CITY OF SOLANA BEACH

ACTION AGENDA

The Action Agenda of the Oversight Board Meeting is a document provided immediately following the Meeting in order to communicate the business transacted that resulting in actions taken by Board. This is a preliminary draft and not a public record. The meeting's legal record is the Minutes approved by the Board.

Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency
REGULAR MEETING
Thursday, January 10, 2013
4:30 P. M.
City Hall, 635 S. Highway 101, Solana Beach, California

AGENDA MATERIALS
A full agenda packet including relative supporting documentation is available at City Hall and on the City's website www.cityofsolanabeach.org. Agendas are posted at least 72 hours prior to regular meetings and at least 24 hours prior to special meetings. Writings and documents regarding an agenda of an open session meeting, received after the official posting, and distributed to the Board for consideration, will be made available for public viewing at the same time. In addition, items received at least 1 hour 30 minutes prior to the meeting time will be available for public viewing. Materials submitted for consideration should be forwarded to the City Clerk's department 858-720-2400. The designated location for viewing public documents is the City Clerk's office at City Hall during normal business hours.

SPEAKERS
Please submit a speaker slip to the City Clerk/Secretary prior to the meeting, or the announcement of the Section/Item, to provide public comment.

AMERICAN DISABILITIES ACT TITLE 2
In compliance with the Americans with Disabilities Act of 1990, persons with a disability may request an agenda in appropriate alternative formats as required by Section 202. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the City Clerk's office (858) 720-2400 at least 72 hours prior to the meeting.

As a courtesy to all meeting attendees, please set cellular phones and pagers to silent mode and engage in conversations outside the Council Chambers.

BOARD MEMBERS

Timothy P. Coughlin
San Diego County Board of Supervisors

James Austin
California Community Colleges / MiraCosta

Jeanne Deaver
Santa Fe Irrigation District

Carlos Estrella
San Diego County Board of Education

Doug Sheres, Vice Chair
San Diego County Board of Supervisors

David Ott
City of Solana Beach

Thomas Golich, Chair
City of Solana Beach

Kendall Berkey, General Counsel

Angela Ivey, Secretary

SPEAKERS:
Please submit a request to speak to the Secretary prior to the meeting or the announcement of the Item.

READING OF RESOLUTIONS:
Pursuant to Solana Beach Municipal Code Section 2.04.460, at the time of introduction or adoption of a resolution, the same shall not be read in full unless after the reading of the title, further reading is requested by a member of the Board. If any Boardmember so requests, the resolution shall be read in full. In the absence of such a request, this section shall constitute a waiver by the council of such reading.

CALL TO ORDER AND ROLL CALL:

APPROVAL OF AGENDA:

ACTION: Approved 5/2 (Absent: Coughlin, Estrella)

CHAIR AND BOARDMEMBERS' COMMENTS

PUBLIC COMMENT – Non-Agenda Items
This portion of the agenda provides an opportunity for members of the public to address the Oversight Board of the Successor Agency on items relating to the Board's subject matter and not appearing on today's agenda. Comments relating to items on this evening's agenda are taken at the time the items are heard. Pursuant to the Brown Act, no action shall be taken by the Board on public comment items. The Board may refer items for placement on a future agenda.

BOARD BUSINESS

1. Minutes of the Oversight Board.

a. Approve the Minutes of the Oversight Board held October 9 and December 13, 2012.

ACTION: Approved the minutes of October 9, 2012 - 5/2 (Absent: Coughlin, Estrella)

ACTION: Approved the minutes of December 13, 2012 - 5/2 (Absent: Coughlin, Estrella)

2. Due Diligence Review of Other Funds (Non-Housing) of the Solana Beach Successor Agency. (File 0115-35)

a. Take public comment on the Other Funds (Non-Housing) Due Diligence Review for the Solana Beach Successor Agency.
b. Close the public comment session; and
c. Adopt Resolution OBSA-012 making certain findings transmitting the Other Funds (Non-Housing) Due Diligence Review to the County Auditor-Controller, Department of Finance, and State Controller.

ACTION: Approved Resolution OBSA-012 - 5/2 (Absent: Coughlin, Estrella)

ADJOURN:

AFFIDAVIT OF POSTING:

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO
CITY OF SOLANA BEACH

I, Angela Ivey, Secretary, of the Oversight Board to the Successor Agency and City Clerk of the City of Solana Beach, do hereby certify that this Agenda for the January 10, 2013 Regular Meeting was called by Oversight Board to the Successor Agency for the Redevelopment Agency of Solana Beach and was provided and posted on January 7, 2013 at 4:15 p.m. on the City Bulletin Board at the entrance to City Hall. Said meeting is held at 4:30 p.m., January 10, 2013, at City Hall, 635 S. Highway 101, Solana Beach, California.

