

**OVERSIGHT BOARD FOR CITY OF SAN DIEGO
REDEVELOPMENT SUCCESSOR AGENCY
MINUTES FOR
BOARD MEETING
OF
WEDNESDAY, APRIL 25, 2012
AT 2:00 PM
IN THE COUNCIL CHAMBERS – 12TH FLOOR**

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NON-AGENDA PUBLIC COMMENT

ADJOURNMENT

CHRONOLOGY OF THE MEETING:

The meeting was called to order by David Graham at 2:04 p.m. The meeting was adjourned by Chair Mark Nelson.

ATTENDANCE DURING THE MEETING:

PRESENT:

Peter Q. Davis, County of San Diego appointee
Mark Nelson, City of San Diego appointee
Michael Zucchet, 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

ABSENT:

Supervisor Ron Roberts, County of San Diego appointee

CLERK:

Nancy Gudino

ROLL CALL:

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

Item 2, Overview of the Brown Act by City Attorney's Office, moved after Item 7 to accommodate the schedule of a Board Member.

Item 1, Board Members sworn in by City Clerk Elizabeth Maland
Testimony in opposition of the agenda order by Jim Varnadore

BOARD ACTION: Start Time: 2:05 PM

Item 3- Adoption of Board Rules of Parliamentary Procedure

ITEM DESCRIPTION:

1. Adopt Rosenberg's Rules of Order, Revised 2011 Edition (Rules of Order) shall be used for the Oversight Board's parliamentary procedure.
2. Recognize to the extent that there is any conflict between the provisions of AB 26 and the Rules of Order, the provisions of AB 26 shall prevail.

STAFF RECOMMENDATION:

Approve proposed action.

SUPPORTING INFORMATION:

In addition to the Oversight Board's required compliance with the Ralph M. Brown Act, staff is recommending the Board adopt Rosenberg's Rules of Order (Attachment 2) as the governing parliamentary procedure of the Oversight Board. Although staff expects the Oversight Board to operate in a relatively informal manner, parliamentary rules are appropriate to guide the making of motions, taking votes and other Board procedures. Given the common usage of these procedures, this action will assist in the procedures of the Board and functions of staff.

MOTION BY MAUREEN STAPLETON TO ADOPT. Second by Mark Nelson.

Passed by the following vote:

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

Nay: (None);

Recused: (None);

Not Present: Ron Roberts.

Item 4- Election of Chair and Vice-Chair

ITEM DESCRIPTION:

Elect one member to serve as Chair and elect one member to serve as Vice-Chair of the Oversight Board to the Successor Agency. The Successor Agency staff will open and close nominations to the Oversight Board for the election of the Chair. Votes will be cast for the nominee(s) by roll call vote. The nominee receiving a majority vote will be elected Chair. The Chair will then call for nominations for the election of a Vice-Chair and votes will be cast by roll call vote. The names of the Chair, Vice-Chair, and the members of the Oversight Board will then be transmitted to the State Department of Finance ("DOF").

STAFF RECOMMENDATION:

1. Successor Agency staff will call for nominations of the Chair and a vote will follow.
2. Chair will call for nominations of the Vice-Chair and a vote will follow.
3. Adopt resolution to:
 - a. Name the Chair of the Oversight Board
 - b. Name the Vice-Chair of the Oversight Board
 - c. Cause the Successor Agency to forward a copy of the resolution to the County Auditor-Controller, State Department of Finance, and State Controller's Office

SUPPORTING INFORMATION:

AB 26 requires that by May 1, 2012 the name of the Chair of the Oversight Board be transmitted to the DOF. In addition to the election of Chair, it is recommended that a Vice-Chair be elected to preside over meetings in the absence of the Chair. A majority of the total membership of the Oversight constitutes a quorum (four members) for the transaction of business. Given the lack of a Chair or Vice-Chair, it is recommended that the Successor Agency staff open and close nominations to the Oversight Board for the election of Chair. Votes will be cast for the nominee(s) by roll call vote. The nominee receiving a majority vote will be elected as Chair. The Chair will then call for nominations for the election of a Vice-Chair and votes will be cast by roll call vote. The names of the Chair, Vice-Chair, and the members of the Oversight Board will then be transmitted to DOF.

