

RESOLUTION NO. 3

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED SHAFTER COMMUNITY DEVELOPMENT AGENCY, APPROVING THE REPORT ON THE DUE DILIGENCE REVIEW FOR THE LOW AND MODERATE INCOME HOUSING FUND AND DETERMINING THE AMOUNT OF CASH AND CASH EQUIVALENTS THAT ARE AVAILABLE FOR DISBURSEMENT TO THE TAXING ENTITIES

WHEREAS, Health and Safety Code Section 34179.5 requires the Successor Agency to the Dissolved Shafter Community Development Agency ("Successor Agency") to hire a licensed accountant, approved by the County Auditor-Controller, to conduct a Due Diligence Review to determine the unobligated balances available for transfer to taxing entities; and

WHEREAS, Pun & McGeady, LLP conducted a review of the Low and Moderate Income Housing Fund to meet the requirements of Section 34179.5, and prepared a Report on that review; and

WHEREAS, pursuant to Health and Safety Code Section 34179.6(a), by October 1, 2012, the Successor Agency must provide the Oversight Board, County Auditor-Controller, State Controller, and the Department of Finance, the results of the Due Diligence Review of the Low and Moderate Income Housing Fund; and

WHEREAS, following receipt of the Report, the Oversight Board is required to convene a public comment session, to be held not less than 5 days prior to the approval vote by the Oversight Board; and

WHEREAS, the Oversight Board held a public comment session on the Due Diligence Review on September 27, 2012; and

WHEREAS, by October 15, 2012, for the Low and Moderate Income Housing Fund, the Oversight Board must review, approve, and transmit to the Department of Finance and the County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities; and

WHEREAS, Section 34179.6 empowers the Oversight Board to authorize the Successor Agency to retain certain assets or funds, such as restricted funds, including bond or grant funds or cash funds that are required to fund an enforceable obligation, physical assets such as equipment or land; and funds to satisfy obligations that will be placed on the Recognized Obligation Payment Schedule for the current fiscal year; and

WHEREAS, an oversight board that makes that authorization must 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, the determination and authorization to retain funds and assets is then subject to the review and approval of the Department of Finance;

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

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The action of the Oversight Board to approve the Report on the Due Diligence Review, authorize the Successor Agency to retain certain assets and funds, and determine the cash and cash equivalents that are available for disbursement to the taxing entities does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

Section 3. Approval of Retention of Assets and Funds. Following its review of the Report on the Due Diligence Review, and the public comments received during the public comment session held on the Due Diligence Review, and pursuant to Health and Safety Code Section 34179.6(c), the Oversight Board hereby approves and authorizes the Successor Agency to retain those assets and funds identified in Exhibit A, attached hereto and incorporated herein by reference. The Oversight Board further approves the purposes for which those funds are being retained, as set forth in the attached Exhibit A.

Section 4. Determination of Cash and Cash Equivalents Available for Disbursement to Taxing Entities. The Oversight Board hereby approves the Report on the Due Diligence Review of the Successor Agency's Low and Moderate Income Housing Fund, in substantially the form on file with the Secretary of the Oversight Board. Based on the information contained in the Report, and those assets and funds to be retained by the Successor Agency as set forth in Exhibit A, the Oversight Board hereby determines that the amount of cash and cash equivalents available for disbursement to the taxing entities is \$190,016, as set forth in the calculation on Exhibit G of the Report on the Due Diligence Review of the Successor Agency's Low and Moderate Income Housing Fund and incorporated herein by reference.

Section 5. Submittal to Department of Finance. The Oversight Board hereby directs staff to submit to the Department of Finance and the County Auditor Controller, by October 15, 2012, a copy of the Report and the information on the cash and assets the Oversight Board has determined should be retained by the Successor Agency and the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities, as set forth in Exhibits A and B, attached hereto.

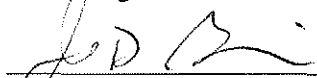
Section 6. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid

provision or application, and to this end, the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 7. Certification. The City Clerk of the City of Shafter, acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

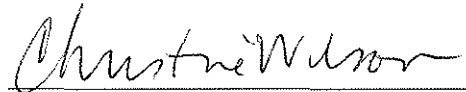
Section 8. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED AND ADOPTED this 9th day of October, 2012 by the following vote:



John D. Guinn, Oversight Board Chairman

ATTEST:



Christine Wilson
Oversight Board Secretary

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE DISSOLVED SHAFTER COMMUNITY DEVELOPMENT AGENCY
RESOLUTION NO. 3**

EXHIBIT A

**LISTING OF ASSETS AND FUNDS TO BE RETAINED
BY THE SUCCESSOR AGENCY**

1. Unspent bond proceeds totaling \$803,511 originally from a 2006 tax allocation bond issuance by the Shafter Community Development Agency being retained for the purposes outlined in the bond indenture agreement, which states the required use of the proceeds is to fund the acquisition, planning, design, construction, improvement and equipping of projects to benefit the Project Area.

2. Land, a non-liquid asset not available for distribution, with a total cost basis of \$1,438,610 including the following Assessor Parcel Numbers: 028-252-22-9, 028-252-21-1, 026-720-02, 026-720-03, 026-720-04, 06-720-05, 026-720-06, 026-720-07, 026-720-08, 026-720-09, 026-720-10, 026-720-11, 026-720-12, 026-720-13, 026-720-14, 028-251-07, and 028-251-08. These assets were purchased with low and moderate income housing funds and transferred to the City of Shafter, the Successor Housing Agency, for future low and moderate income housing projects.

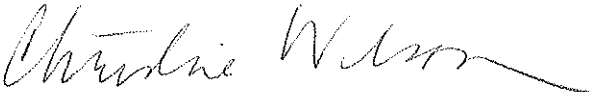
CERTIFICATE OF GOVERNING BODY'S ACTION

STATE OF CALIFORNIA)
) ss.
COUNTY OF KERN)

I, HEREBY CERTIFY that the above and foregoing Resolution No. 3 was duly passed and adopted by the Oversight Board of the Successor Agency to the Dissolved Shafter Community Development Agency at its special meeting held on the 9th day of October, 2012, by the following vote:

AYES: Bray, Guinn, Slayton, Zervis
NOES: None
ABSENT: Gonzalez, Hitchcock, Martin
ABSTAINING: None

DATED: October 9, 2012



Christine Wilson, City Clerk