

# **REDWOOD CITY REDEVELOPMENT AGENCY**

## **ASSET TRANSFER REVIEW**

### Review Report

*January 1, 2011, through January 31, 2012*



**JOHN CHIANG**  
California State Controller

December 2014



**JOHN CHIANG**  
*California State Controller*

December 31, 2014

Robert Bell, City Manager  
Redwood City Redevelopment/Successor Agency  
1017 Middlefield Road  
Redwood City, CA 94063

Dear Mr. Bell:

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the Redwood City Redevelopment Agency (RDA) to the City of Redwood City (City) or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether the asset should be turned over to the Successor Agency.

Our review applied to all assets including, but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers of assets to the City or any other public agencies have been reversed.

Our review found that the RDA transferred \$49,481,853 in assets after January 1, 2011, including unallowable transfers totaling \$20,717,717, or 41.87% of transferred assets. The unallowable transfers included \$7,620,508 to the City and \$13,097,209 to the Entity Assuming the Housing Functions.

However, on June 30, 2012, the City turned over \$7,265,664 in assets, and on May 31, 2012, the Entity Assuming the Housing Functions turned over \$144,472 in assets, to the Successor Agency.

In addition, on May 18, 2012, and December 27, 2012, the City remitted \$2,679,821 in unencumbered cash to the San Mateo County Auditor-Controller for distribution to the taxing entities. Therefore, the remaining \$10,627,760 in unallowable transfers must be turned over to the Successor Agency.

If you have any questions, please contact Elizabeth González, Chief, Local Government Compliance Bureau, by telephone at (916) 324-0622.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/kw

cc: Brian Ponty, Finance Director  
City of Redwood City  
Alison Freeman, Financial Services Manager  
City of Redwood City  
David Holland, Oversight Board Chair  
Redwood City Redevelopment/Successor Agency  
Bob Adler, CPA, Auditor-Controller  
San Mateo County  
David Botelho, Program Budget Manager  
California Department of Finance  
Richard J. Chivaro, Chief Legal Counsel  
State Controller's Office  
Elizabeth González, Bureau Chief  
Division of Audits, State Controller's Office  
Betty Moya, Audit Manager  
Division of Audits, State Controller's Office  
Anita Bjelobrk, Auditor-in-Charge  
Division of Audits, State Controller's Office

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# Asset Transfer Review Report

## Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Redwood City Redevelopment Agency (RDA) after January 1, 2011. Our review included, but was not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payments of any kind from any source.

Our review found that the RDA transferred \$49,481,853 in assets after January 1, 2011, including unallowable transfers totaling \$20,717,717, or 41.87% of transferred assets. The unallowable transfers included \$7,620,508 to the City and \$13,097,209 to the Entity Assuming the Housing Functions.

However, on June 30, 2012, the City turned over \$7,265,664 in assets, and on May 31, 2012, the Entity Assuming the Housing Functions turned over \$144,472 in assets, to the Successor Agency.

In addition, on May 18, 2012, and December 27, 2012, the City remitted \$2,679,821 in unencumbered cash to the San Mateo County Auditor-Controller for distribution to the taxing entities. Therefore, the remaining \$10,627,760 in unallowable transfers must be turned over to the Successor Agency.

## Background

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget. The Governor's proposal was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor on June 28, 2011.

ABX1 26 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA Successor Agencies to oversee dissolution of the RDAs and redistribution of RDA assets.

A California Supreme Court decision on December 28, 2011 (*California Redevelopment Association et al. v. Matosantos*), upheld ABX1 26 and the Legislature's constitutional authority to dissolve the RDAs.

ABX1 26 was codified in the Health and Safety (H&S) Code beginning with section 34161.

H&S Code section 34167.5 states, in part, ". . .the Controller is required to review the activities of redevelopment agencies in the State to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency."

The SCO has identified asset transfers that occurred after January 1, 2011, between the RDA, the City, and/or other public agencies. By law, the SCO is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABX1 26, be turned over to the Successor Agency. In addition, the SCO may file a legal action to ensure compliance with this order.