MOTION TO NOMINATE MARK NELSON AS CHAIR BY MAUREEN STAPLETON. Second by Peter Davis

Passed by the following vote:

Yea: Michael Zucchet, Bonnie Ann Dowd, Andra Donovan, Peter Davis, Maureen Stapleton, Mark Nelson

Nay: (None);

Recused: (None);

Not Present: Ron Roberts.

MOTION TO NOMINATE PETER DAVIS AS VICE CHAIR BY ANDRA DONOVAN. Second by Maureen Stapleton.

Passed by the following vote:

Yea: Michael Zucchet, Bonnie Ann Dowd, Andra Donovan, Peter Davis, Maureen Stapleton, Mark Nelson

Nay: (None);

Recused: (None);

Not Present: Ron Roberts.

Item 6- Report from the Successor Agency regarding Redevelopment in San Diego and the Role of the Successor Agency

ITEM DESCRIPTION:

This is an informational report regarding redevelopment, the passage of AB 26, and the ongoing role of the Successor Agency.

STAFF RECOMMENDATION:

Receive report.

SUPPORTING INFORMATION:

The Redevelopment Agency of the City of San Diego ("Former RDA") was created by the City Council in 1958 to alleviate conditions of blight in older, urban areas. The Former RDA has been a significant tool for neighborhood revitalization, economic development, and a catalyst for drawing private investment into the City. The Former RDA had several goals to:

1. Eliminate Blight: To eliminate blight and urban decay.
2. Improve Public Infrastructure: To provide, upgrade, restore, and enhance public infrastructure and facilities.
3. Increase Housing Opportunities. To increase the supply of housing, improve housing conditions, and increase affordable housing opportunities.
4. Economic Development: To promote economic development activities which retain and expand business and employment opportunities.
5. Neighborhood Preservation: To enhance and preserve neighborhood character, and rehabilitate historical properties.

In 1975, the City Council established the Centre City Development Corporation ("CCDC") as a non-profit public corporation to manage redevelopment projects and activities in the downtown area. The Corporation is governed by the terms of the corporation bylaws and its operating agreement with the Former RDA. In 1982, the City Council established the Southeastern Economic Development Corporation ("SEDC") as a non-profit public corporation to manage redevelopment and economic development projects and activities in the southeastern areas of San Diego. The Corporation is governed by the terms of the corporation bylaws and its operating agreement with the Former RDA.

The City Redevelopment Department managed eleven adopted project areas including Barrio Logan, City Heights, College Community, College Grove, Crossroads, Grantville, Linda Vista, Naval Training Center, North Bay, North Park, and San Ysidro. The division performed general Redevelopment Agency administration including City and corporation activities. The City Redevelopment Department coordinated budget and State reporting requirements and maintained the Former RDA's meeting docket, official records and website. Since the passage of AB 26 City Redevelopment has undergone a Reduction in Force ("RIF") and the two corporations have undergone significant lay-offs.

AB 26 and AB 27 were passed by the State Legislature on June 15, 2011, and signed by Governor Edmund G. Brown Jr. on June 28, 2011. AB 26 immediately suspended all new redevelopment activity and dissolved all redevelopment agencies effective October 1, 2011. AB 27 established a voluntary alternative program whereby a redevelopment agency would be exempt from the dissolution measures of AB 26 if the legislative body were to enact an ordinance on or before October 1, 2011 to comply with the requirements of the "voluntary" payment program provided with AB 27. On August 1, 2011, the City and the Former RDA elected to "Opt-In" and to comply with the requirements of AB 27.

After redevelopment proponents filed litigation challenging AB 26 and AB 27 in July 2011, the California Supreme Court ("Court") issued a partial stay of those two bills on August 11, 2011 and further modified the stay on August 17, 2011. The modification expanded the operative provisions of AB 26 to include Sections 34167.5 through 34169.5, thereby activating provisions, including but not limited to, the requirement for redevelopment agencies to prepare and submit Enforceable Obligation Payment Schedules. These provisions applied even to jurisdictions like San Diego, who had earlier elected to Opt-In under AB 27.

