

**COUNTY OF SAN DIEGO
COUNTY OVERSIGHT BOARD**

REGULAR MEETING

MARCH 15, 2013, 10:00 A.M.

County Administration Center, Room 358
1600 Pacific Highway, San Diego, California 92101

- A. Call to Order
- B. Roll Call
- C. Approval of Statement of Proceedings/Minutes of February 22, 2013
- D. Public Communication Speakers: Members of the public may address the Oversight Board on subject matters within the Board's jurisdiction, but not an item on this agenda. Each speaker is limited to two minutes.
- E. Discussion Item(s)
- F. Action Items
 - 1. Approve Agreement Between the County of San Diego and the County of San Diego Successor Agency for Cooperation and Reimbursement of Loans
- G. Communications Received
- H. Future Agenda Item(s)
- I. Set Future Meeting Date(s)
- J. Adjournment

Supporting documentation and attachments for items listed on this agenda can be viewed online at www.sdcountry.ca.gov or in the Office of the Clerk of the Board of Supervisors at the County Administration Center, 1600 Pacific Highway, Room 402, San Diego, CA 92101.

ASSISTANCE FOR THE DISABLED:

Agendas and records are available in alternative formats upon request. Contact the Clerk of the Board at (619) 531-5434 with questions or to request a disability-related accommodation. Individuals requiring sign language interpreters should contact the Americans with Disabilities Coordinator at (858) 505-6521. To the extent reasonably possible, requests for accommodation or assistance should be submitted at least 24 hours in advance of the meeting so that arrangements may be made. An area in the front of the room is designated for individuals requiring the use of wheelchair or other accessible devices.

**MINUTES
COUNTY OF SAN DIEGO
COUNTY OVERSIGHT BOARD**

**REGULAR MEETING
FEBRUARY 22, 2013, 9:30 A.M.**
County Administration Center, Room 302
1600 Pacific Highway, San Diego, California 92101

A. Call to Order at 9:32 a.m.

B. Roll Call

PRESENT: Chairman Matt Schneider; Vice-Chairman Scott Patterson; Secretary Robert Schiwitz; Board Member Jo Marie Diamond; Board Member Kathy Kassel; and Board Member Mario Sanchez; also Deputy Clerk Marvice Mazyck; Community Services Group Finance Director Kaye Hobson; Attorney At Law Valerie Tehan; Attorney At Law Mark Mead; and Attorney At Law Bill Johnson.

ABSENT: Board Member Bonnie Dowd

C. Approval of Statement of Proceedings/Minutes of January 11, 2013.

ACTION:

ON MOTION of Member Patterson, seconded by Member Schiwitz, the Oversight Board approved the Statement of Proceedings/Minutes of January 11, 2013.

AYES: Diamond, Kassel, Patterson, Sanchez, Schiwitz, Schneider

ABSENT: Dowd

D. Public Communication Speakers: Members of the public may address the Oversight Board on subject matters within the Board's jurisdiction, but not an item on this agenda. Each speaker is limited to two minutes.

There were no public communication speakers.

E. Discussion Items

1. Affordable Housing Associates Lawsuit

The Board received the report.

F. Action Items

1. Adopt a Resolution Approving the Recognized Obligation Payment Schedule for July-December 2013

ON MOTION of Member Schiwitz, seconded by Member Sanchez, the Oversight Board approved the Recognized Obligation Payment Schedule for July – December 2013 and adopted Resolution OB2013-02, entitled, “A RESOLUTION OF THE COUNTY OF SAN DIEGO OVERSIGHT BOARD RELATED TO THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY-DECEMBER 2013.”

AYES: Diamond, Kassel, Patterson, Sanchez, Schiwitz, Schneider
ABSENT: Dowd

2. Adopt a Resolution Approving the Administrative Budget for July-December 2013

ON MOTION of Member Patterson, seconded by Member Diamond, the Oversight Board approved the Administrative Budget for July – December 2013 and adopted Resolution OB2013-03, entitled, “A RESOLUTION OF THE COUNTY OF SAN DIEGO OVERSIGHT BOARD RELATED TO THE ADMINISTRATIVE BUDGET FOR THE COUNTY OF SAN DIEGO SUCCESSOR AGENCY.”

AYES: Diamond, Kassel, Patterson, Sanchez, Schiwitz, Schneider
ABSENT: Dowd

G. Communications Received

There were no communications submitted to the Oversight Board.

H. Set Future Meeting Date(s)

The next scheduled meetings of the Oversight Board will be March 15, 2013 at 9:30 a.m., and April 26, 2013 at 9:30 a.m., in Room 302 of the County Administration Center.

