



City of Calimesa
**Special Joint Meeting of the
City Council & Redevelopment Agency**

AGENDA

Tuesday, January 24, 2012

9:00 a.m.

Norton Younglove Multipurpose Senior Center
908 Park Avenue, Calimesa, CA 92320

Ella Zanowic, Mayor/Agency Member ♦ Bill Davis, Mayor Pro Tem/Agency Chair
Jeff Hewitt, Council Member/Agency Vice-Chair ♦ Jim Hyatt, Council/Agency Member
Joyce McIntire, Council/Agency Member
Randy Anstine, City Manager/Executive Director ♦ Kevin Ennis, City Attorney/Agency Counsel

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting or other services offered by this City, please contact the City Clerk's Office, (909) 795-9801. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Any public writings distributed by the City to at least a majority of the Council/Agency Members regarding any item on this special meeting agenda will be made available at the public counter at City Hall located at 908 Park Avenue, Calimesa, CA 92320

ANNOUNCEMENT REGARDING SPEAKER SLIPS

Anyone wishing to address the City Council/Agency either during "Communications from the Public" or on any item on the agenda should fill out a **blue speaker slip** and give that slip to the City Clerk **prior to the item being heard**. Please write the number of the agenda item or the subject of your presentation on the slip. **Please observe a time limit of three (3) minutes when giving your presentation**. When called upon, please step forward to the microphone, state your name for the record, whom you represent and any statement you wish to make. **Please be advised that you may not defer your three (3) minutes to another speaker.**

CONVENE JOINT CITY COUNCIL AND REDEVELOPMENT AGENCY

To be announced by the Mayor or City Clerk:

"Pursuant to a new amendment to the Brown Act, I am required to announce that Council Members receive a stipend for attendance at Redevelopment Agency Board Meetings. They receive this stipend when they attend an Agency Meeting that is held concurrently or immediately after the Council meeting."

CALL TO ORDER

ROLL CALL: MAYOR/AGENCY MEMBER ZANOWIC, MAYOR PRO TEM/AGENCY CHAIR DAVIS, COUNCILMEMBER/AGENCY VICE-CHAIR HEWITT, COUNCIL/AGENCYMEMBER HYATT, COUNCIL/AGENCYMEMBER MCINTIRE.

STAFF: CITY MANAGER/EXECUTIVE DIRECTOR ANSTINE, CITY ATTORNEY/AGENCY COUNSEL ENNIS, CITY CLERK/AGENCY SECRETARY GERDES, FINANCE DIRECTOR JOHNSTON, REDEVELOPMENT MANAGER VON KLUG AND AL HOLLIMAN, CITY AUDITOR.

PLEDGE OF ALLEGIANCE

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COMMUNICATIONS FROM THE PUBLIC

Anyone wishing to address the Council/Agency on any item within the Council/Agency's jurisdiction that is not on the agenda may do so at this time. This is not a time for Council/Agency Member comment or action, but the Council/Agency may ask questions for clarification or make a referral to staff for factual information to be reported back to the Council/Agency at a later meeting.

APPROVAL OF THE AGENDA

RECOMMENDATION: Move to approve the agenda

Motion _____ Second _____ Vote _____

JOINT CC-RDA BUSINESS ITEMS

1. APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE. [Page 3](#)
RECOMMENDATION: That the City Council adopt Resolution No. 2012-01, a Resolution of the City Council of the City of Calimesa, California, adopting a Recognized Obligation Payment Schedule pursuant to Division 24 of the California Health and Safety Code and taking certain actions in connection therewith.

