

**OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY  
TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY**

**Special Meeting**

Simi Valley City Hall  
2929 Tapo Canyon Road  
Simi Valley, CA 93063  
October 5, 2012  
2:00 p.m.

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Agenda Review
- 4A. Move that all resolutions presented be read in title only and all further reading be waived.
5. Public Statements

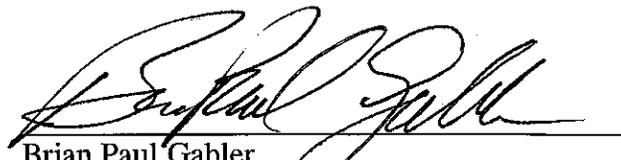
Time allotted for public statements or comments on all items on the agenda. Each individual speaker is limited to three (3) minutes.
6. Approval of Minutes:

Consideration of Resolution Approving the Minutes of the August 28, 2012 Meeting of the Oversight Board
7. Consent Calendar: None
8. Continued Business: None
9. New Business:
- 9A. Adoption of a Resolution Receiving the Due Diligence Review as Mandated by Assembly Bill 1484 and Convening the Public Comment Session for the Review

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY  
TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY

October 5, 2012

10. Board Comments:
11. Adjournment: To be determined



Brian Paul Gabler,  
Director of Economic Development/  
Assistant City Manager  
Oversight Board Secretary

If any interested individual has a disability, which may require accommodation to participate in this meeting, please contact the City Manager's Office at 583-6701. Upon advance notification of the need for accommodation, reasonable arrangements will be made to provide accessibility to the meeting.

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE  
SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY

MEMORANDUM

October 5, 2012

**TO:** Oversight Board

**FROM:** Office of the City Manager, Simi Valley Successor Agency

**SUBJECT:** CONSIDERATION OF RESOLUTION APPROVING THE MINUTES OF  
THE AUGUST 28, 2012 MEETING OF THE OVERSIGHT BOARD

**RECOMMENDATION**

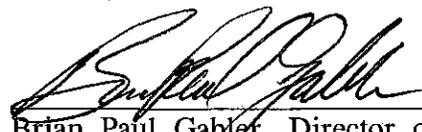
It is recommended the Oversight Board adopt a Resolution approving Minutes of the August 28, 2012 meeting of the Oversight Board.

**BACKGROUND AND OVERVIEW**

On June 27, 2012, the State of California approved Assembly Bill (AB) 1484 which is a trailer bill to the original 2011 Dissolution Act legislation. AB1484 made significant changes to how a Successor Agency and an Oversight Board will report information and conduct business. Included in this legislation is a new requirement that all actions of the Oversight Board be made through adoption of resolution.

**FINDINGS AND ALTERNATIVES**

As a result of new legislation (AB1484), all actions taken by the Oversight Board shall be adopted by resolution. Staff recommends the Oversight Board adopt the attached Resolution approving the Minutes of the August 28, 2012 meeting of the Oversight Board.

  
\_\_\_\_\_  
Brian Paul Gabler, Director of Economic  
Development/Assistant City Manager

RESOLUTION NO.

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY APPROVING THE MINUTES OF THE AUGUST 28, 2012 MEETING OF THE OVERSIGHT BOARD

WHEREAS, on June 27, 2012 the State of California Legislature passed and the Governor signed Assembly Bill 1484 which modifies how an oversight board may take action; and

WHEREAS, Assembly Bill 1484 dictates that all actions taken by an oversight board shall be adopted by resolution; and

WHEREAS, the Oversight Board of the Successor Agency to the Simi Valley Community Development Agency ("Oversight Board") held a duly noticed meeting on August 28, 2012; and

WHEREAS, the Oversight Board desires to approve the Minutes of the August 28, 2012 meeting.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

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

SECTION 2. The Oversight Board approves the Minutes of the August 28, 2012 meeting of the Oversight Board attached as Exhibit A.

SECTION 3. The Successor Agency shall maintain on file as a public record this Resolution and the Minutes as approved hereby.