The Former RDA prepared and adopted an original EOPS on September 13, 2011, and submitted the document to the State Controller, State Department of Finance, and the County Auditor Controller pursuant to AB 26, specifically Health and Safety Code Section 34169(g). At the time the Former RDA prepared the EOPS it was anticipated that the Opt-In provisions of AB 27 would remain in effect or that both AB 26 and AB 27 would be struck down. In compliance with AB 26, the original EOPS included payment schedules for the months September through December 2011.

The Court's final opinion, issued on December 29, 2011, upheld AB 26, invalidated AB 27, and concluded that AB 26 could be enforced independently from AB 27. The Court's opinion set in motion short timeframes for agencies and legislative bodies to take necessary actions to comply with the unwinding of the redevelopment agencies pursuant to AB 26.

On January 10, 2012, the City Council designated the City to serve as the Successor Agency to the Former RDA and to retain the Former RDA's housing assets and assume the Former RDA's housing responsibilities pursuant to AB 26.

On January 31, 2012, the Former RDA adopted an Amended and Restated EOPS for the period January 1, 2012 through June 30, 2012, replacing the EOPS covering the period September 1, 2011 through December 31, 2011. This Amended and Restated EOPS was transmitted to the City as Successor Agency, State Department of Finance ("DOF"), State Controller, and County Auditor-Controller. None of the State or County entities objected to the Amended and Restated EOPS during the applicable review period.

On February 1, 2012, the Former RDA dissolved and its rights, powers, duties and obligations vested in the Successor Agency. On February 13, 2012, the City Council adopted a resolution establishing certain policies and procedures (Attachment 1) that will govern the future operation of the Successor Agency. The Successor Agency and its Oversight Board are now tasked with overseeing the winding down of the Former RDA's affairs. The Successor Agency is designated to administer existing enforceable obligations of the Former RDA and to wind down the operations of the Former RDA, subject to the review and approval of the Oversight Board and certain government entities, including the County Auditor-Controller, the State Controller and the DOF. The specific duties of the Oversight Board to approve and direct certain actions of the Successor Agency are described in Health and Safety Code sections 34180 and 34181.

Some of the activities of the Successor Agency, outlined in AB 26 include:

- continuing to make payments due for Enforceable Obligations
- maintaining reserves required by indentures governing outstanding redevelopment agency bonds;
- performing obligations required pursuant to any Enforceable Obligation;
- preparing a draft ROPS (including the identification of funding sources) for each six month period of each fiscal year, for approval by the Oversight Board;
- continuing to oversee development of properties until the contracted work has been completed or transferred to other parties;
- ensuring that bond proceeds are used for the purposes for which the bonds were sold unless the purposes can no longer be achieved, in which case bond proceeds may be utilized to defease the bonds;
- disposing of the Former RDA's unencumbered assets and properties;
- remitting to the County Auditor-Controller, for pro rata distribution to local taxing entities, all proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the Former RDA;
- enforcing all of the Former RDA's rights for the benefit of the local taxing entities, including collecting loans, rent and other revenues due to the Former RDA;
- effectuating the transfer of housing functions and assets to the appropriate entity (in this instance, the City also

serves as the housing successor agency);

- preparing an administrative budget for each six-month period of each fiscal year, for approval by the Oversight Board.

Pursuant to Health and Safety Code Sections 34177 -34178, including modified timelines established by the Court's final opinion, the Successor Agency must take the following actions to initiate the wind down process:

- create a Redevelopment Obligation Retirement Fund;
- review Former RDA's EOPS and adopt an EOPS as the Successor Agency;
- submit the Successor Agency's EOPS for approval to the Oversight Board;
- prepare the Initial Draft ROPS for the period January 31,2012- June 30,2012 and submit the draft to the County Auditor-Controller by March 1, 2012, for review and certification as to its accuracy pursuant to Health and Safety Code Section 34182;
- submit a draft second ROPS for the period July 1, 2012 through December 31, 2012, to the County Auditor-Controller by June 30, 2012 (although the County Auditor-Controller has requested delivery of this document by April 15, 2012);
- submit the Successor Agency's draft ROPS to the Oversight Board for approval; and
- submit the Successor Agency's approved ROPS to the County Auditor-Controller, the DOF and the State Controller, and post it on the Successor Agency's web site.

The DOF and the State Controller each have the authority to require any documentation associated with the EOPS and any ROPS to be provided to them in a manner of their choosing.