2. RESOLUTIONS RELATED TO FORGIVENESS OF INDEBTEDNESS. [Page 8](#)
RECOMMENDATION:
 1. **That the Redevelopment Agency adopt RDA Resolution No. 2012-03, a Resolution of the Calimesa Redevelopment Agency pursuant to Assembly Bill 936 concerning forgiveness of loans, advances and other indebtedness.**
 2. **That the City Council adopt Resolution No. 2012-02, a Resolution of the City Council of the City of Calimesa pursuant to Assembly Bill 936 concerning forgiveness of loans, advances and other indebtedness.**

3. APPROVAL OF AMENDED FINANCIAL STATEMENTS FOR FISCAL YEAR 2010-2011. [Page 12](#)
RECOMMENDATION:
 1. **That the Redevelopment Agency adopt RDA Resolution No. 2012-02, a Resolution of the Calimesa Redevelopment Agency approving revised financial statements for fiscal year 2010-2011.**
 2. **That the City Council adopt Resolution No. 2012-03, a Resolution of the City Council of the City of Calimesa approving revised financial statements for fiscal year 2010-2011.**

ADJOURNMENT

Adjourn to the Regular City Council Meeting on Monday, February 6, 2012, at 6:00 p.m.



STAFF REPORT

JOINT CITY COUNCIL & REDEVELOPMENT AGENCY MEETING

SUBJECT: Approval of Recognized Obligation Payment Schedule

MEETING DATE: January 24, 2012

PREPARED BY: Judith Von Klug, Redevelopment Manager

RECOMMENDATION: Staff recommends that the City Council adopt Resolution No. 2012-01 approving its initial Recognized Obligation Payment Schedule to cover the time period from February 1, 2012 through June 30, 2012 and authorizing certain other actions.

SUMMARY/BACKGROUND: AB XI 26, requiring the dissolution of redevelopment agencies and outlining a process to do so, requires that successor agencies to redevelopment agencies approve a schedule that shows its recognized obligation payments and post this schedule on its website and forward a copy to Riverside County, the State Controller, and the Department of Finance.

DISCUSSION: Since it appears likely that redevelopment agencies will be dissolved as of February 1, 2012, and the City of Calimesa has already been designated as the successor agency to the Calimesa Redevelopment Agency per action taken on August 15, 2011, it is appropriate to approve the City's first official Recognized Obligation Payment Schedule. Should dissolution of the Redevelopment Agency be postponed, payments will continue to be made in accordance with the Enforceable Obligation Payment Schedule approved by the Redevelopment Agency on January 17, 2011

FISCAL IMPACT: Approval of the initial Recognized Obligation Payment Schedule will authorize the City to pay the dissolved redevelopment agency's enforceable obligations beginning February 1, 2012.

ATTACHMENTS:

Attachment A: City Resolution No. 2012-01

RESOLUTION NO. 2012-01**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA
ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE
PURSUANT TO DIVISION 24 OF THE CALIFORNIA HEALTH AND
SAFETY CODE AND TAKING CERTAIN ACTIONS IN CONNECTION
THEREWITH**

RECITALS:

A. The Calimesa Redevelopment Agency (the "Agency") is a redevelopment agency in the City of Calimesa (the "City"), created pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (the "Redevelopment Law").

B. The City Council of the City (the "City Council") adopted Ordinance No. 93-23, approving and adopting the redevelopment plan for the Redevelopment Project No. One Project Area, and from time to time, the City Council has amended such redevelopment plan. The City Council adopted Ordinance No. 188 approving and adopting the redevelopment plan for the Redevelopment Project No. 5 Project Area and from time to time, the City Council has amended such redevelopment plan. The City Council adopted Ordinance No. 314 approving and adopting the redevelopment plan for the Redevelopment Project No. 2 Project Area. The Agency is undertaking a program to redevelop the Project Areas.

C. AB X1 26 was signed by the Governor of California on June, 29, 2011, making certain changes to the Redevelopment Law, including adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the California Health and Safety Code. Commencing upon the effectiveness of AB X1 26, AB X1 26 suspended most redevelopment agency activities and, among other things, prohibits redevelopment agencies from incurring indebtedness or entering into or modifying contracts.

D. On December 29, 2011, the California Supreme Court ruled that AB XI 26 was constitutionally valid and set February 1, 2012, as the date of dissolution of all existing redevelopment agencies.