I. Adjournment

There being no further business, ON MOTION of Chairman Schneider, the Board adjourned at 10:38 a.m.

THOMAS J. PASTUSZKA
Clerk of the Board of Supervisors
County of San Diego, State of California

BY: MARVICE MAZYCK
Deputy Clerk of the Board of Supervisors
County of San Diego, State of California



COUNTY OF SAN DIEGO

AGENDA ITEM

COUNTY OVERSIGHT BOARD

COUNTY OVERSIGHT BOARD

JO MARIE DIAMOND

DR. BONNIE DOWD

KATHY KASSEL

SCOTT PATTERSON

MARIO SANCHEZ

ROBERT SCHWITZ

MATT SCHNEIDER

DATE: March 15, 2013

F-1

TO: County of San Diego Oversight Board

SUBJECT: APPROVE AGREEMENT BETWEEN THE COUNTY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO SUCCESSOR AGENCY FOR COOPERATION AND REIMBURSEMENT OF LOANS

Overview

Pursuant to State law, the Redevelopment Agency of the County of San Diego was dissolved on February 1, 2012. On January 24, 2012 (14), the County of San Diego was established as the Successor Agency to oversee the wind-down of the former redevelopment agency's operations following the steps established by AB 1X 26, the Dissolution Act, to preserve assets, fulfill legally binding commitments, oversee the termination of activities and return resources expeditiously to the affected taxing entities. Since that time, and as required by the Dissolution Act, the Oversight Board has been selected and met to take actions to remain in compliance with legislation and State Department of Finance and State Controller procedures.

AB 1484, effective June 27, 2012 as a trailer bill to the Fiscal Year 2012-13 State budget, made significant technical and substantive changes to the dissolution process. Health and Safety Code section 34173(h) was added to provide for a formal borrowing and reimbursement agreement between the former sponsoring agency and the successor agency. The County Successor Agency Board of Directors is scheduled to consider approving the Agreement between the County of San Diego and the County of San Diego Successor Agency for Cooperation and Reimbursement of Loans (Agreement) on March 12, 2013. Today, the County of San Diego Oversight Board is requested to approve a Resolution approving the Agreement, and the Board of Supervisors will be requested to approve the Agreement at a subsequent meeting.

Recommendation(s)

COUNTY OVERSIGHT BOARD

Approve the resolution titled, A RESOLUTION OF THE COUNTY OF SAN DIEGO OVERSIGHT BOARD APPROVING THE REIMBURSEMENT AGREEMENT BETWEEN THE COUNTY AND THE COUNTY SUCCESSOR AGENCY.

SUBJECT: APPROVE AGREEMENT BETWEEN THE COUNTY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO SUCCESSOR AGENCY FOR COOPERATION AND REIMBURSEMENT OF LOANS

Fiscal Impact

There is no immediate fiscal impact to this request. Should the County Successor Agency at a future time have insufficient cash to make payments, approval of this agreement will result in a loan from the County General Fund to the County Successor Agency. Any loans will be repaid by future distributions of former tax increment from the Redevelopment Property Tax Trust Fund to the County Successor Agency.

BACKGROUND:

AB1X 26, the Dissolution Law, set out the process and structure for dissolution of the State's redevelopment agencies, and AB 1484, effective June 27, 2012 as budget trailer bill, made technical and substantive changes. On a semi-annual basis, county auditor-controllers distribute funds to successor agencies to former redevelopment agencies. The funds that are distributed were formerly called property tax increment, and they are collected in each successor agency's Redevelopment Property Tax Trust Fund (RPTTF). Successor agencies to the former redevelopment agencies then promptly pay Enforceable Obligations (EOs) according to the terms of each obligation using these funds. There are also other payments to be made from the RPTTF which have priority over EOs, specifically county auditor-controller costs and more significantly, payments to Affected Taxing Entities (ATEs) under pass-through agreements. The successor agency may also receive funding for its own costs of administration from the RPTTF in third position. Any residual tax increment in the RPTTF is distributed to ATEs as if redevelopment had not taken place.

RPTTF distributions to successor agencies are made according to the Recognized Obligation Payment Schedule (ROPS), prepared semi-annually by the successor agency and approved by the oversight board and the State Department of Finance. Distributions are made on January 2 and June 1. The amount of each distribution is calculated based on the amounts due on the ROPS for the subsequent six months. Except in the case of bond debt service, there are no provisions for a cash-flow contingency or reserve fund, although each is a standard best practice for cash management.