## **Objective, Scope, and Methodology**

Our review objective was to determine whether asset transfers that occurred after January 1, 2011, and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the city or county, or city and county that created an RDA or any other public agency, and the RDA, were appropriate.

We performed the following procedures:

- Interviewed Successor Agency personnel to gain an understanding of the Successor Agency operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the RDA, the Successor Agency, the City Council, and the Oversight Board.
- Reviewed accounting records relating to the recording of assets.
- Verified the accuracy of the Asset Transfer Assessment Form. This form was sent to all former RDAs to provide a list of all assets transferred between January 1, 2011, and January 31, 2012.
- Reviewed applicable financial reports to verify assets (capital, cash, property, etc.).

## **Conclusion**

Our review found that the Redwood City Redevelopment Agency transferred \$49,481,853 in assets after January 1, 2011, including unallowable transfers totaling \$20,717,717, or 41.87% of transferred assets. The unallowable transfers included \$7,620,508 to the City and \$13,097,209 to the Entity Assuming the Housing Functions.

However, on June 30, 2012, the City turned over \$7,265,664 in assets, and on May 31, 2012, the Entity Assuming the Housing Functions turned over \$144,472 in assets, to the Successor Agency.

In addition, on May 18, 2012, and December 27, 2012, the City remitted \$2,679,821 in unencumbered cash to the San Mateo County Auditor-Controller for distribution to the taxing entities. Therefore, the remaining \$10,627,760 in unallowable transfers must be turned over to the Successor Agency.

Details of our findings are described in the Findings and Orders of the Controller section of this report.

**Views of  
Responsible  
Officials**

We issued a draft review report on September 3, 2014. Robert B. Bell, City Manager, responded by letter dated September 19, 2014, disagreeing with the review results. The City's response is included in this final review report as an attachment. The City's response references a finding related to the housing assets. Part of the finding was eliminated due to a subsequent court ruling.

**Restricted Use**

This report is solely for the information and use of the City of Redwood City, the Successor Agency, the Entity Assuming the Housing Functions, the Oversight Board, and the SCO; it 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 when issued final.

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

December 31, 2014

# Findings and Orders of the Controller

## **FINDING 1— Unallowable asset transfers to the City of Redwood City**

The Redwood City Redevelopment Agency (RDA) made unallowable asset transfers of \$7,620,508 to the City of Redwood City (City). The transfers occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

Unallowable asset transfers were as follows:

- On March 8, 2011, the RDA transferred \$3,331,208 in land held for resale to the City.
- On March 8, 2011, the RDA transferred \$3,126,664 in capital assets to the City.
- On various dates, the RDA transferred \$1,162,636 in cash to the City. These were loan repayments for a City-RDA loan agreement. Two of these payments were according to an amortization schedule, for \$177,422 each.

Pursuant to Health and Safety (H&S) Code section 34167.5, the RDA may not transfer assets to a city, county, city and county, or any other public agency after January 1, 2011. The assets must be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177(d) and (e).

### Order of the Controller

Pursuant to H&S Code section 34167.5, the City is ordered to reverse the transfers in the amount of \$7,620,508 and turn over the assets to the Successor Agency.

However, on June 30, 2012, the following actions were taken:

- The City turned over \$3,331,208 in land held for resale to the Successor Agency.
- The City turned over \$3,126,664 in capital assets to the Successor Agency.
- The City turned over \$807,792 in loan repayments to the Successor Agency.

Therefore, the remaining \$354,844 in unallowable transfers must be turned over to the Successor Agency.

### City's Response

The Successor Agency disagrees with the SCO's determinations in the Draft Report. See Attachment for the City's full response.



### SCO's Comments

Despite the subsequent approval of those loan repayments as enforceable obligations by the Oversight Board and the Department of Finance, the SCO's authority under H&S Code section 34167.5 extends to all assets transferred after December 31, 2010, by the RDA to the city or county, or city and county that created the RDA, or any other public agency. This authority is not limited by the other provisions of the RDA dissolution legislation. As a result, loan repayments made by the RDA to the City during the period of January 1, 2011, through January 31, 2012, were unallowable.

