

**OVERSIGHT BOARD FOR CITY OF SAN DIEGO
REDEVELOPMENT SUCCESSOR AGENCY
MINUTES FOR
BOARD MEETING
OF
TUESDAY, OCTOBER 16, 2012
AT 2:00 PM
IN THE CIVIC SAN DIEGO BOARD ROOM
401 B STREET, SUITE 400, 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 2:00 p.m. The meeting was adjourned by Chair Mark Nelson at 2:42 p.m.

ATTENDANCE DURING THE MEETING:

PRESENT:

Mark Nelson, City of San Diego appointee
James Davies, City of San Diego appointee
Maureen Stapleton, Special District appointee
Dr. Bonnie Ann Dowd, California Community Colleges appointee
Andra Donovan, Esq., County Superintendent of Education appointee *via teleconference
Peter Q. Davis, County of San Diego appointee
Supervisor Ron Roberts, County of San Diego appointee

ABSENT:

None

CLERK:

Nancy Gudino

ROLL CALL:

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

Approval of committee minutes from September 18, 2012 meeting.

BOARD ACTION: Action Time: 2:02 p.m.

MOTION BY RON ROBERTS TO CORRECT THE MEETING LOCATION TO DISPLAY CIVIC SAN DIEGO BOARD ROOM 401 B STREET, SUITE 400, SAN DIEGO, CA 92101 AND APPROVE.

Second by Bonnie Ann Dowd.

Passed by the following vote:

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

Nay: (None);

Recused: (None);

Not Present: (None).

Non-Agenda public comment provided by John Kitchin requesting the closure date of the homeless storage facility on 9th and E St. be delayed from November 1 to November 15, 2012.

ITEM 1 –Report from the Successor Agency regarding REQUEST FOR AUTHORIZATION TO ENTER INTO ESCROW AGREEMENTS RELATED TO SUCCESSOR AGENCY LOANS AND TO TRANSFER THE LOAN FUNDS INTO ESCROW ACCOUNTS. *Consent

DESCRIPTIVE SUMMARY OF ITEM:

Adoption of a resolution: Authorizing the Successor Agency to enter into escrow agreements related to the disbursement of Successor Agency loans when such loans are required pursuant to enforceable obligations included in any approved Recognized Obligation Payment Schedule (ROPS), and to transfer the outstanding amount of the loan funds into escrow accounts for disbursement by an independent escrow agent according to the terms of the enforceable obligations.

STAFF RECOMMENDATION:

Approve proposed action.

BOARD ACTION: Action Time: 2:12 PM

MOTION BY PETER Q. DAVIS TO APPROVE RESOLUTION. Second by Bonnie Ann Dowd.

Passed by the following vote:

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

Nay: (None);

Recused: (None);

Not Present: (None).

ITEM 2 – Report from the Successor Agency regarding ADOPTION OF A RESOLUTION TO APPROVE A RIGHT OF ENTRY PERMIT FOR TEMPORARY ACCESS ON TWO ADJACENT PROPERTIES OWNED BY THE SUCCESSOR AGENCY, INCLUDING THE PARKING LOT BEHIND THE BIRCH NORTH PARK THEATRE AND THE NORTH PARK GARAGE, FOR THE 2012 NORTH PARK ROCKTOBERFEST.

DESCRIPTIVE SUMMARY OF ITEM:

A Right of Entry Permit for temporary access on two adjacent properties, including the parking lot behind the Birch North Park Theatre and the North Park Garage, for the 2012 North Park Rocktoberfest, to be held from 3:00 to 10:00 p.m. on Saturday, October 20, 2012. The parking lot and the parking garage are owned by the Successor Agency, and ACE Parking operates the parking garage pursuant to a management agreement with the Successor Agency.

STAFF RECOMMENDATION:

Approve proposed action.

BOARD DISCUSSION:

Public Comment in favor submitted by:

David Cohen -use of the lot would allow the area to continue to be used for community events and serve Main Streets goal to revitalize North Park.

Janet Kaye- supports the right of entry approval as her organization will also need to obtain a similar approval for a community event April 2013.

BOARD ACTION: Action Time: 2:17 PM

MOTION BY RON ROBERTS TO ADOPT RESOLUTION. Second by James Davies

Passed by the following vote:

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

Nay: (None);

Recused: (None);

Not Present: (None).

ITEM 3 - Report from the Successor Agency regarding AGREED-UPON PROCEDURES REPORT FOR THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO.