The process set forth in the Dissolution Law may result in temporary cash-flow shortfalls for the successor agency if the semi-annual distributions from the RPTTF are insufficient to make scheduled payment on EOs and successor agency administrative costs. One of the significant substantive changes of AB 1484 was the addition of Health and Safety Code Section 34173(h), which allows the sponsoring agency to loan funds to a successor agency for administrative costs or EOs. Subject to approval by the oversight board, the sponsoring agency loan is deemed to be an EO and, thus, is eligible for inclusion on a future ROPS and repayment from the RPTTF semi-annual distribution.

On an annual basis, the amount of former tax increment available to make the required payments for the County Successor Agency is more than sufficient to make the payments under the Dissolution Law. For Fiscal Year 2012-13, for example, the amounts estimated to be deposited

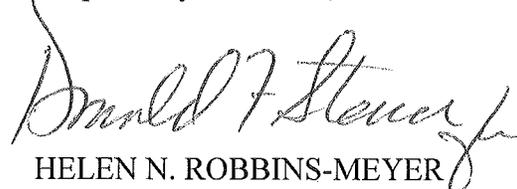
SUBJECT: APPROVE AGREEMENT BETWEEN THE COUNTY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO SUCCESSOR AGENCY FOR COOPERATION AND REIMBURSEMENT OF LOANS

to the RPTTF total \$3.9 million, and the amounts to be paid from the RPTTF total \$2.8 million. The risk exists, however, that due to the constraints on cash flows under the semi-annual distribution process the lack of legislative provisions for a cash-flow contingency reserve, possible changes in State law, or errors in projections, the County Successor Agency may incur a cash shortfall. The loan agreement between the County and the County Successor Agency as allowed under Health and Safety Code Section 34173(h) is set forth in Attachment A (Agreement).

Under the Agreement, the Successor Agency would reimburse the County, as allowed by law, for administrative services provided to the Successor Agency by County staff. Unreimbursed administrative expenses would be deemed to be an advance by the County. In addition, the Agreement allows the County to loan funds to the Successor Agency for payments of EOs, if necessary, and for Successor Agency project-related expenses, although no such expenses are anticipated. Any unreimbursed administrative expenses, funds provided for EO payments and funds provided for project-related expenses would be loans from the County that the Successor Agency must repay as soon as possible.

The Successor Agency Board of Directors is scheduled to consider approving the Agreement at its meeting on March 12, 2013. Today, the County of San Diego Oversight Board is requested to consider and approve the Agreement. Finally, the Agreement, as approved by the Oversight Board, will be considered by the Board of Supervisors at a subsequent meeting for approval on behalf of the County. The Agreement will not be effective until all parties have approved it.

Respectfully submitted,



HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

A – Agreement between the County of San Diego and the County of San Diego Successor Agency for Cooperation and Reimbursement of Loans

Resolution

SUBJECT: APPROVE AGREEMENT BETWEEN THE COUNTY OF SAN DIEGO AND
THE COUNTY OF SAN DIEGO SUCCESSOR AGENCY FOR
COOPERATION AND REIMBURSEMENT OF LOANS

AGENDA ITEM INFORMATION SHEET

PREVIOUS RELEVANT BOARD ACTIONS:

N/A

MANDATORY COMPLIANCE:

N/A

CONTACT PERSON(S):

Kaye Hobson

Name

619-531-5274

Phone

Kaye.Hobson@sdcounty.ca.gov

E-mail

AGREEMENT BETWEEN THE COUNTY
OF SAN DIEGO AND THE COUNTY OF
SAN DIEGO SUCCESSOR AGENCY FOR
COOPERATION AND REIMBURSEMENT OF LOANS

This Agreement between the County of San Diego, a political subdivision of the State of California (County), and the County of San Diego Successor Agency, a public agency established pursuant to State law (Health and Safety Code sections 34171(j) and 34173(a) (Successor Agency) is entered into as of _____.

