NEW BUSINESS a

STAFF REPORT
South LakeTahoe Successor Agency Oversight Board
Meeting November 18, 2013

TO: Honorable Chair and Board Members for the Oversight Board

FROM: Thomas T. Watson, Legal Counsel for the Successor Agency

DATE: November 13, 2013

RE: Approval of the Resolution of the Oversight Board regarding the Due Diligence Review of the Successor Agency

RECOMMENDATION:

Approve Resolution of the Oversight Board of the Successor Agency to the South Tahoe Redevelopment Agency Approving the Due Diligence Review of the Successor Agency's Funds and Accounts (Other than the Low and Moderate Income Housing Fund) Conducted Pursuant to Health and Safety Code Section 34179.5.

ISSUE AND DISCUSSION:

ABX1 26 requires that the Successor Agency dispose of assets of the former South Lake Tahoe Redevelopment Agency expeditiously and in a manner aimed at maximizing value. Prior to the disposition of assets, a Due Diligence Review Report ("DDR) was required to be prepared and adopted by the Successor Agency.

The DDR has been completed, adopted by the Successor Agency and circulated to the public for the required statutory period. The Oversight Board should review the comments from the public and approve the attached Resolution.

Thomas T. Watson

Attachments:

- Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY APPROVING THE DUE DILIGENCE REVIEW OF THE SUCCESSOR AGENCY'S FUNDS AND ACCOUNTS (OTHER THAN THE LOW AND MODERATE INCOME HOUSING FUND) CONDUCTED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5

WHEREAS, 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 South Tahoe Redevelopment Agency transferred to the control of the Successor Agency to the South Tahoe Redevelopment Agency (the "Successor Agency") by operation of law; and

WHEREAS, 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; and

WHEREAS, pursuant to Health and Safety Code Section 34179.6, the Successor Agency previously submitted to the Successor Agency's Oversight Board (the "Oversight Board"), and the Oversight Board approved, 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 therein determined to be available for allocation to taxing entities; and

WHEREAS, Health and Safety Code Section 34179.6 requires the Successor Agency to also submit to the Oversight Board for the Oversight Board's review and approval, the results of the review (the "OFA Due Diligence Review") conducted pursuant to Section 34179.5 for all funds and accounts other than the LMIHF, and specifically the amount of cash and cash equivalents therein determined to be available for allocation to taxing entities; and

WHEREAS, pursuant to Health and Safety Code Sections 34179.6 and 34180(j), the Successor Agency submitted to the Oversight Board, the El Dorado County Chief Administrative Officer, the El Dorado County Auditor-Controller, the State Controller and the State Department of Finance ("DOF") the OFA Due Diligence Review and a copy of the Successor Agency's current Recognized Obligation Payment Schedule ("ROPS"); and

WHEREAS, pursuant to Health and Safety Code Section 34179.6(b), upon receipt of the OFA Due Diligence Review, and at least five business days before the Oversight Board considers the approval of the OFA 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 OFA 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 OFA Due Diligence Review; and

WHEREAS, on November 6, 2013, the Oversight Board will hold the Public Comment Session pursuant to Health and Safety Code Section 34179.6(b); and

WHEREAS, 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 available for disbursement to taxing entities as determined according to the method provided in Section 34179.5 and reflected in the OFA Due Diligence Review; and

WHEREAS, Health and Safety Code Section 34179.6 (c) provides that the Oversight Board may adjust any amount provided in the OFA Due Diligence Review to reflect additional information and analysis; and

WHEREAS, Health and Safety Code 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 Health and Safety Code Section 34179.5(c)(5) (the "Restricted Assets"), and if the Oversight Board makes this authorization, the Oversight Board must identify to the DOF the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained, and such 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).

WHEREAS, 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 Restricted Assets, as documented in the OFA Due Diligence Review

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE SOUTH TAHOE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The above recitals, and each of them, are true and correct.

Section 2. The Oversight Board hereby approves the OFA Due Diligence Review, as presented on file with the Secretary.

Section 3. The Oversight Board hereby authorizes the Successor Agency to retain the assets and funds, if any, identified in subparagraphs (B) to (E), inclusive, of Health and Safety Code Section 34179.5(c)(5), as documented in the OFA 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 4. The staff of the Successor Agency is hereby directed to transmit to the 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 that are available for disbursement to taxing entities as determined according to the

method provided in Health and Safety Code Section 34179.5 and reflected in the OFA Due Diligence Review.

Section 5. The staff and the Board of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution and any such actions previously taken are hereby ratified.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency to the South Tahoe Redevelopment Agency at a duly noticed meeting held on November 18, 2013, by the following vote:

AYES:
NOES:
ABSENT:

_____
Hal Cole, Chair of the Oversight Board of Successor Agency to the South Tahoe Redevelopment Agency

ATTEST:

_____
Ellen Palazzo, Secretary