With regard to the total loan balance owed by the RDA to the City, repayments are to be made through the Recognized Obligation Payment Schedule process.

The Finding and the Order of the Controller remains as stated.

### **FINDING 2— Unallowable asset transfers to the Entity Assuming the Housing Functions**

The RDA made an unallowable asset transfer of \$13,097,209 in cash to the Entity Assuming the Housing Functions. The transfer occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

On January 31, 2012, the RDA transferred \$10,272,916 to the Housing Fund-Legal Aid Society. According to the City, this asset was encumbered to the Legal Aid Society, which is a not-for-profit organization in San Mateo County. However, documentation provided by the City did not indicate that this asset was encumbered to the Legal Aid Society; therefore, the amount is considered to be unencumbered cash.

Pursuant to Health and Safety (H&S) Code section 34175(b), the RDA is required to transfer all assets, including housing assets, to the Successor Agency.

H&S Code section 34175(b) states that all assets, properties, contracts, leases, books and records, buildings, and equipment of the former redevelopment agency are transferred on February 1, 2012, to the control of the successor agency, for administration pursuant to the provisions of this part. This includes all cash or cash equivalents and amounts owed to the redevelopment agency as of February 1, 2012.

Additionally, H&S Code section 34181(c) requires the oversight board to direct the Successor Agency to transfer housing assets pursuant to section 34176.

Also, pursuant to H&S Code section 34177(d), the Successor Agency is to, "Remit unencumbered balances of redevelopment agency funds to the county auditor-controller for distribution to the taxing entities, including,

but not limited to, the unencumbered balance of the Low and Moderate Income Housing Fund of a former redevelopment agency . . . for allocation and distribution . . . [in accordance with] . . . section 34188.”

#### Order of the Controller

Pursuant to H&S Code section 34167.5, the Entity Assuming the Housing Functions is ordered to turn over the assets, in the amount of \$13,097,209, to the Successor Agency.

However, the following actions were taken:

- On May 18, 2012, the Entity Assuming the Housing Functions remitted \$782,271 in unencumbered cash to the San Mateo County Auditor-Controller.
- On May 31, 2012, the Entity Assuming the Housing Functions turned over \$144,472 in cash to the Successor Agency.
- On December 27, 2012, the Entity Assuming the Housing Functions remitted \$1,897,550 in unencumbered cash to San Mateo County in compliance with the Department of Finance’s Due Diligence Review.

Therefore, the remaining \$10,272,916 in unallowable transfers must be turned over to the Successor Agency.

#### City’s Response

The Successor Agency disagrees with the SCO’s determination in Finding 2. See Attachment for the City’s full response.

#### SCO’s Comments

The transfer to the City of \$10,272,916 occurred on January 31, 2012, and the cash was not encumbered to a third party. Therefore, the transfer is unallowable.

The city claims that the cash is encumbered to the Legal Aid Society and that the City established a fund to hold the cash for the Legal Aid Society, as did the RDA, in the Low- and Moderate-Income Housing Fund. However, the documentation that the City provided does not show that the cash was encumbered to the Legal Aid Society.

The documentation shows that cash was set aside in case the Legal Aid Society ever needed it for relocation purpose of low and moderate income families. The Legal Aid Society did not encumber any of the \$10,272,916 to a third party.

**Schedule 1—  
Unallowable Asset Transfers to  
the City of Redwood City  
January 1, 2011, through January 31, 2012**

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## Unallowable transfers of land held for resale:

March 8, 2011	707 Bradford Street purchased 04-05 (Fund 806)	\$ 1,127,438
March 8, 2011	707 Bradford Street purchased 04-05 (Fund 803)	293,106
March 8, 2011	611 Heller Street purchased 07-08; 053-155-050	710,241
March 8, 2011	777 Bradford Street purchased 06-07	<u>1,200,423</u>
	Subtotal	<u>3,331,208</u>