E. AB X1 26 dissolves all existing redevelopment agencies and redevelopment agency components of community development agencies, designates successor agencies to the former redevelopment agencies, and imposes numerous requirements on the successor agencies and subjects successor agency actions to the review of oversight boards established pursuant to the provisions of Part 1.85.

F. On August 15, 2011, the City Council named itself as the successor agency to the Calimesa Redevelopment Agency in the event of the dissolution of the Calimesa Redevelopment Agency and adopted a draft initial recognized obligation payment schedule;

G. In accordance with AB XI 26, the City as successor agency must adopt a recognized obligation payment schedule and submit it to the Department of Finance at least three days before any payments are made.

H. In order to ensure that all obligations of the Calimesa Redevelopment Agency are met in a timely fashion, the City as successor agency wishes to adopt its initial Recognized Obligation Payment Schedule so it is in place as of February 1, 2012.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIMESA HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Resolution is adopted pursuant to AB XI 26.

Section 3. The City Council hereby adopts the Recognized Obligation Payment Schedule attached as Exhibit A to this Resolution and incorporated herein by reference (the "Recognized Obligation Payment Schedule").

Section 4. The City Clerk is hereby authorized and directed to post the Recognized Obligation Payment Schedule on the City's Internet Web site.

Section 5. The Recognized Obligation Payment Schedule may be amended from time to time at any public meeting of the City.

Section 6. The City Clerk is hereby authorized and directed to transmit a copy of the Recognized Obligation Payment Schedule by mail or electronic means to the Riverside County Auditor-Controller, the State Controller, and the California Department of Finance (the "Department of Finance"). A notification providing the Internet Web site location shall suffice.

Section 7. The officers and staff of the City are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including providing documents associated with the Statement of Recognized Obligations to the Department of Finance and the State Controller in the manner of their choosing, and any such actions previously taken by such officers are hereby ratified and confirmed. The City hereby designates the Finance Director or her designee as the official to whom the Department of Finance may make requests for review in connection with the Recognized Obligation Payment Schedule.

Section 8. This Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines. The City has determined that this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this Resolution is an organizational or

administrative activity that will not result in a direct or indirect physical change in the environment. (Guidelines Section 15378(b) (5)).

PASSED, APPROVED AND ADOPTED this 24th day of January, 2012.

ELLA ZANOWIC, MAYOR

ATTEST:

DARLENE GERDES, CITY CLERK

APPROVED AS TO FORM:

KEVIN ENNIS, CITY ATTORNEY



STAFF REPORT

JOINT CALIMESA CITY COUNCIL & REDEVELOPMENT AGENCY MEETING

SUBJECT: Resolutions Related to Forgiveness of Indebtedness

MEETING DATE: January 24, 2012

PREPARED BY: Judith Von Klug, Redevelopment Manager

RECOMMENDATION: Staff recommends:

1. That the Redevelopment Agency adopt RDA Resolution No. 2012-03, a Resolution of the Calimesa Redevelopment Agency pursuant to Assembly Bill 936 concerning forgiveness of loans, advances and other indebtedness.
2. That the City Council adopt Resolution No. 2012-02, a Resolution of the City Council of the City of Calimesa pursuant to Assembly Bill 936 concerning forgiveness of loans, advances and other indebtedness.

SUMMARY/BACKGROUND: Assembly Bill 936, which became effective on January 1, 2012, provides that by February 1, 2012, a redevelopment agency or a public body must adopt a resolution stating whether or not during the period of time from January 1, 2010, through December 31, 2011, the redevelopment agency or public body has forgiven, wholly or partially, the repayment of any loans, advances or indebtedness owed to or by the redevelopment agency, as appropriate.

In the event that such repayment has been forgiven, then the resolution must state the name of the public body to which the agency owes the debt or from which the agency was due the debt, the amount forgiven, the terms of the indebtedness, and the fiscal effect of the forgiveness on the redevelopment agency and the public body. A copy of the resolution must be sent to the City Council and the State Controller no less than ten days after adoption.