The dissolution process and time frame as set out in AB 26 were based upon the dissolution of former redevelopment agencies on October 1, 2011. Agencies that did not elect to participate in the voluntary payment program pursuant to AB 27 were to be subject to the time frame for dissolution and establishment of successor agencies. Originally, AB 26 provided a relatively reasonable sequence of actions and time frames for the preparation, review, and certification of the EOPS and ROPS based upon a dissolution date of October 1, 2011. At that time, it was also anticipated that the vast majority of redevelopment agencies would participate in the voluntary payment program, such that they would not need to prepare and submit these complex documents for ongoing review, certification and management by various entities.

The Court's decision extended some, but not all, of the time frames in AB 26 by four months. This partial adjustment of dates created extraordinarily short timeframes for the Successor Agency to prepare required payment schedules and for the Successor Agency, County Auditor-Controller, DOF and State Controller to fulfill their duties and responsibilities. Some of the adjusted timelines related to the early implementation of AB 26 were not workable.

On February 15, 2012, the office of the San Diego County Auditor-Controller convened a meeting with local representatives from cities with newly-formed successor agencies to discuss numerous issues associated with the implementation of AB 26. Topics included the anticipated business cycle related to the dissolution process, timelines for key activities, and the County's expectations regarding required reports (i.e., EOPS, ROPS and audits). The County Auditor-Controller conceded that technical compliance with all of the time frames in AB 26 would not be feasible due to the overlapping nature of the partial time frame adjustments and sheer mass of documents, reviews, audits and certifications required.

For the first time during the February 15 meeting, the County Auditor-Controller distributed copies of a set of templates for cities to use in preparing the Initial Draft ROPS for submittal to the County Auditor-Controller for audit and certification. This template was considerably different from the format that the Former RDA and the Successor Agency used to create prior EOPS documents. The Successor Agency has since converted the EOPS and ROPS to the appropriate template. The Initial Draft ROPS, Second ROPS and Third Amended and Restated EOPS were approved by the Successor Agency on April 10, 2012 and will be presented to the Oversight Board on April 25, 2012.

On March 28, 2012, the County Auditor-Controller held a subsequent meeting of the local Successor Agencies to discuss the "Agreed Upon Procedures" ("AUP") audit to be conducted by Macias, Gini, & O'Connell ("MGO"). The purpose of the audit is to review the EOPS and initial ROPS, establish each Former RDA's assets and liabilities, and

document each Former RDA's pass-through payment obligations to other taxing agencies. The Successor Agency has been working with MGO and the completion of the audit is targeted for July 1, 2012. The County Auditor-Controller will then provide the State Controller's Office with a copy of all agreed-upon procedures by July 15, 2012. The Successor Agency is working to expeditiously comply with the deadlines associated with the ROPS, audit requirements, and various other activities required by the County-Auditor, State Controller, and DOF. City Redevelopment, SEDC, and CCDC have also undergone significant reductions in staff, adding to the challenges of complying with the requirements of AB 26. Near term meetings of the Successor Agency and Oversight Board will include the consideration of the Administrative Budget and any response to the Initial Draft ROPS and Second ROPS by the DOF.

PREVIOUS OVERSIGHT BOARD and/or SUCCESSOR AGENCY ACTION:

On July 18, 2011, the City Council introduced an Opt-In Ordinance pursuant to AB 27, whereby the City commits to utilize solely redevelopment funds to make annual payments to the County Auditor-Controller in exchange for the Agency's exemption from the provisions of AB 26 and the Former RDA's continued operation pursuant to California Community Redevelopment Law. In addition, the Former RDA and City approved a Remittance Agreement, whereby the Former RDA will transfer redevelopment funds to the City in an amount sufficient for the City to make the required payments to the County Auditor-Controller. The Opt-In Ordinance was enacted by the City Council, and signed by the Mayor, on August 1, 2011. The Former RDA approved the original EOPS on September 13, 2011, covering the period of September 1, 2011 through December 31, 2011, and approved the Amended and Restated EOPS on January 31, 2012, covering the period of January 1, 2012 through June 30, 2012. On January 10, 2012, the City Council took action to serve as the Agency's successor agency under AB 26. On February 13, 2012, the City Council adopted a resolution establishing certain policies and procedures that will govern the future operation of the Successor Agency. On February 28, 2012, the City Council, in its capacity as the Successor Agency, adopted the Second Amended and Restated EOPS and authorized the completion of the Initial Draft ROPS for timely submittal to the County Auditor-Controller pursuant to AB 26. On April 10, 2012, the Successor Agency approved the Initial Draft ROPS, the Second ROPS, and Third Amended and Restated EOPS