## Unallowable transfers of capital assets:

March 8, 2011	RDA's share of the cost of underground parking garage land (relocation costs)	2,210,607
March 8, 2011	Library parking facility	560,000
March 8, 2011	Maple Street-Beeger property	350,132
March 8, 2011	APN 053-147-030 Burgman property, APN is now 053-147-040	<u>5,925</u>
	Subtotal	<u>3,126,664</u>

## Unallowable cash transfers to pay outstanding loans for project development:

June 30, 2011	Loan repayment	177,422
January 31, 2012	Loan repayment	177,422
January 31, 2012	Prepayment on a loan	<u>807,792</u>
	Subtotal	<u>1,162,636</u>
	Total unallowable transfers	<u>7,620,508</u>

## The City turned over the following assets to the Successor Agency:

June 30, 2012	Land held for resale transfers	(3,331,208)
June 30, 2012	Capital assets	(3,126,664)
June 30, 2012	Loan repayments	<u>(807,792)</u>
	Total corrective action	<u>(7,265,664)</u>
	Total assets subject to Health and Safety Code section 34167.5	<u>\$ 354,844</u>

**Schedule 2—  
Unallowable Asset Transfers to  
the Entity Assuming the Housing Functions  
January 1, 2011, through January 31, 2012**

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## Unallowable transfers:

January 31, 2012	Cash	\$ 2,824,293
January 31, 2012	Cash (Housing Fund-Legal Aid Society)	<u>10,272,916</u>
	Total assets subject to Health and Safety Code section 34167.5	<u>\$ 13,097,209</u>
May 18, 2012	Unencumbered cash remitted to the San Mateo County Auditor-Controller	\$ (782,271)
May 31, 2012	Cash turned over to the Successor Agency	(144,472)
December 27, 2012	Unencumbered cash remitted to the San Mateo County Auditor-Controller	<u>(1,897,550)</u>
	Total corrective action	<u>(2,824,293)</u>
	Total assets subject to Health and Safety Code section 34167.5	<u>\$ 10,272,916</u>

**Attachment—  
City's Response to  
Draft Review Report**

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Office of the City Manager



1017 Middlefield Road  
Redwood City, California 94063  
Telephone: (650) 780-7300  
Fax: (650) 780-7225  
[www.redwoodcity.org](http://www.redwoodcity.org)

September 19, 2014

Mr. Jeffrey V. Brownfield  
Chief, Division of Audits  
State Controller's Office  
P.O. Box 942850  
Sacramento, CA 94250-5874

Re: Redwood City Redevelopment Agency Asset Transfer Review Report

Dear Mr. Brownfield:

The Successor Agency to the former Redwood City Redevelopment Agency (the "Successor Agency") is in receipt of the draft "Redwood City Redevelopment Agency Asset Transfer Review Report", which the Successor Agency received September 11, 2014, prepared by the State Controller's Office (the "SCO") in connection with the requirements set forth in Health and Safety Code Section 34167.5 (the "Draft Report"). The City appreciates the professionalism and expertise of the SCO staff who worked diligently to review all of the records requested by the SCO.

In the letter transmitting the Draft Report, the SCO provides the Successor Agency an opportunity to submit any comments concerning the Draft Report within 10 calendar days after receipt of the letter (or by September 21, 2014). The Successor Agency strongly disagrees with the SCO's determinations in the Draft Report and respectfully submits this letter as the Successor Agency's written comments on the specified findings of the Draft Report.

Finding 1

Finding 1 states that \$354,844 in transfers made from the former Redwood City Redevelopment Agency ("RDA") to the City of Redwood City (the "City") are unallowable. These transfers consist of scheduled loan repayments made pursuant to a loan agreement between the City and the RDA dated January 1, 2005 in which bond proceeds were loaned by the City to the RDA for various projects. The two scheduled loan repayments referenced by the SCO, each in the amount of \$177,422, were due June 30, 2011 and December 31, 2011 (paid January 2012), before the February 1, 2012 effective date of dissolution of Redevelopment Agencies. The loan obligation was listed on the approved EOP's and ROP's during fiscal year 2011-12.

