

RESOLUTION NO. 2013-01

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF HOLLISTER TAKING SPECIFIED ACTIONS WITH RESPECT TO THE NON-HOUSING FUND DUE DILIGENCE REVIEW PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 34179.5 AND 34179.6

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, pursuant to Health and Safety Code Section 34173, the City Council of the City of Hollister (the "City Council declared that the City Hollister (the "City, would act as successor agency (the "Successor Agency") for the dissolved Redevelopment Agency of the City of Hollister (the "Dissolved RDA") effective February 1, 2012; and

WHEREAS, pursuant to AB 1484 ("AB 1484"), enacted June 27, 2012 to amend various provisions of the Dissolution Act, the Successor Agency is now declared to be a separate legal entity from the City; and

WHEREAS, the Dissolution Act provides for the appointment of an oversight board (the "Oversight Board") with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181; and

WHEREAS, pursuant to Health and Safety Code Section 34179.5 (as added by AB 1484) the Successor Agency is required to employ a licensed accountant, approved by the County Auditor- Controller for the County of San Benito (the "Auditor-Controller"), to conduct a due diligence review (the "Non-Housing Fund Due Diligence Review") to determine the unobligated balances from the Dissolved RDA's funds and accounts (exclusive of the Low and Moderate Income Housing Fund) held by the Successor Agency available for transfer to taxing entities as required under AB 1484 and the Dissolution Act; and

WHEREAS, the Successor Agency hired a licensed accountant, approved by the Auditor-Controller, to prepare the Non-Housing Fund Due Diligence Review in conformance with Health and Safety Code Section 34179.5; and

WHEREAS, in compliance with Health and Safety Code Section 34179.6, the Non-Housing Fund Due Diligence Review has been submitted by the Successor Agency to the Oversight Board for the Oversight Board's approval, and has also been submitted to the San Benito County Administrative Officer, the Auditor-Controller, the State Controller, and the State Department of Finance (the "DOF"), along with copies of

the Successor Agency's recognized obligation payment schedules for the Fiscal Year 2012-13, as approved by the Oversight Board (the "FY 2012-13 ROPS's"); and

WHEREAS, the \$2,587,132 of RPTTF obligation approved for the ROPS II period reported on Attachment F. 1 of the Due Diligence Review of Non-Housing Funds was based on information posted on Exhibit 12 of the Department of Finance web site in July of 2012 but the amount was reduced administratively by the Department of Finance to \$2,371,288 without notification to the City of Hollister Successor Agency; and

WHEREAS, after the Meet and Confer process, the Department of Finance now recognizes items which were rejected on ROPS I and appealed for reconsideration as ROPS III items 23 (Employee Benefit Compensation at dissolution - \$174,012) , 24 (Post employee benefits at dissolution - \$100,800) and 27 (January graffiti removal - \$9,365) as enforceable obligations which total \$284,177; and

WHEREAS, the RPTTF payment for the ROPS I period did not include the funds of \$284,177 to pay for ROPS III items 23, 24 and 27 enforceable obligations, the funds for the item 23, 24 and 27 were not factored into the July True-up payment or the Due Diligence Review of Non-Housing Funds examined by the Oversight Board at a public session on December 13, 2012; and

WHEREAS, the former Redevelopment Agency transferred \$804,781 of the December 2011 distribution of property tax increment to the Low Moderate Income Housing Fund instead of placing the funds in the Redevelopment Property Tax Trust Fund to pay for enforceable obligations between January and June 2012 and as a result the \$804,781 included in the November 13, 2012 housing fund due diligence payment of \$6.9 million dollars from the Low Moderate Income Housing Fund of the former Hollister Redevelopment Agency; and

WHEREAS, the Successor Agency consulted with the San Benito County Auditor Controller and Department of Finance regarding the placement of \$804,781 in the Low Moderate Income Housing Fund instead of the Redevelopment Property Tax Trust Fund and there was consensus that a notation should be made with the Due Diligence Review of Non-housing Funds and that the \$804,781 should be retained by the Successor Agency for payment of approved enforceable obligations; and

WHEREAS, the Oversight Board must review, approve and transmit the Non-Housing Fund Due Diligence Review by January 15, 2013.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board hereby finds and determines that the foregoing recitals are true and correct, and together with the following documents and information form the basis for the approvals, authorizations, findings, and determinations set forth in this Resolution: (1) the Non-Housing Fund Due Diligence Review; (2) the FY 2012-13 ROPS's; (3) information provided by the Successor Agency staff; (4) information provided by the public at the public comment

session held by the Oversight Board on December 13, 2012 as required under Health and Safety Code Section 34179.6(b); and (5) there were no opinions offered by the Auditor-Controller on the Non-Housing Fund Due Diligence Review;

BE IT FURTHER RESOLVED that in accordance with the Dissolution Act and AB 1484, the Oversight Board hereby approves the Non-Housing Fund Due Diligence Review in the form on file with the Oversight Board's designated communication official with notation that an additional \$284,177 of funds for the ROPS I period have not been paid to the Successor Agency to date.

