

**OVERSIGHT BOARD FOR CITY OF SAN DIEGO
REDEVELOPMENT SUCCESSOR AGENCY
MINUTES FOR
BOARD MEETING
OF
THURSDAY, JUNE 14, 2012
AT 1:00 PM
IN THE COMMITTEE ROOM – 12TH FLOOR
202 C STREET, SAN DIEGO, CA 92101**

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COMMUNICATIONS RECEIVED

ADJOURNMENT

CHRONOLOGY OF THE MEETING:

The meeting was called to order by Chair Mark Nelson at 1:04 p.m. The meeting was adjourned by Chair Mark Nelson at 1:58 p.m.

ATTENDANCE DURING THE MEETING:

PRESENT:

Mark Nelson, City of San Diego appointee
Dr. Bonnie Ann Dowd, California Community Colleges appointee
Andra Donovan, Esq., County Superintendent of Education appointee
Peter Q. Davis, County of San Diego appointee
Supervisor Ron Roberts, County of San Diego appointee

ABSENT:

Maureen Stapleton, Special District appointee

CLERK:

Nancy Gudino

ROLL CALL:

- (1) Ron Roberts- present
- (2) Peter Q. Davis- present
- (3) Mark Nelson-present
- (4) Maureen Stapleton-absent
- (5) Bonnie Ann Dowd-present
- (6) Andra Donovan-present

Introduction of George Eiser, legal counsel for Oversight Board

ITEM DESCRIPTION:

Approval of committee minutes from May 31, 2012 meeting.

BOARD ACTION: Action Time: 1:07 p.m.

MOTION BY ANDRA DONOVAN TO APPROVE. Second by Peter Q. Davis.

Passed by the following vote:

Yea: Bonnie Ann Dowd, Andra Donovan, Maureen Stapleton, Mark Nelson, Ron Roberts, Peter Q. Davis

Nay: (None);

Recused: (None);

Not Present: (None).

Non-agenda public comment provided by Robert McNamera, Noor Kazmi, Rachel Jene and Bruce Gregory.

ITEM 1 – Report from the Successor Agency regarding ADOPTION OF A RESOLUTION ACCEPTING AND APPROVING THE SIX-MONTH ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY FOR JULY THROUGH DECEMBER 2012

ITEM DESCRIPTION:

Adopt a resolution;
Approving the ROPS 2 Administrative budget; and
Authorizing the Successor Agency to make payments in accordance with the ROPS 2 Administrative Budget, utilizing the funding sources identified.

STAFF RECOMMENDATION:

Approve proposed action.

SUPPORTING INFORMATION:

The proposed Revised Obligation Payment Schedule ("ROPS 2") Budget is approximately \$3.5 million for the ROPS 2 Period. The budget is segregated by administrative cost and project management cost. The ROPS 2 Period Budget is funded with \$318,000 of three percent cost allowance pursuant to Assembly Bill lx 26 ("AB 26") and reserve funds on hand from the former Redevelopment Agency. Pursuant to the Successor Agency policy and procedure adopted by the Successor Agency on February 13, 2012, the Successor Agency administrative function will be coordinated through the Office of the Mayor and carried out by either City staff or employees of a City-owned nonprofit public benefit corporation. Pursuant to AB 26, Section 34177(j), the Successor Agency is required to adopt and propose an administrative budget to the Oversight Board for its approval. The proposed budget must include: 1) estimated amounts for the Successor Agency Administrative cost for the upcoming six month fiscal period; 2) proposed sources of payments for the cost identified; and, 3) proposals for arrangements for administrative and operations services provided by a city, county, city and county or other entity. Pursuant to AB 26, a successor agency can receive three percent of the amount disbursed by a county from the Redevelopment Property Tax Trust Fund (RPTTF), but not less than \$250,000. Based on the second Recognized Obligation Payment Schedule (ROPS 2) submitted to the Department of Finance on May 23, 2012, and approved by the Oversight Board on May 31, 2012, the amount of three percent administrative allowance to be disbursed by the County of San Diego ("County") to the Successor Agency is \$318,461. AB 26 allows a successor agency to fund its administrative function beyond the three percent administrative allowance with any funds on hand such as bond proceeds or from other sources of the former agency. Additionally, the California Department of Finance (DOF) has provided guidance that project management costs associated with the implementation of an enforceable obligation are considered an enforceable obligation and not counted against the three percent cost allowance.

