

# **AGENDA**

**TEHACHAPI REDEVELOPMENT SUCCESSOR AGENCY  
OVERSIGHT COMMITTEE SPECIAL MEETING  
TEHACHAPI CITY HALL  
115 SOUTH ROBINSON STREET  
Monday, December 10, 2012 - 9:00 A.M.**

Persons desiring disability-related accommodations should contact the City Clerk no later than ten days prior to the need for the accommodation. A copy of any writing that is a public record relating to an open session of this meeting is available at City Hall, 115 South Robinson Street, Tehachapi, California.

## **CALL TO ORDER**

## **ROLL CALL**

## **PLEDGE TO FLAG**

## **BUSINESS**

1. Minutes for the Tehachapi Redevelopment Successor Agency Oversight Committee regular meeting on December 3, 2012 - **APPROVE AND FILE**
2. Approval And Transmittal Of The Due Diligence Review For The Low And Moderate Income Housing Fund In Accordance With Health And Safety Code Section 34179.5 - **ADOPT A RESOLUTION, (I) APPROVING THE DUE DILIGENCE REVIEW FOR THE LOW AND MODERATE INCOME HOUSING FUND PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5, AS PRESENTED, (II) AUTHORIZING THE SUCCESSOR AGENCY TO RETAIN THE ASSETS AND FUNDS AS DOCUMENTED IN THE DUE DILIGENCE REVIEW (THE "RESTRICTED ASSETS"), AND (III) ORDERING THE TRANSMITTAL OF THE DUE DILIGENCE REVIEW TO THE DEPARTMENT OF FINANCE AND THE COUNTY AUDITOR-CONTROLLER**

## **COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS**

On their own initiative, a Committee Member may ask a question for clarification, make a brief announcement, provide a reference to staff or other resources for factual information, take action to have staff place a matter of business on a future agenda, request staff to report back at a subsequent meeting concerning any matter, or make a brief report on his or her own activities. (Per Gov't. Code §54954.2(a))

## **ADJOURNMENT**

# MINUTES

## TEHACHAPI REDEVELOPMENT SUCCESSOR AGENCY OVERSIGHT COMMITTEE REGULAR MEETING

City Hall

115 South Robinson Street

Monday, December 3, 2012 – 9:00 A.M.

**NOTE:** Nu, Gr, Va, Le, Ca, Ga & Ha are abbreviations for Board Members Nunneley, Grimes, Vasquez, Lebsock, Caudle, Garrett and Hall respectively. For example, Nu/Gr denotes Board Member Nunnely made the motion and Board Member Grimes seconded it. The abbreviation Ab means absent, Abd abstained, Ns noes, and NAT no action taken.

### ACTION TAKEN

#### CALL TO ORDER

Meeting called to order by Chairman Grimes at 9:00 a.m.

#### PLEDGE TO THE FLAG

Led by Board Member Garrett.

#### ROLL CALL

Present: Chairman Grimes, Vice-Chairman Nunneley, Board Members Vasquez and Garrett

Absent: Board Member Lebsock, Caudle and Hall

#### BUSINESS

1. Minutes for the Tehachapi Redevelopment Successor Agency Oversight Committee regular meeting on November 13, 2012 - **APPROVED AND FILED**
2. Receive and review the Due Diligence Review for the Low and Moderate Income Housing Fund in accordance with Health and Safety Code Section 34179.5 – **FINANCE DIRECTOR HANNAH CHUNG GAVE REPORT; ADOPTED RESOLUTION NO. OB 04-12 ACKNOWLEDGING THE RECEIPT OF THE REVIEW OF THE LOW AND MODERATE INCOME FUND CONDUCTED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5**
3. Convene the public comment session – **JOHN MARTIN ASKED FOR CLARIFICATION ON DUE DILIGENCE REVIEW REPORT.**

Approved & Filed  
Nu/Va Motion Carried  
Ab: Le, Ca & Ha

Adopted Res. No. OB 04-12  
Acknowledging The Receipt  
Of The Review Of The Low &  
Moderate Income Fund  
Conducted Pursuant To  
Health & Safety Code  
Section 34179.5  
Va/Ga Motion Carried  
Ab: Le, Ca & Ha

#### ADJOURNMENT

The Committee adjourned at 9:20 a.m. to a Tehachapi Redevelopment Successor Agency Oversight Committee special meeting to be determined at a later date.