Item 7- Initial Draft Recognized Obligation Payment Schedule ("Initial Draft ROPS"), Second Recognized Obligation Payment Schedule ("Second ROPS"), and Third Amended and Restated Enforceable Obligations Payment Schedule ("Third EOPS")

ITEM DESCRIPTION:

Oversight Board approval of the proposed Initial Draft ROPS and the Third Amended EOPS identifying the Successor Agency's payment obligations for the period January 1, 2012 through June 30, 2012, and the Second ROPS identifying the Successor Agency's payment obligations for the period July 1, 2012 through December 31, 2012

STAFF RECOMMENDATION:

It is recommended that the Oversight Board approve the requested actions.

SUPPORTING INFORMATION:

On January 10, 2012, the City Council designated the City of San Diego ("City") to serve as the Successor Agency to the former Redevelopment Agency of the City of San Diego ("Former RDA") for purposes of winding down the Former RDA's operations and to retain the Former RDA's housing assets and assume the Former RDA's housing responsibilities pursuant to AB 26.

Under AB 26, the Recognized Obligation Payment Schedule ("ROPS") is the governing document as to payments that are allowed to be made by the Successor Agency during each applicable six-month period. The Enforceable Obligation Payment Schedule ("EOPS") serves as the authority for disbursement until the Initial Draft ROPS is certified by the Successor Agency Oversight Board.

The Successor Agency is required, among other things, to prepare ROPS documents for each six month period until all enforceable obligations have been met or for the remainder of the time period during which the Former RDA would have been authorized to obligate tax increment had the Former RDA not been dissolved, whichever occurs first. The EOPS and ROPS documents are subject to the review and approval of the Successor Agency's Oversight Board

("Oversight Board") and other governing entities pursuant to AB 26. Upon approval by the Oversight Board,

the documents will be transmitted to the State Department of Finance ("DOF") and the County Auditor Controller pursuant to AB 26.

There have been questions regarding the difference between the EOPS and ROPS documents. The EOPS is a universal list of all of the Former RDA's enforceable obligations payable at any time in the future, whereas each ROPS is a forward-looking list of payments that are owed toward enforceable obligations during the applicable six-month fiscal period. Only payments identified in the EOPS are allowed to be made until the first ROPS becomes operative. There has been additional guidance from the County Auditor-Controller and DOF regarding when the first ROPS must be considered and adopted.

The County Auditor-Controller advised in a letter on March 14, 2012 that beginning May 1, 2012, successor agencies should only make payments for items included in the ROPS approved by the Oversight Board. The DOF has advised that the Second ROPS must be filed as soon as possible but no later than May 11, 2012. That provides 10 working days for DOF review and four working days for the County Auditor-Controller to prepare to make timely payments to successor agencies and taxing agencies on June 1, 2012. It is important for the Oversight Board to take prompt action on the Initial Draft ROPS to avoid a suspension of payments from May 1, 2012 until the DOF approves the document. It is recommended that the Second ROPS also be approved as it is due no later than May 11, 2012, and combined with the Initial Draft ROPS, will provide a 12 month picture of the payments that will be made on enforceable obligations including the sources of those payments.

The initial EOPS was first prepared by the Former RDA to provide a universal list of all of the Former RDA's enforceable obligations. Health and Safety Code Section 34169(g) required the initial EOPS to list all of the enforceable obligations within the meaning of Section 34167(d).

The EOPS must provide the following information about each enforceable obligation:

- the project name associated with the obligation;
- the payee;
- a short description of the nature of the work, product, service, facility or other thing of value for which the payment is being made; and
- the amount of payments obligated to be made, by month, (initially) through December 31, 2011, subsequently replaced by the Amended and Restated EOPS for the period January 1, 2012 through June 30, 2012 caused by the "reset" of pertinent dates by the Court decision.