As outlined in AB 26, Section 34177, the purpose of the successor agency administrative function is the orderly wind down of the affairs of a fonner Redevelopment agency, and includes such functions as: making payments on enforceable obligations; maintaining any required reserve amounts; perfonning obligations required by enforceable obligations; disposing of assets and properties; enforcing all fonner Redevelopment agency rights; expeditiously winding down the affairs for the former Redevelopment agency; and, preparing the Recognized Obligation Payment Schedule (ROPS).

Pursuant to AB 26 on January 10, 2012 the San Diego City Council designated the City of San Diego ("City") to serve as the successor agency to the fonner Redevelopment Agency. The Successor Agency adopted policies and procedures on February 13, 2012 by which the City, acting in it capacity as successor agency, will coordinate all administrative actions through the Office of the Mayor and Successor Agency staff functions can be carried out by either City staff or employees of a City-owned nonprofit public benefit corporation.

DISCUSSION:

The proposed ROPS 2 Successor Agency budget is approximately \$3.5 million and is segregated by administrative wind down functions, (\$2.2 million) and project management functions (\$1.3 million). Attachment A is the proposed ROPS 2 Successor Agency Budget. The ROPS 2 budget provides funding for Legal Services, Accounting Services, Financial and Debt Services, Real Estate Services and Successor Agency Administrative Services. The Budget is funded with \$318 thousand of three percent administrative allowance and the balance is funded out of Reserve Funds on hand from the fonner redevelopment agency.

FISCAL CONSIDERATIONS:

The proposed ROPS 2 Period Successor Agency Budget is approximately \$3.5 million and is funded with \$318, 000 of three percent cost allowance per AB 26, and funds on hand from the fonner Redevelopment Agency such as bond proceeds and other revenues of the former Redevelopment Agency.

CONCLUSION:

AB 26 requires the Successor Agency to prepare and submit to the Oversight Board an administrative budget for each six month period. The proposed ROPS 2 Successor Agency Budget is approximately \$3.5 million and is broken down into administrative functions (\$2.2 million) and project management functions (\$1.3 million).

Board member Andra Donovan requested the board be provided a list of assets of the Redevelopment Agency as well as a list of the assets transferred to the city prior to the dissolution that the State Control has directed be unwound.

Public Comment with no position provided by: Melvin Shapiro

BOARD ACTION: Action Time: 1:48 PM

MOTION BY PETER Q. DAVIS TO ADOPT RESOLUTION WITH THE RESERVATION THAT THE OVERSIGHT BOARD RESERVES THE RIGHT TO OUTSOURCE ADMINISTRATION AND INVESTMENT OF THE BOND FUNDS HELD BY THE SUCCESSOR AGENCY. Second by Andra Donovan.

Passed by the following vote:

Yea: Bonnie Ann Dowd, Andra Donovan, Mark Nelson, Ron Roberts, Peter Q. Davis

Nay: (None);

Recused: (None);

Not Present: Maureen Stapleton

ITEM 2 – Report from the Successor Agency regarding ESTABLISHING A SCHEDULE FOR THE DATE, TIME AND LOCATION OF FUTURE PUBLIC MEETINGS OF THE OVERSIGHT BOARD

ITEM DESCRIPTION:

Discuss potential meeting times and locations.

Adopt a resolution establishing a schedule for the date, time and location of future public meetings of the Oversight Board.

STAFF RECOMMENDATION:

Adopt a resolution.

SUPPORTING INFORMATION:

On May 31, 2012 the Oversight Board designated June 14, 2012 as the next Oversight Board meeting and requested an item be docketed for the discussion of future meeting dates.

Based upon coordination with Oversight Board members a schedule of unavailable times will be compiled and discussed at the meeting. City facilities are generally available the second and fourth Thursday of the month in the rooming. Friday mornings are generally available if booked in advance. The Board also recommended potentially searching for other locations to hold meetings in addition to City facilities.

This action will set a schedule for the next several meetings based upon the availability of the board members and will notify the public of those meetings.