Angela Ivey, Secretary
City of Solana Beach, CA

STAFF REPORT
OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE SOLANA BEACH REDEVELOPMENT AGENCY

TO:	Honorable Chair and Members of the Oversight Board
FROM:	David Ott, Executive Director
MEETING DATE:	January 10, 2013
ORIGINATING DEPT:	Successor Agency of the Solana Beach Redevelopment Agency
SUBJECT:	**Due Diligence Review of Other Funds (Non-Housing) of the Solana Beach Successor Agency**

BACKGROUND:

Health & Safety Code Section 34179.5 provides for a "Due Diligence Review" of the available cash assets of the Solana Beach Successor Agency pursuant to "Agreed-Upon Procedures" adopted by the California Department of Finance (DOF). The first Due Diligence Review, for the Successor Agency's Low and Moderate Income Housing Funds, was approved by the Oversight Board on October 9, 2012. On December 24, 2012, the Solana Beach Successor Agency made a payment to the San Diego County Auditor-Controller of $195,699 in unencumbered Low and Moderate Income Housing Funds, consistent with the amount requested by the Department of Finance.

A second Due Diligence Review (DDR) has now been prepared that reviews all other (non-housing) funds ("Other Funds"). This DDR shows that the Successor Agency owes no payment to the County for disbursement to taxing entities. The DDR was received by the Oversight Board in December, and a public comment session on the DDR was scheduled for the Board's December 13, 2012 meeting. The Oversight Board must now review and approve the DDR and adopt a resolution making certain findings to allow the City and the Successor Agency to retain Other Funds. At the December 13 meeting, no public comment was heard, and the Board continued public comment to this meeting to provide an additional opportunity for public input.

AB 1484 requires the Oversight Board to review, approve and transmit the Other Funds DDR to DOF by January 15, 2013.

DISCUSSION:

The Oversight Board must adopt a resolution pursuant to Health & Safety Code Section 34179.6(c) to approve the Due Diligence Review and to implement the findings of the

OVERSIGHT BOARD ACTION:

_____

Due Diligence Review by allowing the City and Successor Agency to retain $979,421. Resolution No. OBSA-012 is attached making the required findings. The staff recommends that the Board adopt Resolution No. OBSA-012 after hearing any additional public comment.

The Other Funds DDR shows that the Successor Agency owes no payment to the County for disbursement to taxing entities. The Resolution to be adopted by the Oversight Board contains the following findings:

- The Successor Agency and City are authorized to retain $979,421, as follows:
  - $519,726 is legally restricted as to purpose and cannot be provided to taxing entities (consisting of $322,345 in bond proceeds and bond reserves; and $197,381, which are the remaining proceeds of the $278,215 loan from the City to the Successor Agency, which can only be used for items listed on the ROPS);
  - $79,165 was needed to make bond payments due between July 1, 2012 and December 31, 2012.
  - $380,530 was needed to pay enforceable obligations and administrative expenses shown on approved ROPS II for the period from July 1, 2012 to December 31, 2012.
- Subtracting these amounts from the total amounts available shows a deficit of $371,677. Consequently, no funds need to be remitted by the Successor Agency to the Auditor-Controller. (Note that this deficit approximates the total amount of the City funds loaned to the Successor Agency, which total $393,900.)

Next Steps:
After approval of the DDR by the Oversight Board, DOF may adjust the amounts determined to be available based on its own analysis. It must complete this review by April 1, 2013. The Successor Agency can request a meet and confer with DOF within five business days of receipt of DOF's determination. DOF is required to meet and confer and make a decision within 30 days of the request. If DOF determines that the full payment of the amounts is not feasible, DOF can agree to an installment payment plan. If the Successor Agency does not make the payments with five days of final notice from DOF, AB1484 authorizes the Board of Equalization to withhold sales and property taxes from the City of Solana Beach or withhold future property tax payments. These provisions are the subject of several court challenges.

CEQA COMPLIANCE STATEMENT:
Not a project as defined by CEQA.

OPTIONS:

- Approve staff recommendation.
- Provide direction.

SUCCESSOR AGENCY RECOMMENDATION:

The Successor Agency recommends that the Oversight Board:

a. Take public comment on the Other Funds (Non-Housing) Due Diligence Review for the Solana Beach Successor Agency.
b. Close the public comment session; and
c. Adopt Resolution OBSA-012 making certain findings transmitting the Other Funds (Non-Housing) Due Diligence Review to the County Auditor-Controller, Department of Finance, and State Controller.

EXECUTIVE DIRECTOR'S RECOMMENDATION:

Approve Successor Agency Recommendation

David Ott, Executive Director

Attachments:

1. Resolution OSBA-012 –
   Due Diligence Review for Other Funds

RESOLUTION OBSA-012

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE SOLANA BEACH REDEVELOPMENT AGENCY, TAKING SPECIFIED ACTIONS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34179.6 WITH RESPECT TO THE DUE DILIGENCE REVIEW FOR OTHER FUNDS (NON-HOUSING) PREPARED PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34179.5.