The ROPS is the governing document as to payments that are allowed to be made by the Successor Agency during each applicable six-month period. According to AB 26, the ROPS supersedes the annual Statement of Indebtedness, which will no longer be prepared or have any effect under California Community Redevelopment Law.

The ROPS includes the information provided in the EOPS and provides the following for each enforceable obligation within the applicable six-month period:

- the minimum payment amount,
- due dates of payments required by enforceable obligations, and
- the source of payment, such as:
 - Low and Moderate Income Housing Fund;
 - bond proceeds;
 - reserve balance;
 - administrative cost allowance;
 - the Redevelopment Property Tax Trust Fund; and
 - other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the Former RDA.

Each ROPS also contains a line item reference (Attachment A to the ROPS) that provides a brief description of each line item and the document creating the enforceable obligation. On April 10, 2012, the Successor Agency approved the Initial Draft ROPS, Second ROPS, and Third Amended and Restated BOPS. These documents have been transmitted to the DOF and County Auditor-Controller with the proviso that the Oversight Board would be

considering these documents at their first meeting on April 25, 2012.

DISCUSSION:

The Successor Agency is designated to administer existing enforceable obligations of the Former RDA and to wind down the operations of the Former RDA, subject to the review and approval of the Oversight Board and certain government entities, including the County Auditor-Controller, the State Controller and the DOF.

AB 26 required that the County Auditor-Controller certify the initial ROPS by April 15, 2012, and to conduct or cause to be conducted an agreed-upon procedures engagement ("AUP Engagement") of each former redevelopment agency in the County by July 1, 2012. The purpose of the engagement is to establish each redevelopment agency's assets and liabilities, to document and determine each redevelopment agency's pass through payment obligations to other taxing agencies, to document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency, and to certify the Initial Draft ROPS. The County Auditor-Controller may charge the Redevelopment Property Tax Trust Fund for any costs incurred by the County Auditor-Controller for complying with this requirement. The County Auditor-Controller has acknowledged that it was not possible to certify the Initial Draft ROPS by the April 15 deadline, given that the certification of the Initial Draft ROPS will rely on the completion of the AUP Engagement, which is not expected to occur until close to the July 1 deadline. The Third BOPS, as amended and restated, will continue to be the governing document with respect to any payments made by the Successor Agency until the Initial Draft ROPS has been certified and finally approved.

Though it now appears these conditions cannot all be met in the necessary timeframe, AB purports that the Initial Draft ROPS is not considered valid until the following conditions have been met:

- The Initial Draft ROPS has been prepared by the Successor Agency;
- the County Auditor-Controller certifies the Initial Draft ROPS pursuant to Health and Safety Code Section 34182(a);
- the certified Initial Draft ROPS is submitted to and duly approved by the Oversight Board; and
- a copy of the approved Initial Draft ROPS is submitted to the County Auditor-Controller, the DOF and State Controller's office, and posted on the Successor Agency's internet web site.

The County Auditor-Controller's approval shall not be deemed effective for three business days, pending a request for review by the State Controller. In the event the State Controller requests a review of a County Auditor-Controller action, the State Controller shall have ten days from the date of his or her request to approve the County Auditor-Controller's action or return it to the County Auditor-Controller for reconsideration. Any action challenged by the State Controller shall not be deemed effective until approved by the State Controller.

The Second ROPS and subsequent ROPS documents are not subject to certification by the County Auditor-Controller through the engagement process described above.

The Second ROPS for the period July 1, 2012- December 31, 2012 is included for review and approval since the County-Auditor Controller's preferred submittal deadline of April 15, 2012 has now passed.

Once each ROPS is approved and validated, the County Auditor-Controller will utilize the ROPS to determine the amount of property tax revenues needed to be transferred to the Successor Agency's Redevelopment Obligation Retirement Fund to meet the corresponding six-month payment schedule.

The EOPS has also been amended and restated (Third EOPS) in order to keep the EOPS consistent with the ROPS. The EOPS serves as authorization for disbursements until the Initial ROPS is certified.