BOARD ACTION: Action Time: 1:54 PM

MOTION BY PETER Q. DAVIS TO ADOPT A RESOLUTION STATING THE BOARD WILL MEET ON THE 1ST AND 3RD TUESDAY OF EVERY MONTH AT 2:00P.M. Second by Ron Roberts.

Passed by the following vote:

Yea: Bonnie Ann Dowd, Andra Donovan, Mark Nelson, Ron Roberts, Peter Q. Davis

Nay: (None);

Recused: (None);

Not Present: Maureen Stapleton

ITEM 3 – Report from the Successor Agency regarding ADOPTION OF A RESOLUTION APPROVING AN AGREEMENT BY AND BETWEEN THE SUCCESSOR AGENCY AND OPPER & VARCO LLC FOR LEGAL SERVICES AND AN EXPENDITURE NOT TO EXCEED \$200,000 FOR THE AGREEMENT

ITEM DESCRIPTION:

Adoption of a resolution to approve the Agreement for Legal Services (“Agreement”) between the Successor Agency and the law firm of Opper & Varco LLC (Opper & Varco) and expenditure not to exceed \$200,000 for as-needed services under the Agreement.

STAFF RECOMMENDATION:

Approve proposed action.

SUPPORTING INFORMATION:

Opper & Varco was originally selected as outside counsel by the Office of the City Attorney and the former Redevelopment Agency of the City of San Diego (Former RDA) as the result of a Request for Qualifications (RFQ) issued in 2006 to provide legal services to the Former RDA related to environmental matters. Opper & Varco was the only law firm that responded to the RFQ.

The criteria used in selecting Opper & Varco included competitive fees, environmental law expertise, and responsiveness and commitment to equal employment opportunity. Opper & Varco has provided legal services to the Former RDA since 2006 pursuant to a previous legal services agreement. Opper & Varco has a long history with the Former RDA and is familiar with complex redevelopment transactions and environmental contamination issues on many properties now held by the City and the Successor Agency. The Former RDA’s previous agreement with Opper & Varco expired on December 31, 2011.

The Successor Agency has an immediate need for the specialized legal services that Opper & Varco provides with respect to hazardous waste cleanup and real estate transactions involving environmental issues. In particular, Opper & Varco would provide legal advice to the Successor Agency on an “as-needed” basis in the areas of environmental law and hazardous substances liability, specifically for issues and matters related to the Former RDA, which include but are not limited to the following:

1. Completing various continuing obligations associated with the Ballpark Project, including completing the final closure requests and implementing agreements with third parties when future redevelopment of Ballpark Village and other parcels occurs;
2. Responding to California Public Records Act requests for prior environmental and litigation matters;
3. Providing due diligence assistance for environmental matters and contractual negotiation of environmental matters in the event that the Successor Agency decides to sell certain parcels;
4. Assisting in the additional investigation and potential clean up of the 7th & Market property;
5. Assisting with the implementation of the Orphan Site Cleanup Fund grant for the Pacific Highway property;
6. Finalizing a disposal facility selection policy in the event that the Successor Agency determines that remediation of a property is required for either a continuing obligation or in order to facilitate a sale of a property;
7. Providing general assistance for environmental legal matters as they arise.

The Office of the City Attorney has experience, but not sufficient expertise, in the areas of Brownfield redevelopment, hazardous waste cleanup, real estate transactions involving environmental issues, underground storage tank issues, the Polanco Redevelopment Act, including litigation regarding the Act, and specialized environmental insurance coverage. Further, the Office of the City Attorney has insufficient staff to adequately handle these matters.

The City Council, acting in its capacity as the board of the Successor Agency, adopted a resolution authorizing the retention of Opper & Varco by unanimous vote on May 22, 2012.

BOARD ACTION: Action Time: 1:58 PM

MOTION BY ANDRA DONOVAN TO ADOPT RESOLUTION. Second by Bonnie Ann Dowd.

Passed by the following vote:

Yea: Bonnie Ann Dowd, Andra Donovan, Mark Nelson, Ron Roberts, Peter Q. Davis

Nay: (None);

Recused: (None);

Not Present: Maureen Stapleton

ADJOURNMENT:

The meeting was adjourned by Chair Mark Nelson at 1:58 p.m.