WHEREAS, the Solana Beach Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Solana Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

WHEREAS, the City Council of the City has adopted a redevelopment plan for Solana Beach's redevelopment project area; and

WHEREAS, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

WHEREAS, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) ("AB 26" or "Dissolution Act") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and the California Health and Safety Code ("Health and Safety Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the Health and Safety Code; and

WHEREAS, pursuant to the Dissolution Act, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, pursuant to the Dissolution Act at Health and Safety Code Section 34173, the City Council of the City adopted Resolution No. 2012-011 on January 11, 2012, pursuant to Part 1.85 of the Dissolution Act, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under the Dissolution Act ("Successor Agency"); and

WHEREAS, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 is to make technical and substantive amendments to the Dissolution Act based on issues that have arisen in the implementation of the Dissolution Act, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies (including the required preparation of a due diligence review) (reference hereinafter to the Dissolution Act means AB 26 as amended by AB 1484); and

WHEREAS, the Dissolution Act at Health and Safety Code Section 34179 establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179. The duties and responsibilities of the Oversight Board include approving certain actions taken by the Successor Agency, directing the Successor Agency to take certain actions, and taking action on other matters in connection with the wind down process of former redevelopment agencies. Such duties and responsibilities are primarily set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Act, although additional provisions of the Dissolution Act require Oversight Board action; and

WHEREAS, pursuant to the Dissolution Act at Health and Safety Code Section 34179.5, the Successor Agency retained Lance Soll & Lunghard, LLP, a licensed accountant approved by the San Diego County Auditor-Controller ("Auditor-Controller") and with experience and expertise in local government accounting, to conduct a due diligence review ("Due Diligence Review") to determine the unobligated balances of all funds and accounts excluding the Low and Moderate Income Housing Fund ("Other Funds") available for transfer to taxing entities, in furtherance of the Successor Agency's obligations under Health and Safety Code Section 34177(d); and

WHEREAS, in accordance with the Dissolution Act at Health and Safety Code Section 34179.6(a), by December 15, 2012, the Successor Agency provided to the Oversight Board, the Auditor-Controller, the San Diego County Administrative Officer ("County Administrator"), the State Controller, and the State Department of Finance ("DOF") the results of the Due Diligence Review for Other Funds (Non-Housing) conducted pursuant to Health and Safety Code Section 34179.5 and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities, together with copies of the Successor Agency's Recognized Obligation Payment Schedules for Fiscal Year 2012-2013 as approved by the DOF; and

WHEREAS, in accordance with the Dissolution Act at Health and Safety Code Section 34179.6(b), upon its receipt of the Due Diligence Review for Other Funds (Non-Housing), the Oversight Board convened a public comment session on December 13, 2012. The Oversight Board agreed to continue this public comment session to its meeting scheduled for January 10, 2013 in order to receive additional public comment on the Due Diligence Review for Other Funds (Non-Housing) before taking certain actions pursuant to Health and Safety Code Section 34179.6(c); and

WHEREAS, pursuant to the Dissolution Act at Health and Safety Code Section 34179.6(c), by January 15, 2013, the Oversight Board shall review, approve, and transmit to the DOF and the Auditor-Controller the determination of the amount of cash and cash equivalents available for disbursement to taxing entities as determined according to the method provided in Health and Safety Code Section 34179.5 for the other funds. In connection with this determination, the Oversight Board may adjust any amount provided in the Due Diligence Review for Other Funds to reflect additional information and analysis. In addition, the Oversight Board shall consider any opinions offered by the Auditor-Controller on the Due Diligence Review results submitted by the Successor Agency. The Oversight Board may request from the Successor Agency any materials it deems necessary to assist in its review and approval of the determination; and

WHEREAS, pursuant to the Dissolution Act at Health and Safety Code Section 34179.6(c), the Oversight Board may authorize the Successor Agency to retain certain assets or funds identified in Procedures 6 through 9 of the Due Diligence Review for Other Funds pursuant to Health and Safety Code Section 34179.5(c)(5)(B)-(E), provided that the Oversight Board identifies to the DOF (i) the amount of funds authorized for retention, (ii) the source of those funds, and (iii) the purposes for which those funds are being retained. Such Oversight Board authorization for the Successor Agency's retention of certain funds and assets shall be subject to the review and approval of the DOF; and

WHEREAS, Attachment B10 of the Due Diligence Review for Other Funds identifies, pursuant to Procedure 10 in accordance with Health and Safety Code Section 34179.5, that the amount of cash and cash equivalents determined available for allocation to taxing entities in connection with Other Funds is zero; and

WHEREAS, based on the information and results set forth in the Due Diligence Review for Other Funds, the Agenda Report for the proposed Oversight Board's actions, any additional information provided by Successor Agency staff, and any comments and other information received by the Oversight Board during the public meetings on this matter, the Successor Agency staff proposes that the Oversight Board review, approve, and transmit to the DOF and

the Auditor-Controller the determination that the amount of cash and cash equivalents available for allocation to taxing entities according to the method provided in Health and Safety Code Section 34179.5 for Other Funds is zero, consistent with the results of the Due Diligence Review for Other Funds; and