Whereas, the Redevelopment Agency of the County of San Diego (County Redevelopment Agency) was established as a community redevelopment agency pursuant to Community Redevelopment Law, Health and Safety Code section 33000, et seq., and was authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the County Board of Supervisors; and

Whereas, Assembly Bill 1X 26 added Parts 1.8 and 1.85 to Division 24 of the Health and Safety Code and the subsequent Assembly Bill 1484 added to, amended and repealed the Community Redevelopment Law, and these laws caused the dissolution and winding down of redevelopment agencies in California (Dissolution Act); and

Whereas, on December 29, 2011, in *California Redevelopment Association v. Matosantos* 54 Cal 4th 231 (2011), the California Supreme Court upheld the Dissolution Act and, therefore, all redevelopment agencies in California are subject to the Dissolution Act and were dissolved effective February 1, 2012; and

Whereas, the County Redevelopment Agency was dissolved pursuant to the Dissolution Act; and

Whereas, on January 24, 2012 (14), the Board of Supervisors designated the County of San Diego (County) as the Successor Agency to the dissolved County Redevelopment Agency under the Dissolution Act; and

Whereas, Assembly Bill 1484, which became effective June 27, 2012, added Health and Safety Code section 34173(g), pursuant to which the Successor Agency is a separate public entity from the County; and

Whereas, since February 1, 2012, the Successor Agency has performed the functions of a successor agency under the Dissolution Act, including administering the enforceable obligations and otherwise unwinding the affairs of the dissolved County Redevelopment Agency, subject to the review and approval of the Oversight Board as specified in the Dissolution Act; and

Whereas, the Successor Agency is engaged in activities necessary and appropriate to wind down the activities of the dissolved County Redevelopment Agency's redevelopment plans for Gillespie Field and the Upper San Diego River Improvement Project that were originally adopted and amended by the County Board of Supervisors; and

Whereas, in performing its duties, the Successor Agency may have insufficient funds to make a payment on an enforceable obligation, to pay project-related expenses or to repay the County for administrative costs that the Successor Agency incurs; and

Whereas, pursuant to Health and Safety Code section 34173(h), the County may loan or grant funds to the Successor Agency for these purposes, and an enforceable obligation shall be deemed to be created for the repayment of these loans; and

Whereas, certain employees of the County have been performing administrative and other related services as necessary for the day-to-day administration and operation of the Successor Agency's duties and functions; and

Whereas, the County and the Successor Agency desire to affirm and document an on-going cooperative relationship regarding the provision of administrative services and payment for services by entering into this Agreement whereby the County will provide administrative services, and the Successor Agency will pay the County for the cost of the services provided by County, as well as other related costs.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

1. Services to be Provided. Certain County employees will provide general administrative services on behalf of the Successor Agency and may also provide services directly related to the administration of enforceable obligations, as defined in Health & Safety Code 34171(d) (1). The estimated costs of all services shall be included in the Administrative Allowance of the Recognized Obligation Payment Schedule (ROPS), as prepared semi-annually by the Successor Agency and approved by the Oversight Board and the State Department of Finance.

2. Reimbursement of Costs. The Successor Agency shall be liable to the County for the payment of the Successor Agency's administrative expenses as provided in this Agreement and as authorized and to the extent authorized by applicable law.

3. Direct Project Management or Implementation Costs. The former County Redevelopment Agency did not transfer any active projects related to enforceable

obligations or otherwise to the Successor Agency. The parties, therefore, consider all costs to administer Successor Agency enforceable obligations to be administrative costs.

4. County Loans and Successor Agency Reimbursement. The County agrees to loan funds to the Successor Agency, and the Successor Agency agrees to repay the loans as described below.

a. Unreimbursed Administrative Expenses. If at any time the Successor Agency has insufficient funds to reimburse the County for administrative expenses incurred by the Successor Agency, the unreimbursed amounts shall be deemed to have been advanced by the County to the Successor Agency.

b. Enforceable Obligation Payments. If at any time the Successor Agency has insufficient funds to make a payment as required by an enforceable obligation that is listed on an approved Recognized Obligation Payment Schedule, the County will provide the funds necessary for the Successor Agency to make the payment.

c. Project-related Expenses. The Successor Agency does not plan to incur, nor foresee the need to incur, project-related expenses. However, if the need arises and the Successor Agency incurs such expenses, but has insufficient funds to pay them, the County will provide the necessary funds to the Successor Agency.

d. Repayment of Loans. Unreimbursed administrative expenses as described in subsection 4a above, funds provided by the County for enforceable obligation payments as described in subsection 4b above and funds provided by the County for project-related expenses as described in subsection 4c above shall constitute a loan or loans from the County to the Successor Agency (Successor Agency Loan). As provided in Health and Safety Code 34173(h), any Successor Agency Loan shall be included as an enforceable obligation on the first subsequent ROPS, as approved by the State Department of Finance and the Successor Agency Oversight Board, and shall be repaid from funds allocated to the Redevelopment Property Tax Trust Fund or other available sources as soon as possible. Any balance of the Successor Agency Loan that is not paid back in full on the ROPS shall be a debt that carries over to subsequent ROPS until paid in entirety. Any Successor Agency Loan shall accrue interest at the County's Pool Rate.

