

OVERSIGHT BOARD  
OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF PALMDALE

COUNTY OF LOS ANGELES, CALIFORNIA

RESOLUTION NO. OB 2012-013

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE AUTHORIZING THE EXECUTION OF THE LOW AND MODERATE INCOME HOUSING FUND DUE DILIGENCE REVIEW.

WHEREAS, Assembly Bill 1X 26 (AB 26) was signed by the Governor on June 28, 2011 and upheld as constitutional by the California Supreme Court. On June 27, 2012 the Governor signed Assembly Bill 1484 (AB 1484). AB 26 and AB 1484 (together the Dissolution Bills) made sweeping changes to California Redevelopment Law eliminating redevelopment agencies state wide, establishing successor agencies, and requiring the successor agencies to pay, perform and enforce the enforceable obligations of the former redevelopment agencies and to wind down the affairs of the former redevelopment agencies.

WHEREAS, Health & Safety Code Section 34179.5 (a) as amended by AB 1484 and in furtherance of subdivision (d) of Section 34177 requires the Successor Agency to employ a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting, to conduct a due diligence review for the Low and Moderate Income Housing Fund to determine the unobligated balances available for transfer to taxing entities; and

WHEREAS, the Successor Agency, with the approval of the Los Angeles County Auditor-Controller, contracted with Vavrinek, Trine, Day and Co., LLP to perform the Due Diligence Review for the Low and Moderate Income Housing Fund and have completed and issued the review that is attached; and

WHEREAS, Section 34179.6 (a), as amended by AB 1484, also provides that Due Diligence Review for the Low and Moderate Income Housing Fund shall be submitted by October 1, 2012, to the Los Angeles County Auditor-Controller's Office, the State Controller's Office, and the State Department of Finance at the same time that the it submits it to the Oversight Board for review; and

WHEREAS, the Oversight Board shall convene a public comment session to take place at least five business days before the Oversight Board holds the approval vote specified in the Section 34179.6 (c); and

WHEREAS, Section 24179.6 (c), as amended by AB 1484, requires by October 15, 2012 that the Oversight Board shall review, approve, and transmit to the Los Angeles County Auditor-Controller, the State Controller, and the State Department of Finance the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities as determined by

the Low and Moderate Income Housing Fund Due Diligence Review and according to the method provided in Section 34179.5; and

WHEREAS, The Oversight Board now desires to execute the Low and Moderate Income Housing Fund Due Diligence Review that is attached and shall convene a public comment session to take place before the Oversight Board holds the approval vote specified in Section 34179.6 (c) by October 15, 2012; and

WHEREAS, All other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS by the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale that:

SECTION 1. The Oversight Board hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. The Oversight Board hereby accepts the Low and Moderate Income Housing Fund Due Diligence Review and has received the results of the review conducted pursuant to Section 34179.5 for the low and Moderate Income Housing Fund, to comply with AB 1484 and the Health and Safety Code, Section 34179.6 (a).

SECTION 3. The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any rights the Successor Agency may have to challenge the effectiveness and/or legality of all or any portion of the Dissolution Bills through administrative or judicial proceedings.

SECTION 4. The Chair, or designee, is hereby authorized and directed to; execute the Low and Moderate Income Housing Fund Due Diligence Review for its review and to direct staff to concurrently submit the Low and Moderate Income Housing Fund Due Diligence Review to, the Los Angeles County Auditor-Controller's Office, the State Controller's Office, and the State Department of Finance; and to effectuate the intent of this Resolution on behalf of the Successor Agency.

SECTION 5. The Chair, or designee, is hereby authorized to direct staff to; provide to the Oversight Board any materials it deems necessary to assist in its review and approval of the determination that will be approved at a future Oversight Board meeting.

SECTION 6. The Chair, or designee, is hereby authorized and directed to make any and all changes to the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities as determined in the review to reflect additional information and analysis.

SECTION 7. The Oversight Board may direct staff of the Successor Agency to perform work in furtherance of the Oversight Board's duties and responsibilities under the Dissolution Bills.