DISCUSSION: Staff has confirmed that during the period of time from January 1, 2010, through December 31, 2011, the Agency has not forgiven, wholly or partially, repayment of any loans, advances or other indebtedness owed to it by any public body, nor has any public body forgiven, wholly or partially, repayment of any loans, advances or other indebtedness owed to it by the Agency. Staff has prepared the attached resolutions for consideration by the City and the Agency, as required by AB 936, to declare that no such forgiveness has occurred.



FISCAL IMPACT: There is no fiscal impact to the passage of these resolutions.

ATTACHMENTS:

Attachment A: RDA Resolution 2012-03
Attachment B: CC Resolution 2012-02

**A RESOLUTION OF THE CALIMESA REDEVELOPMENT AGENCY
PURSUANT TO ASSEMBLY BILL 936 CONCERNING FORGIVENESS OF
LOANS, ADVANCES, OR OTHER INDEBTEDNESS**

RECITALS:

A. The Calimesa Redevelopment Agency (the "Agency") is a redevelopment agency in the City of Calimesa (the "City"), created pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (the "Redevelopment Law").

B. Assembly Bill 936, effective January 1, 2012, provides that by no later than February 1, 2012, a redevelopment agency or a public body must adopt a resolution stating whether or not during the period of time from January 1, 2010, through December 31, 2011, the redevelopment agency or public body has forgiven the repayment, wholly or partially, of any loans, advances, or indebtedness owed to or owed by the redevelopment agency, as appropriate.

NOW, THEREFORE, THE CALIMESA REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The Agency has not wholly or partially forgiven the repayment of any loans, advances, or indebtedness owed to the Agency by any public body during the period of time from January 1, 2010, through December 31, 2011.

Section 2. No public body has wholly or partially forgiven the repayment of any loans, advances, or indebtedness owed by the Agency to such public body during the period of time from January 1, 2010, through December 31, 2011.

Section 2. The Agency hereby authorizes and directs the Executive Director to transmit a copy of this Resolution to the City Council of the City of Calimesa and to the California State Controller within 10 days of the adoption of this Resolution.

Section 3. The Agency Secretary shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 24th day of January, 2012.

WILLIAM DAVIS, AGENCY CHAIRPERSON

ATTEST:

DARLENE GERDES, AGENCY SECRETARY

APPROVED AS TO FORM:

KEVIN ENNIS, AGENCY COUNSEL

RESOLUTION NO. 2012-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA PURSUANT TO ASSEMBLY BILL 936 CONCERNING FORGIVENESS OF LOANS, ADVANCES, OR OTHER INDEBTEDNESS

RECITALS:

A. Assembly Bill 936, effective January 1, 2012, provides that by no later than February 1, 2012, a public body must adopt a resolution stating whether or not during the period of time from January 1, 2010, through December 31, 2011, the public body has forgiven the repayment, wholly or partially, of any loans, advances or indebtedness owed to the public body by a redevelopment agency.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIMESA HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The City has not wholly or partially forgiven the repayment of any loans, advances or indebtedness owed to the City by a redevelopment agency during the period of time from January 1, 2010, through December 31, 2011.

Section 2. The City Council hereby authorizes and directs the City Manager to transmit a copy of this Resolution to the California State Controller within 10 days of the adoption of this Resolution.

Section 3. The City Clerk shall certify to the adoption of this resolution.

PASSED AND ADOPTED this 24th day of January, 2012.

ELLA ZANOWIC, MAYOR

ATTEST:

DARLENE GERDES, CITY CLERK

APPROVED AS TO FORM:

KEVIN ENNIS, CITY ATTORNEY



STAFF REPORT

JOINT CALIMESA CITY COUNCIL AND CALIMESA REDEVELOPMENT AGENCY MEETING

SUBJECT: Approval of Amended Financial Statements for Fiscal Year 2010-2011

MEETING DATE: January 24, 2012

PREPARED BY: Judith Von Klug, Redevelopment Manager

RECOMMENDATION: Staff recommends:

1. That the Redevelopment Agency adopt RDA Resolution No. 2012-02, a Resolution of the Calimesa Redevelopment Agency approving revised financial statements for fiscal year 2010-2011.
2. That the City Council adopt Resolution No. 2012-03, a Resolution of the City Council of the City of Calimesa approving revised financial statements for fiscal year 2010-2011.