PASSED and ADOPTED this

\_\_\_\_\_  
Mike Sedell, Chair of the Oversight Board  
of the Successor Agency to Simi Valley  
Community Development Agency

ATTEST:

\_\_\_\_\_  
Brián P. Gabler, Oversight Board Secretary

MINUTES OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE  
SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY

Simi Valley, California

August 28, 2012

---

AGENDA  
ITEM

1. Called to Order: 9:06 a.m.
2. Pledge of Allegiance: Led by Mike Sedell
3. Roll Call: Present: Abbe Berns, Michael Clear, Paul Derse, Bruce Hamous, Mike Sedell,  
Jeff Yaller  
Absent: Iris Ingram

4. Agenda Review:

ACTION: Board Member Hamous moved that all resolutions presented be read in title only and all further reading be waived; Board Member Berns seconded the motion. There being no objections, the motion carried through acclamation.

5. Public Statements: None

6. Approval of Minutes:

Resolution No. OB 2012 – 13 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY APPROVING THE MINUTES OF THE JUNE 4, 2012 MEETING OF THE OVERSIGHT BOARD

ACTION: Board Member Hamous moved to adopt Resolution No. OB 2012-13; Vice Chair Derse seconded the motion:

ROLL CALL

AYES: Board Members Berns, Hamous, Yaller, Vice Chair Derse, & Chair Sedell  
NAYS: None  
ABSENT: Board Member Ingram  
ABSTAIN: Board Member Clear

AGENDA  
ITEM

7. Consent Calendar: None
8. Continued Business: None
9. New Business:
- 9A. Consideration of Resolution Approving the Recognized Obligations Payment Schedule (ROPS) for the period of January 1, 2013 through June 30, 2013

Resolution No. OB 2012 - 14 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE FOR THE PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013

ACTION: Board Member Hamous moved to adopt Resolution No. OB 2012-14; Vice Chair Derse seconded the motion:

ROLL CALL

AYES: Board Members Berns, Clear, Hamous, Yaller, Vice Chair Derse, & Chair Sedell

NAYS: None

ABSENT: Board Member Ingram

ABSTAIN: None

- 9B. Information Regarding the Due Diligence Review as Mandated by Assembly Bill 1484

No action was taken on this item.

10. Board Comments: None
11. Adjournment: Chair Sedell adjourned the meeting at 9:42 a.m. to a date uncertain.

Mike Sedell, Chair of the Oversight Board to the Successor Agency of the Simi Valley Community Development Agency

Brian P. Gabler, Oversight Board Secretary

**Agenda**  
**Item:** 9A  
**Date:** 10/5/12

**OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE  
SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY**

**MEMORANDUM**

October 5, 2012

**TO:** Oversight Board

**FROM:** Office of the City Manager, Simi Valley Successor Agency

**SUBJECT:** ADOPTION OF A RESOLUTION RECEIVING THE DUE DILIGENCE REVIEW AS MANDATED BY ASSEMBLY BILL 1484 AND CONVENING THE PUBLIC COMMENT SESSION FOR THE REVIEW

**RECOMMENDATION**

It is recommended the Oversight Board adopt the attached Resolution receiving the Due Diligence Review and opening the public comment session.

**BACKGROUND AND OVERVIEW**

On June 27, 2012, the State of California legislature passed and the Governor approved Assembly Bill (AB) 1484 which is a trailer bill to the original 2011 Dissolution Act legislation. AB1484 made significant changes to how a Successor Agency will report information and conduct business. Included in this legislation is a new audit requirement that is referred to as the "Due Diligence Review" (Review).

For the Review related to the Low and Moderate Income Housing Funds, the Oversight Board shall receive the Review and convene a public comment session. At least five business days later, the Oversight Board must convene to consider approval of the Review. After Oversight Board approval and prior to October 15, 2012, the Oversight Board shall transmit the Review to the Department of Finance and the County Auditor-Controller.

For the non-Housing funds, the Oversight Board is to receive the Review by December 15, 2012, conduct the public comment session, and at least five days later review, approve, and transmit the Review to the Department of Finance and the Auditor-Controller no later than January 15, 2013.