**ACTION TAKEN**

<p data-bbox="597 401 1149 548">_____ DENISE JONES, CMC Secretary, Tehachapi Redevelopment Successor Agency Oversight Committee</p> <p data-bbox="126 621 435 695">Approved this 3<sup>rd</sup> day Of December, 2012.</p> <p data-bbox="126 806 672 949">_____ ED GRIMES Chairman, Tehachapi Redevelopment Successor Agency Oversight Committee</p>	
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# BOARD REPORTS

MEETING DATE: DECEMBER 10, 2012

APPROVED
DEPARTMENT HEAD: _____
CITY MANAGER: _____

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**TO: BOARD OF DIRECTORS OF THE OVERSIGHT COMMITTEE OF THE SUCCESSOR AGENCY TO THE TEHACHAPI REDEVELOPMENT AGENCY**

**FROM: HANNAH CHUNG, FINANCE DIRECTOR**

**DATE: DECEMBER 6, 2012**

**SUBJECT: DUE DILIGENCE REVIEW FROM TEAMAN RAMIREZ & SMITH, INC.**

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## Discussion

Pursuant to Health and Safety Code Section 34179.5, each successor agency must 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 to determine the unobligated balances available for transfer to taxing entities.

Each review must determine the net balance of the Low and Moderate Income Housing Fund (the "LMIHF") and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities as of June 30, 2012 (the "Due Diligence Review"). In summary, such amount is determined by determining the total value of assets and cash and cash equivalents in the LMIHF and subtracting the following Restricted Assets: (1) restricted funds, (2) assets that are not cash or cash equivalents, (3) amounts that are legally or contractually dedicated or restricted for the funding of an enforceable obligation, and (4) amounts that are needed to satisfy obligations that will be put on the Recognized Obligation Payment Schedule ("ROPS") for the current fiscal year. Also, the amount determined to be available for allocation to taxing entities includes the value of assets, cash and cash equivalents transferred after January 1, 2011 through June 30, 2012 by the former redevelopment agency or the successor agency to the city, another public agency or private person if an enforceable obligation to make that transfer did not exist. The Due Diligence Review documents the Restricted Assets and provides the respective amounts, sources and purposes for which the Restricted Assets should be retained.

Health and Safety Code Section 34179.6 requires each successor agency to submit the Due Diligence Review to the oversight board for the oversight board's review and approval.

Upon receipt of the Due Diligence Review, the oversight board must convene a public comment session to take place at least five business days before the oversight board holds the approval vote. The oversight board also must consider any opinions offered by the county auditor-controller on the review results submitted by the successor agency.

The oversight board must review, approve, and transmit the Due Diligence Review to the state department of finance ("DOF") and the county auditor-controller. The oversight board may adjust any amount provided in the review to reflect additional information and analysis. The review and approval

must occur in public sessions. The oversight board may request from the successor agency any materials it deems necessary to assist in its review and approval of the determination.

Section 34179.6 empowers the oversight board to authorize a successor agency to retain the Restricted Assets.

The DOF will review the Due Diligence Review and must notify the oversight board and the successor agency of its decision to overturn any decision of the oversight board to authorize a successor agency to retain Restricted Assets. The DOF must provide the oversight board and the successor agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the oversight board. The successor agency then has the option to meet and confer with DOF to discuss any modifications.

The county auditor-controller must provide DOF a report specifying the amount submitted by each successor agency from the LMIHF, and specifically noting any successor agency that failed to remit the full required amount.

Section 34179.5 also requires a similar review of all other funds and accounts held by the successor agency to determine unobligated balances available for transfer to taxing entities. The review for all other funds and accounts must be completed by December 15, 2012, but the staff requested an extension to January 22, 2013 and the extension request was granted by the DOF. The county auditor-controller has an April 20, 2013 deadline to provide DOF the report specifying the amount submitted by each successor agency from all other funds and accounts, and specifically noting any successor agency that failed to remit the full required amount.

Upon full payment of the amounts determined in the Due Diligence Review and the subsequent review conducted for all other funds and accounts, payment of the “surplus” tax revenues due on July 12, 2012, and any unpaid or underpaid pass through payments owed for fiscal year 2011-12, DOF will issue to the successor agency, within five business days, a finding of completion of the requirements of Section 34179.6.

Teaman, Ramirez & Smith, Inc, Certified Public Accountants and Consultants were retained by the Successor Agency to conduct the Due Diligence Review.

The Oversight Board held the required public comment session regarding the Due Diligence Review on December 3, 2012.

## **RECOMMENDATION**

**ADOPT A RESOLUTION, (I) APPROVING THE DUE DILIGENCE REVIEW FOR THE LOW AND MODERATE INCOME HOUSING FUND PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5, AS PRESENTED, (II) AUTHORIZING THE SUCCESSOR AGENCY TO RETAIN THE ASSETS AND FUNDS AS DOCUMENTED IN THE DUE DILIGENCE REVIEW (THE “RESTRICTED ASSETS”), AND (III) ORDERING THE TRANSMITTAL OF THE DUE DILIGENCE REVIEW TO THE DEPARTMENT OF FINANCE AND THE COUNTY AUDITOR-CONTROLLER**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE TEHACHAPI REDEVELOPMENT AGENCY APPROVING THE DUE DILIGENCE REVIEW OF THE LOW AND MODERATE INCOME HOUSING FUND CONDUCTED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5 AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

**RECITALS:**

A. Pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), on February 1, 2012, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Tehachapi Redevelopment Agency transferred to the control of the Successor Agency to the Tehachapi Redevelopment Agency (the "Successor Agency") by operation of law.