SUMMARY/BACKGROUND: The City of Calimesa and the Calimesa Redevelopment Agency are legally required to have their books audited annually by a certified independent auditor. The audit covers the previous fiscal year, which in this case, represents July 1, 2010 through June 30, 2011. Additionally, the audit represents the final phase of the City's and Agency's budget preparation, implementation and review process. The audit was performed in accordance with standards applicable to Government Auditing Standards issued by the Controller General of the United States by A. Edwin Holliman, Certified Public Accountant. The audit process represents an assessment on the quality of the City's financial management practices.

The financial statements presented on November 7, 2011, by Mr. Holliman showed that the fund balance for the Capital Facilities Fund for Redevelopment Project Area No. 1 had a deficit closing balance, and while the excess funds in the Capital Facilities Fund balance for Redevelopment Project Area No. 5 were sufficient to cover the Project Area No. 1 Capital Facilities Fund deficit, according to the Auditor one project area could not loan money to another project area with specific facts and findings. The Auditor therefore assumed that the City would loan money to the Redevelopment Agency to cover the Project Area No. 1 deficit and noted that such a loan had been approved by the City.

At the December 19, 2011, RDA meeting, staff noted that it was reviewing the facts and issues relevant to this situation and would present a recommendation to the Agency Board in January 2012.

DISCUSSION: Historically, Project Area No. 1 has shown a deficit in its Capital Facilities Fund balance at year-end and Project Area No. 5's Capital Facilities Fund has had excess funds. In the past, the excess funds from Project Area No. 5 have been used to remove the Project Area No. 1 deficit. The new auditor for FY 2010-2011 was originally not comfortable with this practice since typically project areas are independent of each other.

However, this is not the case for these two project areas within the City of Calimesa. Project Area No. 1 picks up territory adjacent to Project Area No. 5 to ensure that there are no gaps in redevelopment coverage. This includes the east side of Calimesa Boulevard from Mrytlewood to Sandalwood that was left out of Project Area No. 5; the south side of County Line Road from 5th Street to 3rd Street; and the west side of the I-10 freeway.

In recognition of this interdependence, Calimesa Redevelopment Agency Resolution No. 2008-4 included the following Section 2, Findings Relating to Projects:

"The Agency hereby finds and determines, based on the Summary report and other information presented to the Agency, as follows:

- 1) the Projects are of benefit to both the Project Areas, regardless of whether any Project is located within Project No. 1 or Project No. 5;
- 2) the payment of funds for the cost of such land acquisition and public capital improvements will assist in the elimination of one or more blighting conditions inside the Project Areas;
- 3) the payment of funds for the cost of the Projects is consistent with the Agency's implementation plan adopted pursuant to Health and Safety Code Section 33490; and
- 4) no other reasonable means of financing such improvements is available to the City."

"Projects" were listed in Exhibit A and were the following:

- 1) The acquisition of land for, design, installation, construction, and relocation of the Calimesa Public Library near or at Calimesa 4th Street Neighborhood Park; the acquisition of land for public park facilities at Calimesa 4th Street Neighborhood Park;
- 2) the widening and improvement of Calimesa Boulevard and County Line Road (including installation and construction of sidewalks, gutters, landscaping, monuments, traffic signals, street lights, and other related street improvements);
- 3) business development revitalization and improvement projects, including a business façade improvement program and loan assistance for redevelopment of blighted commercial areas; and
- 4) the acquisition of land for economic development (acquisition of vacant or dilapidated properties and installation of related off-site public improvements).