The City and the Successor Agency disagree with the SCO's characterization of these loan repayments as "transferred assets" because they are required payments pursuant to a valid and legal loan agreement between the RDA and the City, and the subject loan fell within the definition of "enforceable obligation"

at the time of the payments. Health & Safety Code Section 34167(f) mandated that the RDA continue to make payments due for enforceable obligations. The loan between the RDA and the City was an enforceable obligation under the express terms of AB 1484 at the time the payments were made between June 30, 2011 and January 31, 2012 per the terms of the existing loan agreement. Although the SCO has authority under Health & Safety Code Section 34167.5 to review asset transfers made between January 1, 2011 and January 31, 2012, and to order the unwinding of asset transfers in the proper case, the SCO has no authority nor jurisdiction to order the unwinding of a Redevelopment Agency's performance of its enforceable obligations such as the loan payments made by the RDA and included in Finding 1 of the Review Report.

In addition, the Successor Agency notes that the payments on these same obligations were reviewed and not questioned by the Department of Finance ("DOF") when it reviewed the Other Funds and Accounts Due Diligence Review. A copy of DOF's March 26, 2013 determination letter is enclosed (Attachment 1). (The Successor Agency made the payment DOF determined to be owed of \$334,634 on March 29, 2013.)

#### Finding 2

Finding 2 states that \$17,506,067 in transfers made from the RDA to the City are unallowable. These transfers consist of cash restricted for housing purposes per an agreement with the Legal Aid Society in the amount of \$10,272,916 (currently under litigation), loans receivable in the amount of \$4,433,600, advances to other funds in the amount of \$2,250,270 and deferred interest receivable on the loans in the amount of \$549,281, which were all assets of the former Low and Moderate Income Housing Fund. Upon dissolution of the RDA, the City opted to become the housing successor for the dissolved RDA pursuant to Health and Safety Code Section 34176, and subsequently created the Low and Moderate Income Housing Asset Fund to which the aforementioned housing assets were transferred. Because the transfer of the housing assets occurred by operation of law and before the Successor Agency's Oversight Board was constituted, the transfer is not of the type which was intended to be reversed under Health and Safety Code Section 34176.5.

In accordance with Health and Safety Code Section 34181(c), the Oversight Board has the authority to authorize and direct the transfer of the housing assets. At the Oversight Board meeting of February 13, 2014, the Oversight Board approved by resolution OB-14-03 (Attachment 2) the transfer to the City of Redwood City, as the Housing Successor to the former RDA, Housing Assets totaling \$7,233,152 consisting of \$4,433,601 housing loans receivable, \$549,281 deferred interest receivable, and \$2,250,270 advances to other funds. The Oversight Board's ratification of the transfer of the Housing Assets to the City makes the SCO's proposed order in the Draft Report regarding the Housing Assets moot.

In addition, the Successor Agency and the City of Redwood City, as the Housing Successor, are challenging a determination by the DOF pursuant to its review of the Low and Moderate Income Housing Fund Due Diligence Review that \$10,272,916 should be remitted to the County Auditor-Controller for payment to the taxing entities. That money was set aside pursuant to an agreement with the Legal Aid Society of San Mateo County for the express purpose of providing affordable housing. The Legal Aid Society, in a separate lawsuit consolidated with that of the Redwood City Successor Agency and City, as Housing Successor, is also challenging that determination. The cases are on appeal in the Court of Appeal, Third Appellate District.

The City and the Successor Agency believe that both former Redevelopment Law and the current Dissolution Law prevent the SCO from requiring that the assets set forth in the Draft Report be returned to the Successor Agency, and respectfully request that the SCO revise the Draft Report accordingly.

The City and the Successor Agency reserve all rights to raise other legal arguments with respect to the Draft Report as may be necessary. If you have any questions, please contact Alison Freeman at (650) 780-7071.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert B. Bell". The signature is fluid and cursive, with the first name "Robert" and last name "Bell" clearly distinguishable.