WHEREAS, Attachment B6 of the Due Diligence Review for Other Funds (Non-Housing) identifies, pursuant to Procedure 6 in accordance with Health and Safety Code Section 34179.5(c)(5)(B), other funds in the amount of Five Hundred Nineteen Thousand Seven Hundred Twenty Six Dollars ($519,726) that are legally restricted as to purpose and cannot be provided to taxing entities; and

WHEREAS, in accordance with Health and Safety Code Section 34179.6(c), the Successor Agency staff proposes that the Oversight Board authorize the Successor Agency's retention of the other funds in the amount of $519,726, identified in Attachment B6 of the Due Diligence Review for Other Funds (Non-Housing); and

WHEREAS, Attachment B8a of the Due Diligence Review for Other Funds (Non-Housing) identifies, pursuant to Procedure 8a in accordance with Health and Safety Code Section 34179.5(c)(5)(D), other funds in the amount of Seventy Nine Thousand One Hundred Sixty Five Dollars ($79,165) that are dedicated or restricted for the funding of an enforceable obligation; and

WHEREAS, in accordance with Health and Safety Code Section 34179.6(c), the Successor Agency staff proposes that the Oversight Board authorize the Successor Agency's retention of the other funds in the amount of $79,165, identified in Attachment B8a of the Due Diligence Review for Other Funds (Non-Housing); and

WHEREAS, Attachment B9 of the Due Diligence Review for Other Funds (Non-Housing) identifies, pursuant to Procedure 9 in accordance with Health and Safety Code Section 34179.5(c)(5)(E), other funds in the amount of Three Hundred Eighty Thousand Five Hundred Thirty Dollars ($380,530) that are needed to satisfy obligations that are included on the Recognized Obligation Payment Schedule for the current fiscal year; and

WHEREAS, in accordance with Health and Safety Code Section 34179.6(c), the Successor Agency staff proposes that the Oversight Board authorize the Successor Agency's retention of the other funds in the amount of $380,530, identified in Attachment B9 of the Due Diligence Review for Other Funds (Non-Housing); and

WHEREAS, the Successor Agency staff has advised the Oversight Board that, as required by Health and Safety Code Section 34179.6(c): (i) the amount of the other funds (non-housing) to be authorized for retention by the Successor Agency totals $979,421; (ii) the sources of those funds are non-housing tax

increment funds and bond proceeds received by the Redevelopment Agency pursuant to the Redevelopment Law prior to dissolution of the Redevelopment Agency under the Dissolution Act; and a cash flow loan from the City to the Successor Agency approved by the Oversight Board and the California Department of Finance; and (iii) the purposes for which those funds are to be retained by the Successor Agency are for said funds to be used by the Successor Agency and the City toward the purposes set forth for the restricted uses listed in Procedure 6; for those enforceable obligations listed in Procedure 8a; and for the approved uses included in the Recognized Obligation Payment Schedule listed in Procedure 9; and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency, as follows:

SECTION 1. The foregoing recitals are true and correct and are a substantive part of this Resolution.

SECTION 2. The Oversight Board's approvals, authorizations and determinations as set forth in this Resolution are based upon the foregoing recitals, the Due Diligence Review for Other Funds prepared by Lance Soll & Lunghard, LLP, information and documents provided by the Successor Agency staff, and any comments and other information received by the Oversight Board during the public meetings on this matter held on December 13, 2012 and January 10, 2013.

SECTION 3. The Oversight Board has reviewed and hereby approves the determination that the amount of cash and cash equivalents available for allocation to taxing entities according to the method provided in Health and Safety Code Section 34179.5 for Other Funds is zero, consistent with the results of the Due Diligence Review for Other Funds prepared by Lance Soll & Lunghard, LLP.

SECTION 4. The Oversight Board hereby authorizes the Successor Agency's retention of other funds in the total amount of $979,421, identified in Attachment B10 of the Due Diligence Review for Other Funds (Non-Housing) pursuant to Procedure 10 of the Due Diligence Review for Other Funds (Non-Housing) in accordance with Health and Safety Code Section 34179.5(c)(6). Based on information provided by Successor Agency staff, and as required by Health and Safety Code Section 34179.6(c), the Oversight Board hereby directs the Executive Director, or designee, of the Successor Agency to provide to the DOF the following information:

(a) The Oversight Board hereby authorizes the Successor Agency's retention of other funds in the amount of $519,726, identified in Attachment B6 of the Due Diligence Review for Other Funds (Non-Housing), pursuant to Procedure 6 of the Due Diligence Review for Other Funds (Non-Housing) in accordance with Health and Safety Code Section 34179.5(c)(5)(B).