BE IT FURTHER RESOLVED that the Oversight Board hereby authorizes the Successor Agency to retain assets or funds, legally restricted as to their purpose, including but not limited bond proceeds, grant funds or other governmentally restricted funds, under Health and Safety Code Section 34179.5(c)(5)(B) in the amount of \$5,081,959 Dollars from the funding source and for the purposes identified in Attachment G1 of the Non Housing Fund Due Diligence Review, incorporated herein by this reference.

BE IT FURTHER RESOLVED that the Oversight Board hereby authorizes the Successor Agency to retain assets or funds, that are not cash or cash equivalent, under Health and Safety Code Section 34179.5(c)(5)(C) in the amount of \$8,789,033 Dollars from the funding source and for the purposes identified in Attachments E and G.2 of the Non Housing Fund Due Diligence Review, incorporated herein by this reference.

BE IT FURTHER RESOLVED that the amount of cash and cash equivalents that are available for disbursement to taxing entities as determined according to the method provided in Section 34179.5 and as set forth in the Non-Housing Fund Due Diligence Review of \$1,355,882 (the "Non-Housing Fund Due Diligence Review Payment"), is further reduced to \$266,924 as a result of \$284,177 of funds recognized in the meet and confer process as ROPS I enforceable obligations and \$804,781 of funds that were inadvertently distributed as funds that were available for disbursement from the Low Moderate Income Housing Fund in November of 2012 based on information received in December 2012 as evidenced in the January 3, 2012 Staff Report to the Oversight Board. The Due Diligence Review of Non-housing funds together with adjustments included in Attachment 3 of this resolution, subject to the DOF's approval of the Non-Housing Fund Due Diligence Review, shall be transmitted to the Auditor-Controller for allocation to affected taxing entities pursuant to the terms of AB 1484 and the Dissolution Act.

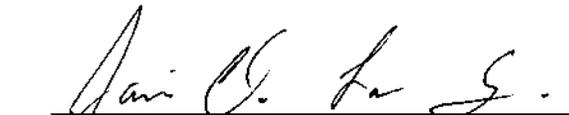
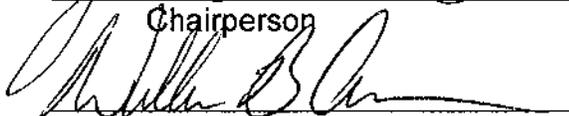
BE IT FURTHER RESOLVED, that the Oversight Board hereby authorizes and directs the Successor Agency staff to take all actions necessary under the Dissolution Act and AB 1484 to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the Non-Housing Fund Due Diligence Review and to take any other actions necessary to ensure the validity of the Housing Fund Due

Diligence Review and the validity of the retention of the funds specified to be retained by this Resolution. The Oversight Board acknowledges and agrees that the Successor Agency may invoke the meet and confer process identified in Health and Safety Code Section 34179.6(e) to resolve any disputes regarding the amounts or sources of funds identified by the DOF as eligible to be retained. In addition, the Oversight Board authorizes and directs the Successor Agency staff to make the Non-Housing Fund Due Diligence Review Payment as required under Health and Safety Code Section 34179.6 and pursuant to the terms of this Resolution.

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

The above and foregoing Resolution was duly and regularly passed and adopted at a meeting by the Oversight Board for the Successor Agency of the Redevelopment Agency of the City of Hollister at a regular meeting thereof held on January 7, 2013, by the following vote:

AYES:	BOARD MEMBERS: De La Cruz, Quilter, Tobias, Velazquez
NOES:	BOARD MEMBERS:
ABSTAIN:	BOARD MEMBERS:
ABSENT:	BOARD MEMBERS: McWhinnie, Kinsela, Swanson

ATTEST: 
Chairperson

Oversight Board Designated
Communication Official

ATTACHMENT No. 1

FUNDS AUTHORIZED TO BE RETAINED BY THE SUCCESSOR AGENCY
PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5(c)(5)(B)

(Bond Proceeds, Grant Funds or Other Governmentally Restricted Funds)

No.	Funding Source	Purpose for Retention	Amount Retained
1.	Redevelopment Property Tax Trust Fund	1997 Bond Reserve	\$1,223,759
2.	Redevelopment Property Tax Trust Fund	2003 Bond Reserve	\$1,123,923
3.	Redevelopment Property Tax Trust Fund	2009 Bond Reserve	\$ 638,975
4.	Fire Station 1 Construction 2009 Bond		\$1,503,992
5.			
6.			
7.			
8.			
9.			
10.			
Total to be retained under Section 34179.5(c)(5)(B)			\$5,061,959