SECTION 8. This Resolution shall take effect immediately upon its adoption.

SECTION 9. The Board Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this 27th day of September, 2012, by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

\_\_\_\_\_  
David Childs  
Chair

ATTEST:

\_\_\_\_\_  
Rebecca J. Smith  
Board Clerk



**PROPOSED**

## CITY OF PALMDALE

REPORT TO THE CHAIR AND BOARD OF DIRECTORS  
OF THE SUCCESSOR AGENCY TO THE COMMUNITY  
REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE  
FROM THE EXECUTIVE DIRECTOR

DATE: September 26, 2012

SUBJECT: Adoption of Resolution No. SA 2012-025 authorizing the execution of the Low and Moderate Income Housing Fund Due Diligence Review

ISSUING DEPARTMENT: Finance

### **SUMMARY**

Issues:

Should the Successor Agency adopt Resolution No. SA 2012-025 authorizing the execution of the Low and Moderate Income Housing Fund Due Diligence Review and providing it to the Oversight Board for review and for the Oversight Board to convene a public comment session.

Recommendation:

It is recommended that Successor Agency adopt Resolution No. SA 2012-025 authorizing the execution of the Low and Moderate Income Housing Fund Due Diligence Review and providing it to the Oversight Board for review and for the Oversight Board to convene a public comment session.

Fiscal Impact:

None

### **BACKGROUND**

Assembly Bill 1X 26 (AB 26) was signed by the Governor on June 28, 2011 and upheld as constitutional by the California Supreme Court. On June 27, 2012 the Governor signed Assembly Bill 1484 (AB 1484). AB 26 and AB 1484 (together the Dissolution Bills) made sweeping changes to California Redevelopment Law eliminating redevelopment agencies state wide, establishing successor agencies, and requiring the successor agencies to pay, perform and enforce the enforceable obligations of the

**PROPOSED**

former redevelopment agencies and to wind down the affairs of the former redevelopment agencies.

Section 34179.5 added to the Health and Safety Code, pursuant to AB 1484, requires the Successor Agency to employ a licensed accountant, approved by the Los Angeles County Auditor-Controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities. Section 34179.5 further requires that the due diligence review shall provide to the Oversight Board, the Los Angeles County Auditor-Controller, the State Controller, and the State Department of Finance the results of the review conducted for the Low and Moderate Income Housing Fund and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities.

The Los Angeles County Auditor-Controller has given the Successor Agency the approval to contract with Vavrinek, Trine, Day and Co., LLP to perform the Due Diligence Review for the Low and Moderate Income Housing Fund pursuant to AB 1484. Due to time constraints, the Executive Director has entered into Agreement No. A-4115 with Vavrinek, Trine, Day and Co., LLP to perform the Due Diligence Review and Resolution No. SA 2012-025 ratifies the action of the Executive Director to enter into such agreement in an amount not to exceed \$20,000. Vavrinek, Trine, Day and Co., LLP has completed and issued the attached review for Oversight Board review and public comment.

Staff recommends that the Successor Agency accept the attached review and provide to the Oversight Board, the Los Angeles County Auditor-Controller's Office, the State Controller's Office and the State Department of Finance, the results of the review conducted for the Low and Moderate Income Housing Fund.

Submitted by:

[Redacted Signature]

Betsy St. John  
Director of Finance

[Redacted Signature]

David B. Walter  
Economic Development Manager

Reviewed by:

[Redacted Signature]

David Childs  
Executive Director

SUCCESSOR AGENCY  
TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF  
PALMDALE

COUNTY OF LOS ANGELES, CALIFORNIA

RESOLUTION NO. SA 2012-025

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE AUTHORIZING THE EXECUTION OF THE LOW AND MODERATE INCOME HOUSING FUND DUE DILIGENCE REVIEW.

WHEREAS, Assembly Bill 1X 26 (AB 26) was signed by the Governor on June 28, 2011 and upheld as constitutional by the California Supreme Court. On June 27, 2012 the Governor signed Assembly Bill 1484 (AB 1484). AB 26 and AB 1484 (together the Dissolution Bills) made sweeping changes to California Redevelopment Law eliminating redevelopment agencies state wide, establishing successor agencies, and requiring the successor agencies to pay, perform and enforce the enforceable obligations of the former redevelopment agencies and to wind down the affairs of the former redevelopment agencies.

