RESOLUTION OB-004

RESOLUTION OF THE OVERSIGHT BOARD OF THE CITY OF SAN CARLOS, REVIEWING THE DUE DILIGENCE REVIEW OF THE LOW AND MODERATE INCOME HOUSING FUND, DETERMINING THERE IS NO AMOUNT AVAILABLE FOR DISBURSEMENT TO TAXING ENTITIES, AUTHORIZING THE SUCCESSOR AGENCY TO RETAIN FUNDS AND APPROVING THE DUE DILIGENCE REVIEW IF IT IS AMENDED TO REFLECT THIS ADJUSTMENT

WHEREAS, pursuant to Assembly Bill 1X 26 (Stats. 2011, 1st Ex. Sess., chap. 5), a new Part 1.85 was added to Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 et seq.), which was subsequently modified by the California Supreme Court in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231 and by Assembly Bill 1484 (Stats. 2012, chap. 26) (the “Dissolution Act”), and in accordance therewith, all redevelopment agencies in the State of California, including the San Carlos Redevelopment Agency (the “Redevelopment Agency”), were dissolved as of February 1, 2012; and

WHEREAS, pursuant to the Dissolution Act, the City of San Carlos became the successor agency (the “Successor Agency”) to the former Redevelopment Agency and, by operation of law under Section 34175(b) of the Dissolution Act, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Redevelopment Agency (the “redevelopment assets”) were transferred to the Successor Agency, on February 1, 2012; and

WHEREAS, Section 34179.5 and 34179.6 of the Dissolution Act provide that the Successor Agency shall employ a licensed accountant to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities (“DDR”) and shall submit this DDR to the Oversight Board for review; and

WHEREAS, the Successor agency employed Lance Soll & Lunghard, LLP to conduct the DDR on the Low and Moderate Income Housing Fund (“LMIHF”) and submitted the DDR to the Oversight Board for its review on October 4, 2012 and October 11, 2012; and

WHEREAS, the DDR on the LMIHF concludes that a balance of $4,496,017 is available for distribution to taxing entities; and

WHEREAS, Section 34179.6 of the Dissolution Act provides that “the oversight board may adjust any amount provided in the review to reflect additional information and analysis” and “shall be empowered to authorize a successor agency to retain assets or funds identified” in the DDR; and

WHEREAS, Section 34179.6 of the Dissolution Act provides that “an oversight board that makes that authorization also shall identify to the department [of Finance] the amount of
funds authorized for retention, the source of those funds, and the purposes for which those funds
are being retained”; and

WHEREAS, Sequoia Union High School District, San Mateo County Community
College District, San Carlos Elementary School District, and the Successor Agency to the San
Carlos Redevelopment Agency (“Successor Agency”), have entered into a Settlement Agreement
(“Settlement Agreement”) which require the payment of $6,300,000 in available balances of the
Successor Agency, and which the Oversight Board approved on October 4, 2012; and

WHEREAS, on October 4, 2012, the Oversight Board approved an amended Recognized
Obligation Payment Schedule for the period of January 1, 2012 through June 30, 2012 which
identified the balance of $4,496,017 the Low and Moderate Income Fund as one of several
funding sources to make the payments authorized by the settlement agreement.

NOW, THEREFORE, the Oversight Board for the City of San Carlos does hereby
resolve as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and
incorporated herein.

Section 2. Review of the Due Diligence Review of the Low and Moderate Income
Housing Fund. The Oversight Board has conducted its review of the DDR of the LMIHF,
attached as Exhibit “A”.

Section 3. Determination of Amounts Available for Distribution. The Oversight
Board hereby determines that there are no amounts in the LMIHF available for distribution to
the taxing entities.

Section 4. Authorization to Retain Funds. The Oversight Board hereby authorizes
the Successor Agency to retain the $4,496,017 balance identified by the DDR in the LMIHF for
the purpose of meeting recognized obligation payments.

Section 5. Approval of the Due Diligence Review of the Low and Moderate
Income Housing Fund. The Oversight Board hereby approves the DDR of the LMIHF under
the condition that the licensed accountant amend the DDR to reflect the adjustment of the
Oversight Board indicated in Sections 3 and 4.

Transmittal. The Oversight Board hereby authorizes and directs the Successor Agency
to transmit the amended DDR of the LMIHF and the Oversight Board’s determination to the San
Mateo County Auditor-Controller, State Department of Finance, and the State Controller.

PASSED AND ADOPTED at a meeting of the Oversight Board for the City of San
Carlos (acting as Successor Agency to the San Carlos Redevelopment Agency), held this 11th
day of October, by the following vote:
AYES: CHRISTENSEN, LIANIDES, MALTBIE, EATON, GRASSIL-I, SCANNELL

NOES: NONE

ABSENT: PORTER

ABSTAIN: NONE

ATTEST: 

APPROVED:

Secretary

Jim Porter, Chair