DESCRIPTIVE SUMMARY OF ITEM:

The County Auditor and Controller (CAC) is required to conduct an agreed-upon procedures audit (“AUP Audit”) for each former redevelopment agency. The County of San Diego engaged the independent auditing firm of Macias Gini & O’Connell, LLP (MGO) to perform the AUP Audit for the former Redevelopment Agency of the City of San Diego (“Former RDA”). The AUP Audit report (“AUP Report”) is broken down into five sections: 1) a review of the Former RDA; 2) a review of the Successor Agency; 3) a review of the draft Recognized Obligation Payment Schedule (ROPS); 4) a review of the final ROPS; and, 5) Other Procedures. Exhibit A to this report consists of Successor Agency staff’s summary of the tasks and results for the AUP Audit, and Exhibit B is a complete copy of the AUP Report issued by MGO.

STAFF RECOMMENDATION:

That the Oversight Board receives the AUP Report for the Former RDA, prepared by MGO as the independent auditor for the County of San Diego.

BOARD DISCUSSION:

Andy Phillips confirmed for Chair Mark Nelson the audit has been forward to the Department of Finance and they are in the process of reviewing ROPS 3 and will most likely include any comments to it along with their report on ROPS 3.

James Davies asked what the significance of the report is relative to the other 2 audits that are forth coming. Andy Phillips informed the board the other audits will determine what cash is available, unspent proceeds that are to be dispersed and what assets are held and those are the two that everyone is waiting for. This report was outlined in the original legislation and the county was required to do it. 1484 did not stop it. Although it should have been completed prior to adoption of the initial ROPS by the board timing did not allow it to happen because AB26 had statutory conflicts that needed to be acted upon before the audit could be completed. The 2 additional audits being referred to are the housing and non-housing audits.

Andy Phillips clarified for Andra Donovan that because the report is an agreed upon procedure and not an audit, the auditor does not offer an opinion. In this report the auditor was required to go through and determine if there was legal documentation supporting the obligations to certify the ROPS, 1484 went back and stated it was not necessary to certify the ROPS through that process.

ITEM 4 - Report from the Successor Agency regarding LETTER DATED OCTOBER 1, 2012 FROM SAN DIEGO COUNTY AUDITOR-CONTROLLER REGARDING THE THIRD RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND AUTHORIZING THE OVERSIGHT BOARD CHAIR TO EXECUTE A LETTER TO THE COUNTY AUDITOR AND CALIFORNIA DEPARTMENT OF FINANCE.

DESCRIPTIVE SUMMARY OF ITEM:

California Health and Safety Code Section 34182.5 permits the San Diego County Auditor-Controller (“County Auditor”) to transmit notice, by October 1, 2012, of objections (i) to the inclusion of any items in the third Recognized Obligation Payment Schedule (“ROPS 3”) that are not demonstrated to be enforceable obligations and (ii) to the funding source proposed for any items. Section 34182.5 also allows the Oversight Board, if it disputes any finding of the County Auditor, to refer the matter to the California Department of Finance for a determination of what will be approved for inclusion in the applicable ROPS. The County Auditor’s October 1 letter identified items where the total outstanding amounts of the enforceable obligations in ROPS 3 are greater than the total outstanding amounts as of June 30, 2012. The letter also objected to the proposed funding source for two specific obligation line items in ROPS 3. Successor Agency staff now seeks the Oversight Board’s direction with respect to a potential response to the County Auditor’s letter.

STAFF RECOMMENDATION:

Authorizing the Oversight Board Chair to execute, and Successor Agency staff to submit, a letter to the County Auditor and the California Department of Finance disputing the County Auditor’s objection to the proposed funding source in ROPS 3 for (i) the annual audit of the Successor Agency and, (ii) the Oversight Board’s legal counsel.

BOARD DISCUSSION:

Chair Nelson noted for the Board the 2 paths available were to either grant letter of authority with Chair Nelson’s signature as per the requested action or only accept the report. Andy Phillips explained if the report is only accepted then the letter will go to the Department of Finance and would be subject to the Department of Finance interpretation of the County’s letter without articulation of why the board did what it did in the past.

Vice-Chair Davis requested the differences in items 133, 332, 377, 390, 452 be explained and Andra Donovan asked item 344 be further explained. Andy Phillips noted that in the first section there were instances where the actual payments exceeded the estimates provided in the ROPS. In an abundance of caution the overages were then listed in ROPS. The ROPS numbers represent best guess estimates and staff is doing their best to adjust their numbers to what they think the new circumstances are based on where they now are.

BOARD ACTION: Action Time: 2:41 p.m.

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

Passed by the following vote:

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

Nay: (None);

Recused: (None);

Not Present: (None).

ADJOURNMENT:

The meeting was adjourned by Chair Mark Nelson at 2:42 p.m.