ATTACHMENT No. 2

VALUE OF NON-CASH ASSETS AUTHORIZED TO BE RETAINED BY THE
SUCCESSOR AGENCY PURSUANT TO HEALTH AND SAFETY CODE SECTION
34179.5(c)(5)(C)

(Assets or Funds That Are Not Cash Or Cash Equivalent)

No.	Asset Identification (APN)	Purpose for Retention	Amount of Non-Cash Asset Retained
1.	054-011-016, 054-011-030, 054-011-036	Non-cash asset	\$ 722,290
2.	056-025-019, 056-025-024	Non-cash asset	\$4,210,864
3.	2009 RDA deferred charges	Non-cash asset	\$ 339,8923
4.	Due from Other Funds	Non-cash asset	\$1,311,259
5.	Garcia Jewelry 3.5%	Non-cash asset	\$33,231
6.	L/A RDA A/M. Velasquez/2006-41R	Non-cash asset	\$100,000
7.	L/A RDA Cain & Renz/2006-42R	Non-cash asset	\$81,00
8.	Honda Powerhouse Loan	Non-cash asset	\$1,900,000
9.	801 San Benito Façade Improvement 20K	Non-cash asset	\$3079
10.	347 San Benito Façade Improvement 55K	Non-cash asset	\$55,000
11.	341 Tres Pinos Façade Improvement 40K		\$40,000
12.	421 East Street Façade Improvement 11,880		\$10,784
13.	Borelli/Felice – 730 San Benito Street Façade Improvement		\$20,000
14.	Borelli/Felice – 738-756 San Benito Street Façade Improvement		\$20,000
15.	SBC Health Foundation Façade Improvement Loan 20K		\$20,000
16.	Renz, T.T.J. & K/339 7 th Street Façade Improvement Loan		\$19,800
17.	Tony Lobue/726 San Benito Street Façade Improvement Loan		\$20,000
18.	DMC – AJ Sushi Façade Improvement Loan		\$18,108
19.	A&R Properties/41 Fifth Street Façade Improvement Loan		\$19,425
20.	Allowance for doubtful accounts		(\$121,594)
21.	Employee loan		\$5,908
22.	Loan: Computers		\$56
Total to be retained under Section 34179.5(c)(5)(B)			\$8,789,033

ATTACHMENT No. 3

FUNDS AUTHORIZED TO BE RETAINED BY THE SUCCESSOR AGENCY
PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5(c)(5)(D)

NOTATION: FUNDS TO BE RETAINED INCLUDE NEW INFORMATION AVAILABLE AFTER RELEASE FOR THE DUE DILIGENCE REVIEW ON DECEMBER 11, 2012

(Assets or Funds, Including Any Current Balances That Are Legally or Contractually Dedicated or Restricted for the Funding of an Enforceable Obligation)

Item No.	Funding Source	Purpose for Retention	Amount Retained
1.	Redevelopment Property Tax Trust Fund	Employee vacation, sick and admin time accrual allowed from ROPS I approved as an enforceable obligation by the Department of Finance in December of 2012.	\$174,012
2.	Redevelopment Property Tax Trust Fund	Post employee benefits from ROPS I approved as an enforceable obligation by the Department of Finance in December of 2012.	\$100,800
3.	Redevelopment Property Tax Trust Fund	Graffiti removal for month of January 2012 approved as an enforceable obligation by the Department of Finance in December of 2012.	\$9,365
4	20% distribution of Low Moderate Income Housing Funds from the December 2011 distribution of property tax increment to the former Hollister Redevelopment Agency that should have been retained in the Redevelopment Property Tax Trust Fund to pay enforceable obligations.	Retention of \$804,781 for enforceable obligations. The July true-up calculation presumed that all of the \$4,023,905 December 2011 property tax increment distribution was placed in the Redevelopment Property Tax Trust Fund but consistent with Redevelopment Law, the City of Hollister transferred 20% (\$804,781) of the \$4,023,905 of the property tax increment to the former RDA Low Moderate Income Housing Fund (LMHF) and the remaining 80% (\$3,219,124) of increment to the non-housing fund. The \$804,781 was distributed in November of 2012 as part of the Due Diligence Payment of excess housing funds to taxing entities. The funds are not available to pay for enforceable obligations for ROPS I and II. The discrepancy has been reviewed by the San Benito County Auditor-Controller and State Department of Finance and there is consensus that the \$804,781 should be retained to pay for enforceable obligations.	\$804,781
Total to be retained under Section 34179.5(c)(5)(D). Note: Retention of items 1 through 4 of this attachment (\$1,088,958) was not included on Attachment G.1 of the Due Diligence Review of Non-housing funds determination of the funds to be remitted to the county for disbursement to taxing entities reviewed at a public session on December 13, 2013.			\$1,088,958
Total to be remitted to County Auditor Controller for disbursement to taxing entities (Exhibit G1 amount of \$1,355,882 – \$1,088,958 = \$266,924)			\$ 266,924