and dissolve the Corporation.

3. That the directors and officers of the Corporation shall wind-up the Corporation's operational affairs, which shall include the termination or mutually agreed upon assignment to the City of any of the Corporation's outstanding contracts, including but not limited to vendor contracts, contracts to provide services to third parties, and leases.

4. That the Corporation's directors shall adopt retirement plan amendment resolutions ending the Corporation's retirement plans [Plans] and discontinuing funding of the Plans effective on or before the date of final dissolution of the Corporation, and shall adopt a resolution allowing the Corporation to recover monies in the Corporation's Forfeiture Account with Fidelity Investments.

5. That the directors and officers of the Corporation shall work with Fidelity Investments to notify Plan participants, wrap up the Plans and Fidelity contracts, distribute Plan assets on or before the date of final dissolution of the Corporation, locate nonresponsive Plan participants, and force out/rollover balances as necessary.

6. That the directors and officers of the Corporation shall work with the Corporation's voluntary disability insurance provider to close and convert the Corporation's voluntary disability insurance plan, as necessary.

7. That the Corporation's obligations to provide COBRA continuation coverage to qualified beneficiaries after dissolution will, to the extent legally permissible, pass to the City after the termination of the Corporation's health plans at the time of dissolution, and the City shall discharge any such legal obligations to qualified beneficiaries.

8. That the directors or officers of the Corporation will, on behalf of the Corporation, provide for and pay all known debts and liabilities of the Corporation.

9. That on commencement of the proceedings to dissolve the Corporation, each and any one of the Corporation's directors is authorized and directed to prepare and file such other documents and take such other action as may be necessary and advisable in connection with the dissolution of the Corporation.

10. That each and any one of the Corporation's directors, or each and any of the proper officers of the Corporation, is authorized, empowered, and directed to execute and deliver in the name of and on behalf of the Corporation such deeds, assignments, or other instruments of transfer as may be deemed necessary or proper and is further authorized, empowered, and directed to do any and all acts and things necessary to carry out, perform, implement, and consummate the above-described distribution and dissolve the Corporation, including, but not limited to, filing a certificate of dissolution in accordance with California Corporations Code section 6615.

11. That the directors or authorized officers of the Corporation shall pay, on behalf of the Corporation, the estimated expenses described on the attached Exhibit B.

12. That after the known debts and liabilities of the Corporation have been paid to the extent of the Corporation's assets, directors or the proper officers of the Corporation are authorized to distribute the Corporation's remaining assets and receivables to the City, as provided for in the Corporation's Articles of Incorporation, provided, however, that the officers of the Corporation shall provide or cause to be provided notice of such distribution to the California Attorney General at least twenty (20) days in advance of the distribution in accordance with Section 5913 of the California Corporations Code, and that such distribution

shall be made only after the Corporation receives from the Attorney General a formal, written acknowledgment of receipt of the statutory notice stating that the State does not object to the distribution or require any further action by the Corporation. An itemized list of the Corporation's anticipated remaining assets and receivables after the payment of its known debts, liabilities, and expenses is set forth in Exhibit C.

13. That upon final dissolution of the Corporation, the City shall agree to be substituted for, and assume all obligations of, the Corporation under any contracts which the Corporation and the City mutually agree to assign to the City as part of the wind-up of the Corporation's operational affairs, and the City further agrees to perform for the benefit of the Corporation, and any and all third parties to which the Corporation is liable, any obligation under any contract which the City and the Corporation mutually agree to assign or otherwise transfer to the City.

14. That once the Corporation is completely wound up without court proceedings, the directors and officers of the Corporation are authorized and directed to file a Certificate of Dissolution with the California Secretary of State, and to file a copy thereof with the California Attorney General, evidencing the Corporation's election to dissolve, in accordance with Section 6615 of the California Corporations Code.

15. That the City shall be designated as the custodian of the Corporation's records and will comply with all applicable records retention requirements, and the directors and officers of the Corporation shall work with the City to transfer records to the appropriate City personnel prior to final wind-up and dissolution of the Corporation.

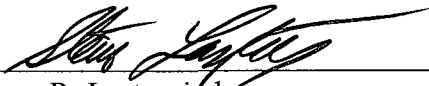
16. That the actions necessary for carrying out the dissolution of the Corporation shall be commenced as soon as practicable after approval of this resolution by the City Council acting as the Corporation's sole statutory member, and the dissolution shall be completed as soon as practicable.

17. That the Corporation's officers and directors are authorized to do or cause to be done all other acts which are deemed necessary to effectuate and to consummate the voluntary dissolution of the Corporation.

18. That the Council requests the Mayor's Office to, on or before November 30, 2013, present a plan for the proposed use of the Corporation's assets, together with the First Quarter Budget Monitoring Report and Five-Year Outlook, with the expectation that funds resulting from the dissolution will be a one-time resource with use restricted to one-time expenditures.

19. That funds resulting from any sale of property assets of the Corporation that occurs after dissolution will be applied to the City's Capital Outlay Fund.

APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Steven R. Lastomirsky
Deputy City Attorney

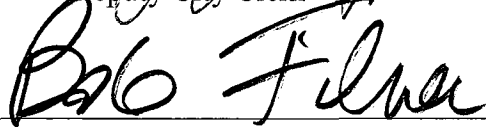
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07/30/13 Rev.
Or.Dept:IT
Doc.No:607276

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at its meeting of July 29, 2013.

ELIZABETH S. MALAND, City Clerk

By 
Deputy City Clerk

Approved: 8/2/13
(date)


BOB FILNER, Mayor

Vetoed: _____
(date)

BOB FILNER, Mayor

EXHIBIT A

Debts and Liabilities

NONE

EXHIBIT B

Estimated Expenses

Category	Estimate	Description
Insurance <i>Directors and Officers liability Insurance provider to be selected</i>	\$308,000	Estimated cost of Directors & Officers and Errors & Omissions liability insurance tail coverage policies
Legal Fees <i>Procopio, Cory, Hargreaves & Savitch 530 B Street, Suite 2200 San Diego, CA 92101 Foley & Lardner LLP 402 W. Broadway, Suite 2100 San Diego, CA 92101 Paul, Hastings, Janofsky & Walker LLP 695 Town Center Drive, Suite 1700 Costa Mesa, CA 92626</i>	\$75,000	Estimated legal fees associated with winding up and dissolution of Corporation, closure of retirement plans and distributions
Accountant <i>Macias Gini & O'Connell LLP 225 Broadway, Suite 1750 San Diego, CA 92101</i>	\$47,000	Estimated accounting fees associated with winding up and dissolution of Corporation
Document Storage <i>Iron Mountain P.O. Box 601002 Pasadena, CA 91189</i>	\$12,000	Estimated cost for six months of continued document storage expenses prior to complete transfer to City as custodian
Facilities Costs	\$454,000	Estimated expenses for leased space, utilities, janitorial, maintenance and other services associated with Corporation-owned real property from date of commencement of dissolution process to final dissolution
Transition of Data Center Operations to City Vendor	\$125,000	Estimated expenses for data center support activities, including technical consulting and services required to keep operations functional through final vendor transition
Internal Systems	\$212,000	Estimated expenses for internal desktop, network, server and web site support activities, including technical consulting and services, required for maintaining internal tools, systems and connectivity prior to final transition
Internal Business and Financial Support	\$72,000	Estimated expenses for internal business and financial systems support activities, including technical consulting and services required for posting transactions, generating reports and distributing assets

Employee Group 1: employees required for transition and shut-down of technical (data center) operations (11 employees for 2 months)	\$200,000	Estimated compensation and benefits from date of commencement of dissolution process to date of termination of employment
Employee Group 2: employees required for business operations shut-down and fiscal year-end audit (3 employees for 3 months)	\$173,000	Estimated compensation and benefits from date of commencement of dissolution process to date of termination of employment
Employee Group 3: employees required for shut-down of operations, asset distribution, and activities to wind-up and dissolve Corporation (4 employees for 6 months)	\$412,000	Estimated compensation and benefits from date of commencement of dissolution process to date of termination of employment

EXHIBIT C

Assets and Receivables

Description of Assets	Value	Method of Valuation	Distributee
Cash on deposit at Bank of the West, San Diego, CA	\$8,600,000	Anticipated value after payment of liabilities and expenses	City of San Diego
Lease deposit held by Civic Center Associates, LLC for 2,825 rentable SF at 1200 Third Avenue, Suite 400, San Diego, CA 92101	\$3,836.80	Carrying value as of June 30, 2013	City of San Diego
Land, building and building improvements located at 5975 Santa Fe Street, San Diego, CA 92109	\$4,320,000	Market value per appraisal as of June 30, 2013	City of San Diego
Land, building and building improvements located at 5965 Santa Fe Street, San Diego, CA 92109	\$4,090,000	Market value per appraisal as of June 30, 2013	City of San Diego
Telecom equipment (PBX, routers, switches, cabling) at HQ location (5975 & 5965 Santa Fe Street)	\$740,186	Carrying value as of June 30, 2013	City of San Diego
Telecom equipment (PBX, routers, switches, cabling) at various City of San Diego premises locations	\$701,213	Carrying value as of June 30, 2013	City of San Diego
Data center computer hardware (servers, data storage/security) at HQ location (5975 & 5965 Santa Fe Street)	\$180,032	Carrying value as of June 30, 2013	City of San Diego

Data center computer hardware (servers, data storage/security) at various City of San Diego premises locations	\$53,288	Carrying value as of June 30, 2013	City of San Diego
Data center computer software (database, data storage/security, system backups) at HQ location (5975 & 5965 Santa Fe Street)	\$66,426	Carrying value as of June 30, 2013	City of San Diego

Passed by the Council of The City of San Diego on JUN 29 2013, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<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"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage AUG 5 2013.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

BOB FILNER
Mayor of The City of San Diego, California.

(Seal)

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

By Mary Zumaiga, Deputy

Office of the City Clerk, San Diego, California

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