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).

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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: Golich, Sheres, Deaver, Austin, Ott
NOES: None
ABSENT: Coughlin, Estrella
ABSTAIN: None

THOMAS GOLICH, Chair

APPROVED AS TO FORM:

KENDALL D. BERKEY, General Counsel

ATTEST:

JEANETTE BROWN,
Deputy City Clerk for
ANGELA IVEY, Secretary

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) *SS.*
CITY OF SOLANA BEACH)

I, ANGELA IVEY, City Clerk of the City of Solana Beach, California, and Secretary of the Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of **Resolution OBSA-012** 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 duly passed and adopted at a Regular Meeting of the Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency held on the 10th day of January 2013 and the original is on file in the City Clerk's Office.

Jeanette Brown

JEANNETTE BROWN, Deputy City Clerk for
ANGELA IVEY, CITY CLERK & BOARD SECRETARY

Date of this Certification: 1-10-2013