## FINDINGS AND ALTERNATIVES

The intent of the Review is to determine the unobligated fund balances available for transfer to taxing entities. AB1484 actually requires the preparation of two Reviews: one that addresses the Low and Moderate Income Housing Fund; and one that addresses non-Housing assets and revenues. The Review is required to be accomplished by a CPA that is selected by the Successor Agency and approved by the County Auditor-Controller. The cost of the Review is borne by the Successor Agency from the Administrative Budget. The Review is intended to cover the following items:

- Value of assets transferred from the former redevelopment agency to the successor agency as of February 1, 2012.
- Value of asset transfers from the redevelopment agency to the city since January 1, 2011.
- Revenue and expenditures for each of the 12 months ending June 30, 2011 and 2012 that reconciles a balance sheet of the successor agency as of June 30, 2012 back to the balance sheet of the former redevelopment agency as of June 30, 2010.
- An itemized listing of amounts that are legally restricted and cannot be provided to the taxing entities (i.e. bond funds).
- An itemized listing of all assets that are not cash and cash equivalents (i.e. securities, receivables from other parties).
- An itemized listing of any asset that is legally restricted to the payment of an enforceable obligation.
- A listing of all approved enforceable obligations.

As presented at the August meeting, the Successor Agency selected and the County Auditor-Controller approved *Lance, Soll & Lunghard, LLP* an accounting firm with experience and expertise in local government accounting to conduct the Due Diligence Reviews to determine the unobligated balances available for transfer to taxing entities relating to housing and non-housing assets and obligations in order to ascertain unobligated cash or cash equivalent balances that would be available for transfer to local taxing entities. *Lance, Soll & Lunghard, LLP* delayed commencing work on the Due Diligence Review until the Review standards were developed and issued by the California Department of Finance (DOF).

In July and August of this year, members of the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants ("CalCPA"), along with the State Controller's Office and the DOF, developed the review standards/agreed upon procedures. On August 30, 2012, the DOF posted the standards/procedures and *Lance, Soll & Lunghard, LLP* began work on the housing due diligence review.

Under Section 34179.5, the Review requires the independent accountant to reconcile assets, balances and liabilities with previous reports made to the State. Further, this review includes valuation of cash and cash equivalents, and obligations. "At a minimum, the [due diligence] review required by this section shall include the following: ... '[a]n itemized statement of the

values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment.' ..."

The Review addresses housing assets between August and November 2012, and non-housing assets between November 2012 and April 2013. The Review process entails several steps in order to be completed as required, and the penalty for failure to pay or transfer will result in the DOF causing the equivalent amount(s) to be deducted from sales and use taxes and/or property taxes due to the City, as the sponsoring community.

Key dates include the following for both Reviews:

| <b>DUE DILIGENCE REVIEW SCHEDULE AND DEADLINES</b>   |  |  |
|--|--|--|
|  | <b>Housing Review</b>  | <b>Non-housing Review</b>                                |
| Due Diligence Review Due from Successor Agency to Oversight Board                              | October 1, 2012  | December 15, 2012  |
| Oversight Board Deadline to Conduct Hearing, Review, Approve and Submit Due Diligence Review   | October 15, 2012   | January 15, 2013   |
| DOF Deadline to Issue "Finding of Completion"  | November 9, 2012   | April 1, 2013  |
| Successor Agency Deadline to Request Meet and Confer with DOF about Reviews                    | Five (5) Days of DOF Action, no Later than November 16, 2012 | Five (5) Days of DOF Action, no Later than April 6, 2013 |
| Successor Agency Deadline to Make Transfers to County Auditor-Controller based on DOF Findings | November 28, 2012  | April 10, 2013   |

Attached to Staff's report and the Resolution is the housing Due Diligence Review report. *Lance, Soll & Lunghard, LLP* reviewed cash and non-cash balances, expenditures, revenues and transfers prior to and following dissolution on February 1, 2012. In general, the activities noted in the report reflect transactions associated with the former Agency in the course of implementation of its affordable housing responsibilities, the subsequent transfer of all housing assets to the Successor Agency on February 1, and finally the transfer of some assets to the Housing Authority as the housing successor.

The findings indicate, which the Successor Agency has known, is the Low and Moderate Income Housing Fund was overcommitted at June 30, 2012 by \$1,744,671. The former Simi Valley Community Development Agency had made financial commitments beyond the then cash on hand under the assumption that future revenues would fund all projects.

As required by the Dissolution Act, the Oversight Board must meet not less than two times regarding the Review: (1) at one meeting to receive the report and convene a public comment session (today's agenda item), and (2) at a second meeting before October 15, 2012 to consider the public comments and the results/opinions of the County Auditor-Controller to the Review, approve and authorize transmittal of the review again to the County Auditor-Controller, State Controller's Office and DOF not later than October 15, 2012 for review and final determination by the DOF.