These same findings were included in the companion resolution passed by the City Council (Resolution No. 2008-12), the Tax Certificate related to the March 2008 bond sale, and the Official Statement published and distributed for the March 2008 bond sale. This has provided the foundation for using Project Area No. 5 excess funds to remove the deficit in Project Area No. 1's fund balance annually, and after review of this information, the City/Agency Legal Counsel and the current Auditor, A. Edwin Holliman, CPA concur that this past practice is legal and appropriate at this time.

Therefore, Mr. Holliman has amended the financial statements for both the City and the Redevelopment Agency to reflect the use of excess Capital Facilities Funds for Project Area No. 5 to cover the deficit in the Capital Facilities Fund for Project Area No. 1 instead of the City loaning funds to the Redevelopment Agency to cover this shortfall. In addition, the Auditor had modified the notes in the document to clarify the facts and explain the change noted above. The amended financial statements will be available for review on Monday, January 23, 2012.

FISCAL IMPACT: As a result of this action, the Calimesa Redevelopment Agency will not have a deficit fund balance in its Capital Facilities Fund for Fiscal Year 2010-2011 so no additional funds will need to be loaned by the City to the Agency for that fiscal year.

ATTACHMENTS:

Attachment A: RDA Resolution 2012-02
Attachment B: CC Resolution 2012-03
Attachment C: Revised City and Agency Financial Statements for
Fiscal Year 2010-2011 (Available on Monday when Mr. Holliman arrives)

**A RESOLUTION OF THE CALIMESA REDEVELOPMENT
AGENCY APPROVING REVISED FINANCIAL STATEMENTS
FOR FISCAL YEAR 2010-2011**

RECITALS:

WHEREAS, the Calimesa Redevelopment Agency is legally required to have its books audited annually by a certified independent auditor in accordance with standards applicable to Government Auditing Standards issued by the Controller General of the United States; and

WHEREAS, said audit for Fiscal Year 2010-2011 was completed and received and filed by the Calimesa Redevelopment Agency on November 7, 2011; and

WHEREAS, said audit for Fiscal year 2010-2011 noted that the City of Calimesa had loaned \$285,850.00 to the Calimesa Redevelopment Agency to cover a deficit in the Capital Projects Fund Balance for Redevelopment Project Area No. 1; and

WHEREAS, the decision to approve a loan from the City of Calimesa to the Calimesa Redevelopment Agency was postponed while facts and issues were assembled and discussed since previous audits had used excess funds from Project Area No. 5 to cover any deficit in Project Area No. 1; and

WHEREAS, as a result of this study, staff found that Redevelopment Project Area No. 1 and Redevelopment Project Area No. 5 are interdependent per the following "Findings Relating to Projects" made at the time of the issuance of bonds to fund projects in both redevelopment project areas:

- 1) the Projects are of benefit to both the Project Areas, regardless of whether any Project is located within Project No. 1 or Project No. 5;
- 2) the payment of funds for the cost of such land acquisition and public capital improvements will assist in the elimination of one or more blighting conditions inside the Project Areas;
- 3) the payment of funds for the cost of the Projects is consistent with the Agency's implementation plan adopted pursuant to Health and Safety Code Section 33490; and
- 4) no other reasonable means of financing such improvements is available to the City; and

WHEREAS, the following were the Projects contemplated:

- 1) The acquisition of land for design, installation, construction and relocation of the Calimesa Public Library near or at Calimesa 4th Street Neighborhood Park;
- 2) the acquisition of land for public park facilities at Calimesa 4th Street Neighborhood Park;
- 3) the widening and improvement of Calimesa Boulevard and County Line Road (including installation and construction of sidewalks, gutters, landscaping, monuments, traffic signals, street lights, and other related street improvements);

4) business development revitalization and improvement projects, including a business façade improvement program and loan assistance for redevelopment of blighted commercial areas; and

5) the acquisition of land for economic development (acquisition of vacant or dilapidated properties and installation of related off-site public improvements); and