WHEREAS, Health & Safety Code Section 34179.5 (a) as amended by AB 1484 and in furtherance of subdivision (d) of Section 34177 requires the Successor Agency to employ a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting, to conduct a due diligence review for the Low and Moderate Income Housing Fund to determine the unobligated balances available for transfer to taxing entities; and

WHEREAS, the Successor Agency, with the approval of the Los Angeles County Auditor-Controller, contracted with Vavrinek, Trine, Day and Co., LLP to perform the Due Diligence Review for the Low and Moderate Income Housing Fund and have completed and issued the review that is attached; and

WHEREAS, Section 34179.6 (a), as amended by AB 1484, also provides that the Due Diligence Review for the Low and Moderate Income Housing Fund shall be submitted by October 1, 2012, to the Los Angeles County Auditor-Controller's Office, the State Controller's Office, and the State Department of Finance at the same time that the it submits it to the Oversight Board for review; and

WHEREAS, the Oversight Board shall convene a public comment session to take place at least five business days before the Oversight Board holds the approval vote specified in the Section 34179.6 (c); and

WHEREAS, Section 24179.6 (c), as amended by AB 1484, requires by October 15, 2012 that the Oversight Board shall review, approve, and transmit to the Los Angeles County Auditor-Controller, the State Controller, and the State Department of Finance the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities as determined by the Low and Moderate Income Housing Fund Due Diligence Review and according to the method provided in Section 34179.5; and

WHEREAS, The Successor Agency now desires to execute and deliver to the Oversight Board the Low and Moderate Income Housing Fund Due Diligence Review that is attached and the Oversight Board shall convene a public comment session to take place before it holds the approval vote specified in Section 34179.6 (c) by October 15, 2012; and

WHEREAS, All other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS by the Board of Directors of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale that:

SECTION 1. The Board of Directors hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. The Board of Directors hereby ratifies the action of the Executive Director entering into Agreement No. A-4115 with Vavrinek, Trine, Day and Co., LLP for auditing services relating to the Due Diligence Review, as required by Health & Safety Code Section 34179.5 (a) as amended by AB 1484 and in furtherance of subdivision (d) of Section 34177, in an amount not to exceed \$20,000.

SECTION 3. The Board of Directors hereby accepts the Low and Moderate Income Housing Fund Due Diligence Review and has received the results of the review conducted pursuant to Section 34179.5 for the low and Moderate Income Housing Fund, to comply with AB 1484 and the Health and Safety Code, Section 34179.6 (a).

SECTION 4. The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any rights the Successor Agency may have to challenge the effectiveness and/or legality of all or any portion of the Dissolution Bills through administrative or judicial proceedings.

SECTION 5. The Executive Director, or designee, is hereby authorized and directed to; submit the Low and Moderate Income Housing Fund Due Diligence Review to the Oversight Board for its review and to concurrently submit the Low and Moderate Income Housing Fund Due Diligence Review to, the Los Angeles County Auditor-Controller's Office, the State Controller's Office, and the State Department of Finance; and to effectuate the intent of this Resolution on behalf of the Successor Agency.

SECTION 6. The Executive Director, or designee, is hereby authorized and directed to; provide to the Oversight Board any materials it deems necessary to assist in its review and approval of the determination that will be approved at a future Oversight Board meeting.

SECTION 7. This Resolution shall take effect immediately upon its adoption.

SECTION 8. The Secretary shall certify as to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this 26th day of September, 2012, by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

PROPOSED

\_\_\_\_\_  
James C. Ledford, Jr.  
Chair

ATTEST:

\_\_\_\_\_  
Rebecca J. Smith  
Secretary

Approved as to form:



*For* Wm. Matthew Ditzhazy  
General Counsel

**EXHIBIT A**  
**DUE DILIGENCE REVIEW**  
**FORTHCOMING**