(i) the amount of the other funds authorized for retention by the Successor Agency is $519,726;

(ii) the sources of those funds are: (a) tax increment funds received by the Redevelopment Agency pursuant to the Redevelopment Law prior to dissolution of the Redevelopment Agency under the Dissolution Act; (b) unspent bond proceeds received from 2006 tax allocation bonds issued by the Redevelopment Agency pursuant to the Redevelopment Law prior to dissolution of the Redevelopment Agency under the Dissolution Act; and (c) loan proceeds from the cash flow loan agreements between the City and the Successor Agency shown as line 16 on the Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012; and

(iii) the purposes for which those funds are to be retained by the Successor Agency are for said funds to be used by the Successor Agency and the City for the restricted purposes set forth in Attachment B6 of the Due Diligence Review for Other Funds (Non-Housing).

(b) The Oversight Board hereby authorizes the Successor Agency's retention of other funds in the amount of $79,165, identified in Attachment B8a of the Due Diligence Review for Other Funds (Non-Housing), pursuant to Procedure 8a of the Due Diligence Review for Other Funds (Non-Housing) in accordance with Health and Safety Code Section 34179.5(c)(5)(D).

(i) the amount of the other funds authorized for retention by the Successor Agency is $79,165;

(ii) the source of those funds are tax increment funds received by the Redevelopment Agency pursuant to the Redevelopment Law prior to dissolution of the Redevelopment Agency under the Dissolution Act; and

(iii) the purposes for which those funds are to be retained by the Successor Agency are for said funds to be used by the Successor Agency and the City toward the purposes set forth in those enforceable obligations listed in Attachment B8a of the Due Diligence Review for Other Funds (Non-Housing).

(c) The Oversight Board hereby authorizes the Successor Agency's retention of other funds in the amount of $$380,530, identified in Attachment B9 of the Due Diligence Review for Other Funds (Non-Housing), pursuant to

Procedure 9 of the Due Diligence Review for Other Funds (Non-Housing) in accordance with Health and Safety Code Section 34179.5(c)(5)(E).

(i) the amount of the other funds authorized for retention by the Successor Agency is $380,530;

(ii) the sources of those funds are: (a) tax increment funds received by the Redevelopment Agency pursuant to the Redevelopment Law prior to dissolution of the Redevelopment Agency under the Dissolution Act; and (b) loan proceeds from the cash flow loan agreements between the City and the Successor Agency shown as line 16 on the Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012; and

(iii) the purposes for which those funds are to be retained by the Successor Agency are for said funds to be used by the Successor Agency and the City toward the purposes set forth in the Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012 listed in Attachment B9 of the Due Diligence Review for Other Funds (Non-Housing).

SECTION 5. The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to (i) submit copies of this Resolution and actions taken herein, as approved and fully executed by the Oversight Board, to the DOF (electronically) and the Auditor-Controller no later than January 15, 2013; (ii) post a copy of this Resolution and actions taken herein, as approved and fully executed by the Oversight Board, on the Successor Agency's internet website; and (iii) take all other actions necessary pursuant to the Dissolution Act to file, post, mail, or otherwise deliver by electronic mail, internet posting, and/or hardcopy all notices and transmittals necessary or convenient in connection with the actions taken by this Resolution and related to the Due Diligence Review for Other Funds (Non-Housing).

SECTION 6. The Oversight Board hereby authorizes the Executive Director, or designee, of the Successor Agency to take such other actions and execute such other documents on behalf of the Successor Agency as are necessary to effectuate the intent of this Resolution, including, without limitation, submitting a meet and confer request with the DOF pursuant to Health and Safety Code Section 34179.6(e) to resolve any disputes regarding the amounts or sources of funds determined by the DOF in connection with the Due Diligence Review for Other Funds (Non-Housing).

SECTION 7. This Resolution shall take effect upon the date of its adoption, subject to the DOF's review pursuant to Health and Safety Code Sections 34179.6(d) and 34179(h).

PASSED AND ADOPTED this 10th day of January, 2013, at a meeting of the Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
THOMAS GOLICH, Chair

APPROVED AS TO FORM:

_____
KENDALL D. BERKEY, General Counsel

ATTEST:

_____
ANGELA IVEY, Secretary

1-10-13 Mtg Item 2
Updated Report #1

STAFF REPORT
Oversight Board of the Successor Agency to the Redevelopment Agency of Solana Beach

TO:	Honorable Chairperson and Board of Directors
FROM:	David Ott, Executive Director
MEETING DATE:	January 10, 2013
ORIGINATING DEPT:	Oversight Board of the Successor Agency
SUBJECT:	**Due Diligence Review of Other Funds (Non-Housing) of the Solana Beach Successor Agency**

REPORT UPDATE

Item # 2

Attached is a revised Resolution OBSA-012 for consideration.

