

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE AVALON
COMMUNITY IMPROVEMENT AGENCY

MEETING DATE: January 3, 2013

AGENDA ITEM: _____

ORIGINATING DEPARTMENT: Successor Agency

CITY MANAGER: _____

PREPARED BY: Denise Radde

SUBJECT: Public Comment Session on Due Diligence Review #2 – Non-housing
Funds

RECOMMENDED ACTION

That the Oversight Board, pursuant to Health and Safety Code (“HSC”) Section 34179.6(b), convene a public comment session on the Due Diligence Review of the non-housing funds of the former Avalon Community Improvement Agency (“ACIA”) prepared and transmitted to the Oversight Board, Los Angeles County Auditor-Controller (“County Auditor-Controller”), California Department of Finance (“DOF”), and State Controller’s Office (“SCO”) in accordance with Health and Safety Code Section 34179.6(a).

BACKGROUND

DUE DILIGENCE REVIEW #1 – LOW AND MODERATE INCOME HOUSING FUND

HSC Section 34179.5 requires the Successor Agency of the ACIA (“Successor Agency”) to prepare a Due Diligence Review of the former ACIA’s non-housing funds (“DDR #2”). The requirement for the DDR is new to the ABX1 26 (Chapter 5, Statutes of 2011) wind-down process as a result of AB 1484 (Chapter 26, Statutes of 2012), which took effect on June 27, 2012. The purpose of the DDR is “to determine the unobligated balances available for transfer to taxing entities” from the Low and Moderate Income Housing Fund and all other funds (e.g., Capital Projects Fund, Debt Service Fund). A prior Due Diligence Review of the ACIA’s Low and Moderate Income Housing Fund (“DDR #1”) was prepared, approved by the Oversight Board, submitted to DOF, and approved by DOF during November-December 2012.

The results of DDR #2 were required to be provided to the Oversight Board, County Auditor-Controller, DOF, and SCO by December 15, 2012, and reviewed, approved, and transmitted by the Oversight Board to the County Auditor-Controller and DOF by January 15, 2013. Like a number of other successor agencies in the state, the Avalon Successor Agency, due to staffing and time constraints, was unable to meet the December 15, 2012 deadline. The statute does not carry any penalties for late submittal.

DDR #2 was prepared by Certified Public Accountants at White Nelson Diehl Evans, LLP, who has historically assisted the former ACIA in preparing its annual audit. As required by AB 1484, the County Auditor-Controller approved preparation of the DDRs by White Nelson Diehl Evans prior to work commencing.

Upon receipt of DDR #2 by the Oversight Board, the Board is required to “convene a public comment session to take place at least five business days before the oversight board holds the approval vote. The oversight board also shall consider any opinions offered by the county auditor-controller on the review results submitted by the successor agencies” (HSC Section 34179.6(b)). Successor Agency staff is recommending that the Oversight Board convene the required public comment session on January 3, 2013 and hold a subsequent approval vote on DDR #2 at least business days following the public comment session.

No specific Oversight Board action is required at this time, other than convening the public comment session.

TIMELINE FOR DDR #2 AND FINDING OF COMPLETION

DOF must complete its review of DDR #2 by April 1, 2013. Once DDR #1 and DDR #2 are both completed and cash balances are distributed, the Successor Agency will be eligible to receive a “Finding of Completion,” which has specified benefits.

ENVIRONMENTAL REVIEW

The action taken by the Oversight Board to hold a public comment session on DDR #2 does not commit the Oversight Board to any actions that may have a significant effect on the environment. As a result, such actions do not constitute projects subject to the requirements of the California Environmental Quality Act.

FISCAL IMPACT

There are no anticipated fiscal impacts from convening the required public comment session. Since the majority of the Successor Agency’s non-housing funds are committed to debt service payments, staff anticipates minimal fiscal impact from the loss of unobligated funds distributed to taxing entities. The City is also a taxing entity and will receive a pro rata share of the distribution of any funds.

Attachment:

- A. DDR #2 Agreed Upon Procedures Report Prepared by White Nelson Diehl Evans