

RESOLUTION NUMBER R- 310919

DATE OF FINAL PASSAGE JAN 18 2017

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO, ACTING IN ITS CAPACITY AS THE BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, APPROVING CERTAIN ACTIONS RELATED TO THE SUCCESSOR AGENCY'S ACCEPTANCE OF LOAN FUNDS FROM THE CITY IN AN AMOUNT NOT TO EXCEED \$507,000 TO PAY CERTAIN PROJECT MANAGEMENT COSTS INCURRED BY THE SUCCESSOR AGENCY DURING FISCAL YEAR 2017.

WHEREAS, from its formation in 1958 until its elimination on February 1, 2012, the 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, the Former RDA dissolved as of February 1, 2012, in accordance with a deadline for elimination of all redevelopment agencies throughout California set forth in Assembly Bill x1 26 (AB 26), as modified by the California Supreme Court in *California Redevelopment Assn. v. Matosantos*, 53 Cal.4th 231 (2011); and

WHEREAS, pursuant to Resolution R-307238 adopted by the City Council effective January 12, 2012, the City, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency), elected to serve as the successor agency to the Former RDA, and the City also elected to serve as housing successor to the Former RDA in order to retain housing assets and assume housing responsibilities; and

WHEREAS, at the time of the Former RDA's dissolution on February 1, 2012, the Successor Agency became vested with all of the Former RDA's authority, rights, powers, duties, and obligations under the California Community Redevelopment Law and, by operation of law,

received all assets, properties, contracts, leases, books and records, buildings, and equipment of the Former RDA; and

WHEREAS, the Successor Agency is winding down the Former RDA's operations in accordance with AB 26, enacted on June 28, 2011, Assembly Bill 1484, enacted on June 27, 2012, and subsequent related legislation (collectively, the Dissolution Laws); and

WHEREAS, the Oversight Board was formed pursuant to California Health and Safety Code (Code) section 34179 to oversee certain actions and decisions of the Successor Agency under the Dissolution Laws; and

WHEREAS, the San Diego County Auditor-Controller (County Auditor), the State Controller, and the California Department of Finance (DOF) also possess certain rights and obligations under the Dissolution Laws with respect to the Successor Agency's administration of winding down the Former RDA's operations; and

WHEREAS, under the Dissolution Laws, the County Auditor administers and makes semi-annual distributions of monies from the Redevelopment Property Tax Trust Fund (RPTTF), which is comprised of incremental property taxes generated in the City's redevelopment project areas; and

WHEREAS, Code section 34177(o) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule (ROPS) on a forward-looking basis for each fiscal year, showing the payments to be made toward enforceable obligations and the funding sources for the payments; and

WHEREAS, in early 2016, the Oversight Board and the DOF approved the Successor Agency's tenth ROPS, also known as ROPS 16-17, covering the fiscal year beginning July 1, 2016, and ending June 30, 2017 (FY 2017); and

WHEREAS, the DOF, in its final ROPS 16-17 determination letter dated May 18, 2016, rejected all of the Successor Agency's requested funding in line item 467 of ROPS 16-17 for \$3,635,000 in project management costs, despite the Successor Agency's objection to this decision in a statutory meet-and-confer process; and

WHEREAS, as a result of continued discussions with Successor Agency staff, the DOF confirmed in an email transmitted on September 26, 2016, that the Successor Agency is entitled to an approval of ROPS funding for its actual, reasonable project management costs during FY 2017 to implement five specific improvement projects pursuant to pre-AB 26 enforceable obligations (collectively, Eligible PM Costs), including Horton Plaza urban park, Lyceum Theatre renovations, Naval Training Center public improvements, Park Boulevard at-grade crossing, and North Embarcadero Visionary Plan Phase 1 improvements; and

WHEREAS, the DOF informed the Successor Agency that, although the DOF has no authority to issue a revised ROPS 16-17 determination letter after the completion of the statutory meet-and-confer process, the DOF will approve the inclusion of the Eligible PM Costs on the next available ROPS, known as ROPS 17-18, subject to the DOF's review of the actual costs to determine that the requested amount is reasonable; and