RESOLUTION OBSA-012

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE SOLANA BEACH REDEVELOPMENT AGENCY, TAKING SPECIFIED ACTIONS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34179.6 WITH RESPECT TO THE DUE DILIGENCE REVIEW FOR OTHER FUNDS (NON-HOUSING) PREPARED PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34179.5.

WHEREAS, the Solana Beach Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Solana Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

WHEREAS, the City Council of the City of Solana Beach ("City") has adopted a redevelopment plan for Solana Beach's redevelopment project area; and

WHEREAS, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

WHEREAS, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) ("AB 26" or "Dissolution Act") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and the California Health and Safety Code ("Health and Safety Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the Health and Safety Code; and

WHEREAS, pursuant to the Dissolution Act, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, pursuant to the Dissolution Act at Health and Safety Code Section 34173, the City Council of the City adopted Resolution No. 2012-011 on January 11, 2012, pursuant to Part 1.85 of the Dissolution Act, electing for the City to serve as the successor agency to the Redevelopment Agency upon the

dissolution of the Redevelopment Agency under the Dissolution Act ("Successor Agency"); and

WHEREAS, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 is to make technical and substantive amendments to the Dissolution Act based on issues that have arisen in the implementation of the Dissolution Act, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies (including the required preparation of a due diligence review) (reference hereinafter to the Dissolution Act means AB 26 as amended by AB 1484); and

WHEREAS, the Dissolution Act at Health and Safety Code Section 34179 establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179. The duties and responsibilities of the Oversight Board include approving certain actions taken by the Successor Agency, directing the Successor Agency to take certain actions, and taking action on other matters in connection with the wind down process of former redevelopment agencies. Such duties and responsibilities are primarily set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Act, although additional provisions of the Dissolution Act require Oversight Board action; and

WHEREAS, pursuant to the Dissolution Act at Health and Safety Code Section 34179.5, the Successor Agency retained Lance Soll & Lunghard, LLP, a licensed accountant approved by the San Diego County Auditor-Controller ("Auditor-Controller") and with experience and expertise in local government accounting, to conduct a due diligence review ("Due Diligence Review") to determine the unobligated balances of all funds and accounts excluding the Low and Moderate Income Housing Fund ("Other Funds") available for transfer to taxing entities, in furtherance of the Successor Agency's obligations under Health and Safety Code Section 34177(d); and

WHEREAS, in accordance with the Dissolution Act at Health and Safety Code Section 34179.6(a), by December 15, 2012, the Successor Agency provided to the Oversight Board, the Auditor-Controller, the San Diego County Administrative Officer ("County Administrator"), the State Controller, and the State Department of Finance ("DOF") the results of the Due Diligence Review for Other Funds (Non-Housing) conducted pursuant to Health and Safety Code Section 34179.5 and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities, together with copies of

the Successor Agency's Recognized Obligation Payment Schedules for Fiscal Year 2012-2013 as approved by the DOF; and

WHEREAS, in accordance with the Dissolution Act at Health and Safety Code Section 34179.6(b), upon its receipt of the Due Diligence Review for Other Funds (Non-Housing), the Oversight Board convened a public comment session on December 13, 2012. The Oversight Board agreed to continue this public comment session to its meeting scheduled for January 10, 2013 in order to receive additional public comment on the Due Diligence Review for Other Funds (Non-Housing) before taking certain actions pursuant to Health and Safety Code Section 34179.6(c); and

WHEREAS, pursuant to the Dissolution Act at Health and Safety Code Section 34179.6(c), by January 15, 2013, the Oversight Board shall review, approve, and transmit to the DOF and the Auditor-Controller the determination of the amount of cash and cash equivalents available for disbursement to taxing entities as determined according to the method provided in Health and Safety Code Section 34179.5 for the other funds. In connection with this determination, the Oversight Board may adjust any amount provided in the Due Diligence Review for Other Funds (Non-Housing) to reflect additional information and analysis. In addition, the Oversight Board shall consider any opinions offered by the Auditor-Controller on the Due Diligence Review results submitted by the Successor Agency. The Oversight Board may request from the Successor Agency any materials it deems necessary to assist in its review and approval of the determination; and

WHEREAS, pursuant to the Dissolution Act at Health and Safety Code Section 34179.6(c), the Oversight Board may authorize the Successor Agency to retain certain assets or funds identified in Procedures 6 through 9 of the Due Diligence Review for Other Funds (Non-Housing) pursuant to Health and Safety Code Section 34179.5(c)(5)(B)-(E), provided that the Oversight Board identifies to the DOF (i) the amount of funds authorized for retention, (ii) the source of those funds, and (iii) the purposes for which those funds are being retained. Such Oversight Board authorization for the Successor Agency's retention of certain funds and assets shall be subject to the review and approval of the DOF; and

WHEREAS, Attachment B10 of the Due Diligence Review for Other Funds (Non-Housing) identifies, pursuant to Procedure 10 in accordance with Health and Safety Code Section 34179.5, that the amount of cash and cash equivalents determined available for allocation to taxing entities in connection with Other Funds is zero; and