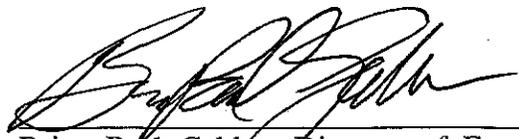
The following Alternatives are available to the Oversight Board:

1. Adopt a Resolution approving the receiving the Due Diligence Review and convening the public comment session.
2. Provide further direction.

It is recommended the Oversight Board approve Alternative No. 1.

#### SUMMARY

Successor Agency staff recommends that Oversight Board adopt the attached Resolution confirming receipt of the independent accountant's report from the Housing Due Diligence Review conducted pursuant to section 34179.5 for the Low and Moderate Income Housing Fund and convening the public comment session on the report.



Brian Paul Gabler, Director of Economic  
Development/Assistant City Manager

## RESOLUTION NO.

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY RECEIVING FROM THE SUCCESSOR AGENCY, AND CONVENING A PUBLIC COMMENT SESSION OF, THE INDEPENDENT ACCOUNTANT'S REPORT REGARDING THE HOUSING DUE DILIGENCE REVIEW CONDUCTED PURSUANT TO SECTION 34179.5 FOR THE LOW AND MODERATE INCOME HOUSING FUND

WHEREAS, the Simi Valley Community Development Agency ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Simi Valley ("City"); and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 chaptered and effective on June 27, 2012 (together, the "Dissolution Act"); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity the City serves as the Successor Agency to the Simi Valley Community Development Agency ("Successor Agency"); and

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, Section 34179.5 requires the Successor Agency to employ a licensed accountant approved by the Ventura County Auditor-Controller to perform a due diligence review and report on the amount of funds transferred from the former Simi Valley Community Development Agency; and

WHEREAS, on July 31, 2012, the Ventura County Auditor-Controller provided written approval to Successor Agency staff of their selection of *Lance, Soll & Lunghard, LLP* as the licensed accountant to perform the due diligence review for the Successor Agency; and

WHEREAS, on August 30, 2012, the Department of Finance posted on its official website the agreed-upon procedures to conduct the due diligence reviews; and

WHEREAS, in accordance with the provisions of the agreed-upon procedures and provisions of Section 34179.5, *Lance, Soll & Lunghard, LLP* has completed the housing due diligence review and report a copy of which is attached hereto and incorporated by this reference.

WHEREAS, pursuant to Section 34179(h) as amended by Assembly Bill 1484 effective June 27, 2012, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. Generally, an oversight board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review provided however the subject report will be considered and acted on pursuant to the process and timing of Sections 34179.5 and 34179.6.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SIMI VALLEY COMMUNITY DEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

SECTION 2. Pursuant to the Dissolution Act, the Oversight Board (a) receives the Housing Due Diligence Review Report as submitted herewith as Attachment 1, (b) convenes a public comment session on such report, directs Successor Agency staff to make such report available to the public for review and comment for not less than five (5) business days hereafter, (c) directs Successor Agency staff to receive from the County Auditor-Controller (CAC) the results/opinions offered from the CAC's review of such report, (d) directs transmittal thereof back to this Oversight Board for consideration with the public's comments, if any, (e) directs Successor Agency staff that after such reviews that the report be presented again to this Oversight Board for final review and action taking into consideration the public comments and CAC's results/opinions, if any, all pursuant to sections 34179.5 and 34179.6 of the Dissolution Act.

SECTION 3. The Successor Agency is directed to post this Resolution on the Successor Agency website pursuant to the Dissolution Act.

SECTION 4. Pursuant to Section 34179(h) as amended by Assembly Bill 1484 effective June 27, 2012, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. Generally, an oversight board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review provided however the subject report will be considered and acted on pursuant to the process and timing of Sections 34179.5 and 34179.6.

SECTION 5. The Successor Agency shall maintain on file as a public record this Resolution and the Minutes as approved hereby.

PASSED and ADOPTED this

\_\_\_\_\_  
Mike Sedell, Chair of the Oversight Board  
of the Successor Agency to Simi Valley  
Community Development Agency

ATTEST:

\_\_\_\_\_  
Brian P. Gabler, Oversight Board Secretary