

SUCCESSOR AGENCY RESOLUTION NO. 6

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE RECEIVING THE INDEPENDENT ACCOUNTANT'S REPORT REGARDING THE NON-HOUSING DUE DILIGENCE REVIEW CONDUCTED PURSUANT TO SECTION 34179.5 AND AUTHORIZING STAFF TO TRANSMIT THE REPORT, ALONG WITH THE PREVIOUSLY APPROVED RECOGNIZED OBLIGATION PAYMENT SCHEDULES, TO THE OVERSIGHT BOARD AND TO THE COUNTY AUDITOR-CONTROLLER, COUNTY ADMINISTRATIVE OFFICE, STATE CONTROLLER'S OFFICE AND DEPARTMENT OF FINANCE PURSUANT TO SECTION 34179.6 OF THE DISSOLUTION ACT

WHEREAS, the Community Development Commission of the City of South Gate ("Agency") previously was a public body, corporate and politic formed, organized, existing and exercising its powers pursuant to Section 34100, *et seq.* of the California Health and Safety Code, and exercised the powers, authority, functions, jurisdiction of a community redevelopment agency formed, organized, existing and exercising its powers pursuant to the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.* ("CRL"), and specifically formed by the City Council ("City Council") of the City of South Gate ("City"); and

WHEREAS, Assembly Bill xl 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 Community Development Commission of the City of South Gate ("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, pursuant to Section 34179 the Successor Agency's Oversight Board has been formed and the initial meeting has occurred on April 23, 2012; and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, Sections 34177(m), and 34179 provide that each Recognized Obligation Payment Schedule is prepared, submitted to reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board; and

WHEREAS, by Resolution the Successor Agency and then the Oversight Board previously approved the first, second and third ROPS in the form attached to the resolution approving each such respective ROPS; and

WHEREAS, no further action is required by the Successor Agency as to the first, second and third ROPS in connection with its actions on the non-housing due diligence review report hereunder; and

WHEREAS, Section 34179.5 requires the Successor Agency to employ a licensed accountant approved by the Los Angeles County Auditor-Controller to perform a due diligence review and report on the amount of funds transferred from the former Community Development Commission of the City of South Gate; and

WHEREAS, on July 31, 2012, the Los Angeles County Auditor-Controller provided written approval to Successor Agency staff of their selection of Lance Soll and 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 and Lunghard LLP has completed the non-housing due diligence review and report a copy of which is attached hereto and incorporated by this reference; and

WHEREAS, Section 34179.6 sets forth the steps to be taken by the Successor Agency and then by the Oversight Board relating to the due diligence review report:

“The review required pursuant to Section 34179.5 shall be submitted to the oversight board for review. The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the review to the oversight board for review.

(a) ... by December 15, 2012, each successor agency shall provide to the oversight board, the county auditor-controller, the Controller, and the Department of Finance the results of the review ...

(b) Upon receipt of the review, the oversight board shall convene a public comment session to take place at least five business days before the oversight board holds the approval vote specified in subdivision (c). The oversight board also shall consider any opinions offered by the county auditor-controller on the review results submitted by the successor agencies.

(c) ... by January 15, 2013, for [the non-housing] funds and accounts, the oversight board shall review, approve, and transmit to the department and the county auditor-controller...”; and

[Remainder of page left blank intentionally]

WHEREAS, LSL and the Successor Agency's consultant RSG both recommend that \$452,414 be directed by the Oversight Board to be retained by the Successor Agency to pay enforceable obligations due to a shortfall of property tax funds evidenced by projections therefore; and

WHEREAS, due to the ambiguity of Section 34179.6, all three previously approved ROPS will be appended with the transmittal by the Successor Agency of the non-housing due diligence review report;

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE 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 Successor Agency receives the Non-Housing Due Diligence Review Report as submitted herewith as "Attachment A."