WHEREAS, based on the information and results set forth in the Due Diligence Review for Other Funds (Non-Housing), the Agenda Report for the proposed Oversight Board's actions, any additional information provided by

Successor Agency staff, and any comments and other information received by the Oversight Board during the public meetings on this matter, the Successor Agency staff proposes that the Oversight Board review, approve, and transmit to the DOF and the Auditor-Controller the determination that the amount of cash and cash equivalents available for allocation to taxing entities according to the method provided in Health and Safety Code Section 34179.5 for Other Funds is zero, consistent with the results of the Due Diligence Review for Other Funds (Non-Housing); and

WHEREAS, Attachment B6 of the Due Diligence Review for Other Funds (Non-Housing) identifies, pursuant to Procedure 6 in accordance with Health and Safety Code Section 34179.5(c)(5)(B), other funds in the amount of Five Hundred Nineteen Thousand Seven Hundred Twenty Six Dollars ($519,726) that are legally restricted as to purpose and cannot be provided to taxing entities; and

WHEREAS, in accordance with Health and Safety Code Section 34179.6(c), the Successor Agency staff proposes that the Oversight Board authorize the Successor Agency's retention of the other funds in the amount of $519,726, identified in Attachment B6 of the Due Diligence Review for Other Funds (Non-Housing); and

WHEREAS, Attachment B8a of the Due Diligence Review for Other Funds (Non-Housing) identifies, pursuant to Procedure 8a in accordance with Health and Safety Code Section 34179.5(c)(5)(D), other funds in the amount of Seventy Nine Thousand One Hundred Sixty Five Dollars ($79,165) that are legally or contractually dedicated or restricted for the funding of an enforceable obligation; and

WHEREAS, in accordance with Health and Safety Code Section 34179.6(c), the Successor Agency staff proposes that the Oversight Board authorize the Successor Agency's retention of the other funds in the amount of $79,165, identified in Attachment B8a of the Due Diligence Review for Other Funds (Non-Housing); and

WHEREAS, Attachment B9 of the Due Diligence Review for Other Funds (Non-Housing) identifies, pursuant to Procedure 9 in accordance with Health and Safety Code Section 34179.5(c)(5)(E), other funds in the amount of Three Hundred Eighty Thousand Five Hundred Thirty Dollars ($380,530) that are needed to satisfy obligations that are included on the Recognized Obligation Payment Schedule for the current fiscal year; and

WHEREAS, in accordance with Health and Safety Code Section 34179.6(c), the Successor Agency staff proposes that the Oversight Board authorize the Successor Agency's retention of the other funds in the amount of $380,530, identified in Attachment B9 of the Due Diligence Review for Other Funds (Non-Housing); and

WHEREAS, the Successor Agency staff has advised the Oversight Board that, as required by Health and Safety Code Section 34179.6(c): (i) the amount of the other funds (non-housing) to be authorized for retention by the Successor Agency totals $979,421; (ii) the sources of those funds are non-housing tax increment funds and bond proceeds received by the Redevelopment Agency pursuant to the Redevelopment Law prior to dissolution of the Redevelopment Agency under the Dissolution Act,; and the remaining proceeds of a cash flow loan made from the City to the Successor Agency approved by the Oversight Board and the DOFCalifornia Department of Finance; and (iii) the purposes for which those funds are to be retained by the Successor Agency are for said funds to be used by the Successor Agency and the City toward the purposes set forth for the restricted uses listed in Procedure 6 (Attachment B6),; for those enforceable obligations listed in Procedure 8a (Attachment B8a); and for the approved uses included in the Recognized Obligation Payment Schedule listed in Procedure 9 (Attachment B9); and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency, as follows:

SECTION 1. The foregoing recitals are true and correct and are a substantive part of this Resolution.

SECTION 2. The Oversight Board's approvals, authorizations and determinations as set forth in this Resolution are based upon the foregoing recitals, the Due Diligence Review for Other Funds (Non-Housing) prepared by Lance Soll & Lunghard, LLP, information and documents provided by the Successor Agency staff, and any comments and other information received by the Oversight Board during the public meetings on this matter held on December 13, 2012 and January 10, 2013.

SECTION 3. The Oversight Board has reviewed and hereby approves the determination that the amount of cash and cash equivalents available for allocation to taxing entities according to the method provided in Health and Safety Code Section 34179.5 for Other Funds is zero, consistent with the results of the Due Diligence Review for Other Funds (Non-Housing) prepared by Lance Soll & Lunghard, LLP.