5. Provisions Severable. If any term or provision of this Agreement is held to be wholly or partially invalid, void or otherwise unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby to the extent that the remainder may be enforced without the invalid provision, and every other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. The County Board of Supervisors and the County Successor Agency Board of Directors declare that each body would have approved this Agreement irrespective of the invalidity of any particular term or provision hereof.

6. Effective Date and Term. This Agreement shall be effective as of the date first written above and shall continue to be in effect until terminated in writing by either party with 10 days prior notice to the other party. However, the Successor Agency may not terminate the Agreement unless all Successor Agency Loans have been paid in full.

7. Amendments. This agreement constitutes the entire agreement of the parties, superseding any prior agreements, oral or written. This Agreement shall not be changed except by written amendment signed by both parties.

8. Waiver. The waiver by one party of the performance of any term or provision shall not invalidate this Agreement, nor shall it be considered as a waiver by such party of any other term or provision. Delay by any party in pursuing any remedy or in insisting upon full performance for any breach or failure of any term or provision shall not prevent such party from later pursuing remedies or insisting upon full performance for the same or any similar breach or failure.

9. Subordination of Indebtedness. The Successor Agency Loan under this Agreement shall be junior and subordinate to other Successor Agency obligations to be paid with allocations from the Redevelopment Property Tax Trust Fund including those made pursuant to Health and Safety Code section 34183(a)(1) and (2).

In witness hereof, the parties have caused this Agreement to be executed by their duly authorized officers on the date first written above.

COUNTY OF SAN DIEGO

By: _____
Clerk of the Board of Supervisors

COUNTY OF SAN DIEGO SUCCESSOR AGENCY

By: _____
Secretary for the Successor Agency

Approved as to form and legality
William D. Smith,
Counsel for the Successor Agency

Resolution No. _____

Meeting Date: _____

A RESOLUTION OF THE COUNTY
OF SAN DIEGO OVERSIGHT BOARD
APPROVING THE REIMBURSEMENT
AGREEMENT BETWEEN THE COUNTY
AND THE COUNTY SUCCESSOR AGENCY

Whereas, Assembly Bill IX 26 added Parts 1.8 and 1.85 to Division 24 of the Health and Safety Code and the subsequent Assembly Bill 1484 added to, amended and repealed the Community Redevelopment Law, and these laws caused the dissolution and winding down of redevelopment agencies in California (Dissolution Act); and

Whereas, the County Redevelopment Agency was dissolved pursuant to the Dissolution Act; and

Whereas, on January 24, 2012 (14), the Board of Supervisors designated the County of San Diego (County) as the Successor Agency to the dissolved County Redevelopment Agency under the Dissolution Act; and

Whereas, Assembly Bill 1484, which became effective June 27, 2012, added Health and Safety Code section 34173(g), pursuant to which the Successor Agency is a separate public entity from the County; and

Whereas, since February 1, 2012, the Successor Agency has performed the functions of a successor agency under the Dissolution Act, including administering the enforceable obligations and otherwise unwinding the affairs of the dissolved County Redevelopment Agency, subject to the review and approval of the Oversight Board as specified in the Dissolution Act; and

Whereas, the Successor Agency is engaged in activities necessary and appropriate to wind down the activities of the dissolved County Redevelopment Agency's redevelopment plans for Gillespie Field and the Upper San Diego River Improvement Project that were originally adopted and amended by the County Board of Supervisors; and

Whereas, in performing its duties, the Successor Agency may have insufficient funds to make a payment on an enforceable obligation, to pay project-related expenses or to repay the County for administrative costs that the Successor Agency incurs; and

Whereas, pursuant to Health and Safety Code section 34173(h), the County may loan or grant funds to the Successor Agency for these purposes, and an enforceable obligation shall be deemed to be created for the repayment of these loans; and

Whereas, certain employees of the County have been performing administrative and other related services as necessary for the day-to-day administration and operation of the Successor Agency's duties and functions; and

Whereas, the County and the Successor Agency desire to affirm and document an on-going cooperative relationship regarding the provision of administrative services and payment for services by entering into this Agreement whereby the County will provide administrative services, and the Successor Agency will pay the County for the cost of the services provided by County, as well as other related costs.

NOW, THEREFORE, BE IT RESOLVED that the San Diego County Oversight Board approves the Agreement Between the County of San Diego and the County of San Diego Successor Agency for Cooperation and Reimbursement of Loans.

Approved as to Form and Legality
Valerie Tehan, Oversight Board Counsel