SECTION 3. The Successor Agency authorizes transmittal of the Non-Housing Due Diligence Review Report to the Oversight Board for its review and approval and also directs staff to send such report to the County Auditor-Controller, County Administrative Officer, State Controller's Office and Department of Finance, as required by Section 34179.6. Further, based on LSL and RSG's review, the Successor Agency shall inform the Oversight Board of their recommendations that \$452,414 be directed by the Oversight Board to be retained by the Successor Agency to pay enforceable obligations due to a shortfall of property tax funds evidenced by projections therefore.

[Remainder of page left blank intentionally]

SECTION 4. The Successor Agency further directs staff to append to the transmittal of the Non-Housing Due Diligence Review Report copies of all three previously approved Recognized Obligation Payment Schedules, attached hereto as "Attachment B" and incorporated by this reference.

SECTION 5. The Assistant City Manager/Finance Director or his authorized designee is directed to post this Resolution on the Successor Agency website pursuant to the Dissolution Act.

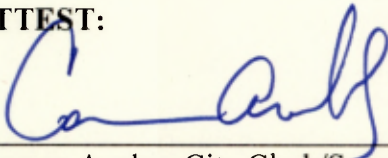
SECTION 6. The City Clerk shall certify to the adoption of this Resolution which shall be effective upon its adoption.

APPROVED AND ADOPTED this 27th day of November 2012.



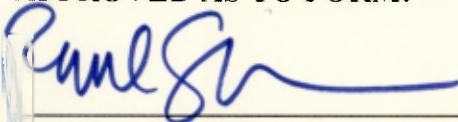
W.H. (Bill) De Witt, Chair
Successor Agency to the Community
Development Commission of the City of
South Gate

ATTEST:



Carmen Avalos, City Clerk ~~Secretary~~
Successor Agency to the Community Development
Commission of the City of South Gate
(SEAL)

APPROVED AS TO FORM:



Paul F. Salinas, General Counsel
Successor Agency to the Community Development
Commission of the City of South Gate



ATTACHMENT A

**Successor Agency of the Former
South Gate Community Development Commission**

**Due Diligence Review
of the Other Redevelopment Agencies Funds
Pursuant to Sections 34179.5(c)(1) through 34179.5(c)(6)
of Assembly Bill No. 1484 of 2012**

Lance Soll & Lunghard, LLP

Orange County
Silicon Valley
Temecula Valley

www.lslcpas.com

Successor Agency of the Former
South Gate Community Development Commission

Due Diligence Review
of the Other Redevelopment Agency Funds
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CERTIFIED PUBLIC ACCOUNTANTS

- * Brandon W. Burrows, CPA
- * David E. Hale, CPA, CFP
A Professional Corporation
- * Donald G. Slater, CPA
- * Richard K. Kikuchi, CPA
- * Susan F. Matz, CPA
- * Shelly K. Jackley, CPA
- * Bryan S. Gruber, CPA
- * Deborah A. Harper, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES

To the Successor Agency of the
Former South Gate Community Development Commission
City of South Gate, California

We have performed the procedures enumerated in Attachment A for the Other Redevelopment Agency Funds, which were agreed to by the California State Controller's Office and the State of California Department of Finance (State Agencies) solely to assist you in ensuring that the dissolved redevelopment agency is complying with Assembly Bill 1484, Chapter 26, Section 17's amendment to health and safety code 34179.5. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Management of the successor agency is responsible for providing all the information obtained in performing these procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

As stated above, the scope of this engagement was limited to performing the procedures identified in Attachment A, which specified the "List of Procedures for the Due Diligence Review" obtained from the California Department of Finance Website.

The results of the procedures performed are identified in Attachment B1 through B11.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of a certified opinion as to the appropriateness of the results of the procedures performed. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to the Successor Agency.

This report is intended solely for the information and use of the Successor Agency Oversight Board, the Successor Agency and the applicable State Agencies, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Lance, Soll & Lunghard, LLP

Brea, California
November 6, 2012