SECTION 4. The Oversight Board hereby authorizes the Successor Agency's retention of other funds in the total amount of $979,421, identified in Attachments B6, B8a, B9, and B10 of the Due Diligence Review for Other Funds (Non-Housing) pursuant to Procedures 6, 8a, 9, and 10, respectively, of the Due Diligence Review for Other Funds (Non-Housing) in accordance with Health and

Safety Code Section 34179.5(c)(6). Based on information provided by Successor Agency staff, and as required by Health and Safety Code Section 34179.6(c), the Oversight Board hereby directs the Executive Director, or designee, of the Successor Agency to provide to the DOF the following information:

(a) The Oversight Board hereby authorizes the Successor Agency's retention of other funds in the amount of $519,726, identified in Attachment B6 of the Due Diligence Review for Other Funds (Non-Housing), pursuant to Procedure 6 of the Due Diligence Review for Other Funds (Non-Housing) in accordance with Health and Safety Code Section 34179.5(c)(5)(B).

(i) the amount of the other funds authorized for retention by the Successor Agency is $519,726;

(ii) the sources of those funds are: (a) tax increment funds received by the Redevelopment Agency pursuant to the Redevelopment Law prior to dissolution of the Redevelopment Agency under the Dissolution Act; (b) unspent bond proceeds received from 2006 tax allocation bonds issued by the Redevelopment Agency pursuant to the Redevelopment Law prior to dissolution of the Redevelopment Agency under the Dissolution Act; and (c) loan proceeds from the cash flow loan agreements between the City and the Successor Agency shown as line 16 on the Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012; and

(iii) the purposes for which those funds are to be retained by the Successor Agency are for said funds to be used by the Successor Agency and the City for the restricted purposes set forth in Attachment B6 of the Due Diligence Review for Other Funds (Non-Housing).

(b) The Oversight Board hereby authorizes the Successor Agency's retention of other funds in the amount of $79,165, identified in Attachment B8a of the Due Diligence Review for Other Funds (Non-Housing), pursuant to Procedure 8a of the Due Diligence Review for Other Funds (Non-Housing) in accordance with Health and Safety Code Section 34179.5(c)(5)(D).

(i) the amount of the other funds authorized for retention by the Successor Agency is $79,165;

(ii) the source of those funds are tax increment funds received by the Redevelopment Agency pursuant to the Redevelopment Law prior to dissolution of the Redevelopment Agency under the Dissolution Act; and

(iii) the purposes for which those funds are to be retained by the Successor Agency are for said funds to be used by the Successor Agency and

the City toward the purposes set forth in those enforceable obligations listed in Attachment B8a of the Due Diligence Review for Other Funds (Non-Housing).

(c) The Oversight Board hereby authorizes the Successor Agency's retention of other funds in the amount of $$380,530, identified in Attachment B9 of the Due Diligence Review for Other Funds (Non-Housing), pursuant to Procedure 9 of the Due Diligence Review for Other Funds (Non-Housing) in accordance with Health and Safety Code Section 34179.5(c)(5)(E).

(i) the amount of the other funds authorized for retention by the Successor Agency is $380,530;

(ii) the sources of those funds are: (a) tax increment funds received by the Redevelopment Agency pursuant to the Redevelopment Law prior to dissolution of the Redevelopment Agency under the Dissolution Act; and (b) loan proceeds from the cash flow loan agreements between the City and the Successor Agency shown as line 16 on the Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012; and

(iii) the purposes for which those funds are to be retained by the Successor Agency are for said funds to be used by the Successor Agency and the City toward the purposes set forth in the Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012 listed in Attachment B9 of the Due Diligence Review for Other Funds (Non-Housing).

SECTION 5. The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to (i) submit copies of this Resolution and actions taken herein, as approved and fully executed by the Oversight Board, to the DOF (electronically) and the Auditor-Controller no later than January 15, 2013; (ii) post a copy of this Resolution and actions taken herein, as approved and fully executed by the Oversight Board, on the Successor Agency's internet website; and (iii) take all other actions necessary pursuant to the Dissolution Act to file, post, mail, or otherwise deliver by electronic mail, internet posting, and/or hardcopy all notices and transmittals necessary or convenient in connection with the actions taken by this Resolution and related to the Due Diligence Review for Other Funds (Non-Housing).

SECTION 6. The Oversight Board hereby authorizes the Executive Director, or designee, of the Successor Agency to take such other actions and execute such other documents on behalf of the Successor Agency as are necessary to effectuate the intent of this Resolution, including, without limitation, submitting a meet and confer request with the DOF pursuant to Health and Safety Code Section 34179.6(e) to resolve any disputes regarding the amounts or sources of funds determined by the DOF in connection with the Due Diligence Review for Other Funds (Non-Housing).

SECTION 7. This Resolution shall take effect upon the date of its adoption, subject to the DOF's review pursuant to Health and Safety Code Sections 34179.6(d) and 34179(h).

PASSED AND ADOPTED this 10th day of January, 2013, at a meeting of the Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
THOMAS GOLICH, Chair

APPROVED AS TO FORM:

_____
KENDALL D. BERKEY, General Counsel

ATTEST:

_____
ANGELA IVEY, Secretary