WHEREAS, in an email transmitted on October 18, 2016, the DOF confirmed that the Oversight Board and the DOF will need to approve an agreement under Code section 34173(h) by which the City issues a temporary loan to the Successor Agency to cover the Eligible PM Costs and the Successor Agency requests funding on ROPS 17-18 to repay the loan; and

WHEREAS, under Code section 34173(h), the City may grant or loan funds to the Successor Agency for administrative costs, enforceable obligations, or project-related expenses of the Successor Agency; and

WHEREAS, any such City loan can be qualified as an enforceable obligation of the Successor Agency pursuant to Code section 34173(h) if the repayment of the loan is reflected on a future ROPS and approved by the Oversight Board and the DOF; and

WHEREAS, the City and the Successor Agency now propose to enter into the "Loan Agreement for Payment of Certain Fiscal Year 2017 Project Management Costs" (Loan Agreement), a copy of which is included as Attachment C to Staff Report No. CSD-16-23 dated January 4, 2017; and

WHEREAS, the Loan Agreement provides that the City will disburse to the Successor Agency a loan, in an aggregate amount not to exceed \$507,000 (Loan Amount), for the purpose of allowing the Successor Agency to pay Eligible PM Costs incurred during FY 2017; and

WHEREAS, all disbursed and outstanding portions of the Loan Amount will accrue interest at the rate earned by funds deposited by the City into the Local Agency Investment Fund, as adjusted from time to time, from the date of disbursement until fully repaid; and

WHEREAS, the Loan Agreement requires the Successor Agency to identify the Loan Agreement, including the full repayment of the Loan Amount plus accrued interest, as an enforceable obligation on proposed ROPS 17-18, which will be submitted to the Oversight Board and the DOF in January 2017; and

WHEREAS, to the extent that the Oversight Board and the DOF approve the Successor Agency's repayment of the Loan Amount as an enforceable obligation in ROPS 17-18 or any subsequent ROPS, the Successor Agency will repay the outstanding balance of the Loan Amount plus accrued interest to the City as soon as possible after the applicable ROPS time period has commenced; and

WHEREAS, to the extent that sufficient RPTTF distributions or other funding sources for repayment of the Loan Amount are unavailable to the Successor Agency despite its exercise of good faith efforts, the unpaid portion of the disbursed Loan Amount will be treated as an expense to the City; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, acting in its capacity as the board of the Successor Agency, as follows:

1. The Council approves the Loan Agreement, which provides for the City's disbursement to the Successor Agency of the Loan Amount not to exceed \$507,000 to pay certain project management costs incurred by the Successor Agency during FY 2017.
2. The Mayor or designee is authorized and directed to execute the Loan Agreement, on the Successor Agency's behalf, and to carry out the Successor Agency's obligations under the Loan Agreement. A fully-executed copy of the Loan Agreement shall be placed on file in the Office of the City Clerk as Document No. RR- 310918.
3. The City Comptroller is authorized and directed to accept the City's disbursement to the Successor Agency of funds under the Loan Agreement up to the Loan Amount.
4. Successor Agency staff is authorized and directed to include the Successor Agency's repayment to the City of the total amount of disbursed funds under the Loan Agreement, plus accrued interest, as an enforceable obligation line item in ROPS 17-18 and any successive ROPS in order to allow repayment of the Loan Amount to the City during Fiscal Year 2018 or the earliest opportunity thereafter.
5. The Chief Financial Officer is authorized and directed to cause the disbursement of funds from the Successor Agency to the City for repayment of the Loan Amount, provided

that the Oversight Board and the DOF have first approved such loan repayment under the applicable ROPS.

APPROVED: MARA W. ELLIOTT, City Attorney

By Kevin Reisch
Kevin Reisch
Chief Deputy City Attorney

KJR:nja
12/21/16
Or.Dept: Civic San Diego
Doc. No.: 1405943
Comp. R-2017-324

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JAN 10 2016

ELIZABETH S. MALAND
City Clerk

By: [Signature]
Deputy City Clerk

Approved: 1/17/17
(date)

[Signature]
KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JAN 10 2017, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<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"/>
Chris Ward	<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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Georgette Gomez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JAN 18 2017

(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:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

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

(Seal)

By *Hy Macy*, Deputy

Office of the City Clerk, San Diego, California

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