Robert B. Bell  
City Manager

Attachments:

1. DOF's March 26, 2013 determination letter.
2. Resolution OB-14-03.





DEPARTMENT OF  
**FINANCE**

Attachment 1

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

March 26, 2013

Mr. Brian Ponty, Finance Director  
City of Redwood City  
1017 Middlefield Road  
Redwood City, CA 94063

Dear Mr. Ponty:

Subject: Other Funds and Accounts Due Diligence Review

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Redwood City Successor Agency (Agency) submitted an Oversight Board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on January 14, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Pursuant to HSC section 34179.6 (d), Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

Based on our review, Finance made no adjustments to the OFA balance available for allocation to the affected taxing entities. As a result, the Agency's OFA balance available for distribution to the affected taxing entities is \$334,634.

HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified above within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, it is requested you provide proof of payment to Finance within five business days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and

Mr. Brian Ponty  
March 26, 2013  
Page 2

Attachment 1

the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Please direct inquiries to Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Allison Freeman, Financial Services Manager, City of Redwood City  
Mr. Robert Adler, Auditor Controller, San Mateo County  
Ms. Shirley Tourel, Manager, Auditor Controller's Office, San Mateo County  
California State Controller's Office

02/13/2014

**ORIGINAL**

**RESOLUTION NO. OB-14-03**

**RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDWOOD CITY REDEVELOPMENT AGENCY APPROVING AND RATIFYING THE TRANSFER OF HOUSING ASSETS TO THE CITY OF REDWOOD CITY AS THE HOUSING SUCCESSOR AGENCY**

**WHEREAS**, under AB X1 26, enacted by the California State Legislature and signed by the Governor as part of the 2011-2012 State budget, 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., as may be amended, the "Dissolution Act") and, in accordance therewith, all redevelopment agencies in the State of California, including the Redwood City Redevelopment Agency ("Redevelopment Agency"), were dissolved as of February 1, 2012; and

**WHEREAS**, in compliance with the Dissolution Act, the City of Redwood City ("City") determined it would serve as the Housing Successor to the Redwood City Redevelopment Agency effective February 1, 2012; and

**WHEREAS**, the Oversight Board of the Successor Agency to the Redwood City Redevelopment Agency ("Oversight Board") has been established pursuant to Section 34179 of the Dissolution Act to oversee the Successor Agency's actions in winding down the affairs of the Redevelopment Agency in accordance with the Dissolution Act; and

**WHEREAS**, the State Controller's Office conducted a review of the dissolved Redevelopment Agency's assets and determined that the Oversight Board did not

approve the transfer of the housing assets to the City of Redwood City as the Housing Successor Agency; and

**WHEREAS**, the Successor Agency requests that the Oversight Board approve and direct, and thereby ratify, the transfer of the following housing assets to the City of Redwood City as the Housing Successor for the dissolved Agency:

Loans Receivable	\$4,433,601
Interest Receivable	549,281
SERAF Advance Receivable	<u>2,250,270</u>
Total Housing Assets	<u>\$7,233,152</u>

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDWOOD CITY REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:**

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

**Section 2.** The Oversight Board hereby approves and directs, and thereby ratifies, the transfer of the housing assets, including the Loans Receivable, Interest Receivable, and SERAF Advance Receivable as identified above, to the City of Redwood City as the Housing Successor Agency for the dissolved Agency.

**Section 3.** This resolution takes effect upon adoption.

\* \* \*

Passed and adopted by the Oversight Board of the City of Redwood City at an Oversight Board Meeting of the City of Redwood City Meeting held on the 13th day of February, 2014 by the following votes:


A YES, and in favor of the passage and adoption of the foregoing resolution,

Board Members: Abbors, Christensen, Lyon, Navas, and Chair Holland

NOES: None

ABSTAIN: None

ABSENT: Harris, Aguirre, and Roberts

Attest:  
  
\_\_\_\_\_  
Silvia Vanderlinden  
City Clerk of Redwood City

  
\_\_\_\_\_  
David Holland  
Chair, Oversight Board

I hereby approve the foregoing resolution this 13th day of February 2014.

  
\_\_\_\_\_  
David Holland  
Chair, Oversight Board

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