B. Health and Safety Code Section 34179.5 requires the Successor Agency to employ a licensed accountant, approved by the county auditor-controller, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities.

C. Health and Safety Code Section 34179.6 requires the Successor Agency to submit the results of the review conducted pursuant to Section 34179.5 for the Low and Moderate Income Housing Fund (the "LMIHF") and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities (the "Due Diligence Review") to the Successor Agency's Oversight Board (the "Oversight Board") for the Oversight Board's review and approval.

D. Pursuant to Health and Safety Code Sections 34179.6 and 34180(j), the Successor Agency submitted to the Oversight Board, the county administrative officer, the county auditor-controller, the State Controller and the Department of Finance ("DOF") the Due Diligence Review and a copy of the Recognized Obligation Payment Schedule ("ROPS").

E. Pursuant to Health and Safety Code Section 34179.6(b), upon receipt of the Due Diligence Review, and at least five business days before the Oversight Board considers the approval of the Due Diligence Review, the Oversight Board must hold a public comment session (the "Public Comment Session") at which time the public has an opportunity to hear and be heard on the results of the Due Diligence Review and at which time the Oversight Board considers the opinions, if any, offered by the county auditor-controller on the results of the Due Diligence Review.

F. On December 3, 2012, the Oversight Board held the Public Comment Session pursuant to Health and Safety Code Section 34179.6 (b).

G. Pursuant to Health and Safety Code Section 34179.6(c), the Oversight Board must review, approve and transmit to DOF and the county auditor-controller, the determination of the amount of cash and cash equivalents in the LMIHF available for disbursement to taxing entities as determined according to the method provided in Section 34179.5. Section 34179.6 (c) provides that the Oversight Board may adjust any amount provided in the Due Diligence Review to reflect additional information and analysis.

H. Section 34179.6(c) empowers the Oversight Board to authorize the Successor Agency to retain assets or funds identified in subparagraphs (B) to (E), inclusive, of paragraph (5) of subdivision(c) of Section 34179.5. If the Oversight Board makes this authorization, the Oversight Board must identify to DOF the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained. The determination and authorization to retain funds and assets shall be subject to the review and approval of DOF pursuant to Health and Safety Code Section 34179.6(d).

I. Pursuant to Health and Safety Code Section 34179.6(c), the Oversight Board desires to approve the Due Diligence Review and to authorize the Successor Agency to retain the assets and funds, if any, identified pursuant to subparagraphs (B) to (E), inclusive, of paragraph (5) of subdivision(c) of Section 34179.5, as documented in the Due Diligence Review.

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE TEHACHAPI REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Resolution is adopted pursuant to Health and Safety Code Section 34179.6(c).

Section 3. The Oversight Board hereby approves the Due Diligence Review as presented on file with the Secretary.

Section 4. For the purposes of providing for the transfer of housing functions and assets pursuant to Health and Safety Code Sections 34176 and 34181(c), the Oversight Board hereby authorizes the Successor Agency to retain the assets and funds, if any, identified in subparagraphs (B) to (E), inclusive, of paragraph (5) of subdivision(c) of Section 34179.5, as documented in the Due Diligence Review, which provides the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained.

Section 5. The staff of the Successor Agency is hereby directed to transmit to DOF and the county auditor-controller written notice and information regarding the actions taken by this Resolution and specifically the determination of the amount of cash and cash equivalents in the LMIHF that are available for disbursement to taxing entities as determined according to the

method provided in Health and Safety Code Section 34179.5. Such notice to DOF shall be provided by electronic means and in a manner of DOF's choosing.

Section 6. The staff and the Board of the Successor Agency are hereby authorized and directed, jointly and severally, to execute and record such documents and instruments and to do any and all other things which they may deem necessary or advisable to effectuate this Resolution and any such actions previously taken are hereby ratified.

**PASSED AND ADOPTED** this 10<sup>th</sup> day of December, 2012.

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

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

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

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

\_\_\_\_\_  
ED GRIMES, Chairman

ATTEST:

\_\_\_\_\_  
DENISE JONES, CMC  
Secretary

I hereby certify that the foregoing resolution was duly and regularly adopted by the OVERSIGHT BOARD OF THE SUCCESSOR AGENCY at a special meeting thereof held on December 10, 2012.

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DENISE JONES, CMC  
Secretary