The Successor Agency obligations listed on the EOPS and ROPS generally fall within six (6) categories: (1) tax allocation and parking revenue bonds, taxable or tax-exempt, with some bonds being project-specific; (2) loan, repayment, and operating agreements, including legal settlements and regulatory agreements; (3) obligations to implement public-private partnerships pursuant to Owner Participation Agreements (OPAs), Disposition and Development Agreements (DDAs), and similar financial assistance agreements; (4) agreements with contractors or consultants to perform specified tasks; (5) property management of real estate acquired by the Successor Agency; and (6) administrative costs of the Successor Agency to wind down redevelopment and manage enforceable obligations.

Each ROPS and each six-month administrative budget to be approved by the Successor Agency, subject to

certification by the County Auditor-Controller and review and approval by the Oversight Board, will determine the exact amount of administrative cost allowance available to the Successor Agency for every six-month fiscal period. The administrative cost allowance for the Successor Agency is defined in Section 34171(b) as an amount that, subject to the approval of the Oversight Board, is payable from the property tax revenue of up to five percent (5%) of the property taxes allocated to the Successor Agency for the 2011-12 fiscal year and up to three percent (3%) of the property taxes allocated to the Redevelopment Obligation Retirement Fund administered by the Successor Agency for each fiscal year thereafter. The DOF has indicated in a guidance document that the payment schedules under AB 26 may include expenses for ongoing project management and construction inspection where required on specific projects, without subjecting such expenses to the cap on the administrative cost allowance.

PREVIOUS OVERSIGHT BOARD and/or SUCCESSOR AGENCY ACTION:

The Former RDA approved the original EOPS on September 13, 2011, covering the period of September 1, 2011 through December 31, 2011, and approved the First Amended and Restated EOPS on January 31, 2012, covering the period of January 1, 2012 through June 30, 2012. On January 10, 2012, the City Council took action to serve as the Agency's successor agency under AB 26. On February 13, 2012, the City Council adopted a resolution establishing certain policies and procedures that will govern the future operation of the Successor Agency. On February 28, 2012 the City Council, in its capacity as the Successor Agency, adopted the Second Amended and Restated EOPS .and authorized the completion of the Initial Draft ROPS for timely submittal to the County Auditor-Controller pursuant to AB 26. On April 10, 2012 the Successor Agency approved the Initial Draft ROPS, the Second ROPS, and Third Amended and Restated EOPS. The April 10, 2012 approval is the item being considered by the Oversight Board in this action.

Testimony in favor of the appeal by Alma Rodriguez, Diane Muss, Rodney Smith, Bill Keller, Scott Bohrer, Jay Powell, Roger Lewis, W. Patrick Edwards, Joe Altbaum, Stacey Pennington , Robert Ito, Ignacio De La Torre, Chip Buttner, Angela Landsberg, Reese A. Jarrett, Kris Michell, David Hazan, Paul Webster, Gary Smith, Sara Igur, Janelle Riella, Leane Marchese , Rob Lankford, Matt Adams, Cireez Gonzales, Brian Pollard

Testimony in opposition of the appeal by Linda J. Wilson, Brian Peterson, Jim Varnadore, Katheryn Rhodes.

Testimony with no position of the appeal by Tom Lemmon, Dr. Muriaza.

MOTION BY ANDRA DONOVAN TO APPROVE RESOLUTION WITH AMMENDED ROPS, WITH EXCLUSION OF CERTAIN ITEMS. No second.

MOTION TO APPROVE RESOLUTION WITH ADDITIONAL LANGUAGE OF RESERVATION INCLUDED BELOW AND DIRECTION TO STAFF TO RETURN WITH ANSWERS POSED BY PUBLIC BY MICHAEL ZUCCHET. Second by Bonnie Ann Dowd.

* include specific direction for staff to return with specific answers to questions and concerns raised by public, such as the potential effect of Prop A's passage, what the impact of that would be.

Reservations of rights on resolution; The Oversight Board recognizes that it is being asked by the State Department of Finance to approve the payments schedules (i.e., the Third EOPS, ROPS 1, and ROPS 2) in a chronological sequence at odds with the process established in AB 26. For instance, the intent of AB 26 is that the Oversight Board will consider approval of ROPS 1 only after the contents of ROPS 1 have been certified in an independent audit performed at the direction of the San Diego County Auditor-Controller. Given this unusual circumstance, the Oversight Board approves the payment schedules at this time, but reserves the right to revisit the content of the payment schedules in the future based on any objections or questions subsequently raised by the County Auditor-Controller, the State Department of finance, members of the public, and members of the Oversight Board.

Passed by the following vote:

Yea: Michael Zucchet, Bonnie Ann Dowd, Peter Davis, Maureen Stapleton, *Mark Nelson.

Nay: Andra Donovan.

Recused: *Mark Nelson.

Not Present: Ron Roberts.

*Recused on all items where SDG&E are the payee.

MOTION BY PETER DAVIS THAT CHAIRMAN MARK NELSON ACT AS A COMMITTEE OF ONE TO ENGAGE POTENTIAL COUNSEL THAT CAN BE CONFIRMED AT THE FOLLOWING BOARD MEETING. Second by Andra Donovan.

Item 5- Organization of the Board

ITEM DESCRIPTION:

This action will designate an official contact for the Department of Finance, provide discussion regarding legal council, and an identification of future meetings times for the Oversight Board.

Included in the action is the approval of a resolution to:

1. Designate the initial Oversight Board Contact to be David Graham, Deputy Policy Director in the Office of the Mayor of the City of San Diego.
2. Recognize the Mayor may designate an Oversight Board Contact at any time in the future by providing written notice to all members of the Oversight Board or by causing the Oversight Board to be notified verbally during a scheduled public meeting of the Oversight Board.
3. Require the Oversight Board Contact to promptly notify the DOF of the designation and shall provide his/her telephone number and email contact information to the DOF.

STAFF RECOMMENDATION:

1. Approve resolution
2. Discuss legal counsel
3. Discuss future meeting times

SUPPORTING INFORMATION:

Provisions of AB 26 require that all meetings of the Oversight Board be noticed and held in accordance with the Ralph M. Brown Act. All agendas and proposed actions of the Oversight Board are to be posted on the Successor Agency website for public review. These actions are not effective for three business days, pending review by the Department of Finance. If the DOF exercises its right to review the action, it then has ten days to approve the action or return it to the Oversight Board of reconsideration. The Oversight Board may then reconsider the item, which does not become effective until approval by the DOF. In order to facilitate this communication with the DOF, AB 26 requires the Oversight Board to designate an official contact. The administration of the Successor Agency is carried out by the Office of the Mayor, pursuant to the policies and procedures adopted by the City Council in its role as the Successor Agency governing board on February 28, 2012. This action today will provide an initial designee from the Office of the Mayor. In consideration of staff changes, the designee of the Mayor may need to be changed. This action provides for written notification to the Oversight Board if a new designee is assigned by the Mayor or notification at a regularly scheduled public meeting of the Oversight Board. Upon notification, the Oversight Board Contact will provide the DOF with all relevant contact information. In addition to the action item, this item provides for discussion on potential legal counsel as well as future meetings times for the Oversight Board regularly scheduled meetings.

MOTION TO DESIGNATE THE SUCCESSOR AGENCY POINT OF CONTACT FOR COMMUNICATION WITH THE STATE DEPARTMENT OF FINANCE AS DAVID GRAHAM AND TO HAVE HIM RETURN TO THE BOARD AT THE NEXT MEETING WITH A REVISED RESOLUTION THAT EMBRACES THE CONCEPT IN THE ORIGINAL MOTION BY MICHAEL ZUCCHET. Second by Andra Donovan with an addition that any contact from the DOF be communicated to the oversight Board Members within three business days.

Passed by the following vote:

Yea: Michael Zucchet, Bonnie Ann Dowd, Andra Donovan, Peter Davis, Maureen Stapleton, Mark Nelson

Nay: (None);

Recused: (None);

Not Present: Ron Roberts.

Following meeting scheduled for May 11, 2012 at 9:00am

Item 2- Overview of the Brown Act by City Attorney's Office

ITEM DESCRIPTION:

The Office of the City Attorney will provide an overview of the Brown Act for the benefit of the Oversight Board members.

STAFF RECOMMENDATION:

Receive information from City Attorney.

Non-agenda public comment provided by Katheryn Rhodes

ADJOURNMENT:

The meeting was adjourned by Chair Mark Nelson/