WHEREAS, these findings can be found in RDA Resolution No. 2008-04, City Resolution No. 2008-12, the Official Offering Statement for Calimesa Financing Authority Tax Allocation Revenue Bonds Series 2008, and the Certificate Regarding Compliance with Certain Tax Matters with reference to the above Tax Allocation Revenue Bonds; and

WHEREAS, all activities of the Calimesa Redevelopment Agency are consistent with the Projects described above;

NOW, THEREFORE, THE CALIMESA REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. Based on the above recitals, it is legal and appropriate for excess monies in the Capital Project Fund for Redevelopment Project Area No. 5 to be transferred to cover any deficit in the Capital Project Fund for Redevelopment Project Area No. 1; and

Section 3. Based on these findings, no loan is necessary from the City of Calimesa to the Calimesa Redevelopment Agency for Fiscal Year 2010-2011.

Section 4. The Calimesa Redevelopment Agency hereby receives, approves and files the Amended Annual Audit Report and Financial Statements for the Fiscal Year ended June 30, 2011.

PASSED, APPROVED AND ADOPTED this 24th day of January, 2012.

WILLIAM DAVIS, CHAIRPERSON

ATTEST:

DARLENE GERDES, AGENCY SECRETARY

APPROVED AS TO FORM:

KEVIN ENNIS, AGENCY COUNSEL

RESOLUTION NO. 2012-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIMESA APPROVING REVISED FINANCIAL STATEMENTS FOR FISCAL YEAR 2010-2011

RECITALS:

WHEREAS, the City of Calimesa is legally required to have its books audited annually by a certified independent auditor in accordance with standards applicable to Government Auditing Standards issued by the Controller General of the United States; and

WHEREAS, said audit for Fiscal Year 2010-2011 was completed and received and filed by the City Council of the City of Calimesa on November 7, 2011; and

WHEREAS, said audit for Fiscal year 2010-2011 noted that the City of Calimesa had loaned \$285,850.00 to the Calimesa Redevelopment Agency to cover a deficit in the Capital Projects Fund Balance for Redevelopment Project Area No. 1; and

WHEREAS, the decision to approve a loan from the City of Calimesa to the Calimesa Redevelopment Agency was postponed while facts and issues were assembled and discussed since previous audits had used excess funds from Project Area No. 5 to cover any deficit in Project Area No. 1; and

WHEREAS, as a result of this study, staff found that Redevelopment Project Area No. 1 and Redevelopment Project Area No. 5 are interdependent per the following "Findings Relating to Projects" made at the time of the issuance of bonds to fund projects in both redevelopment project areas:

- 1) the Projects are of benefit to both the Project Areas, regardless of whether any Project is located within Project No. 1 or Project No. 5;
- 2) the payment of funds for the cost of such land acquisition and public capital improvements will assist in the elimination of one or more blighting conditions inside the Project Areas;
- 3) the payment of funds for the cost of the Projects is consistent with the Agency's implementation plan adopted pursuant to Health and Safety Code Section 33490; and
- 4) no other reasonable means of financing such improvements is available to the City; and

WHEREAS, the following were the Projects contemplated:

- 1) The acquisition of land for design, installation, construction and relocation of the Calimesa Public Library near or at Calimesa 4th Street Neighborhood Park;
- 2) the acquisition of land for public park facilities at Calimesa 4th Street Neighborhood Park;
- 3) the widening and improvement of Calimesa Boulevard and County Line Road (including installation and construction of sidewalks, gutters, landscaping, monuments, traffic signals, street lights, and other related street improvements);

4) business development revitalization and improvement projects, including a business façade improvement program and loan assistance for redevelopment of blighted commercial areas; and

5) the acquisition of land for economic development (acquisition of vacant or dilapidated properties and installation of related off-site public improvements); and

WHEREAS, these findings can be found in RDA Resolution No. 2008-04, City Resolution No. 2008-12, the Official Offering Statement for Calimesa Financing Authority Tax Allocation Revenue Bonds Series 2008, and the Certificate Regarding Compliance with Certain Tax Matters with reference to the above Tax Allocation Revenue Bonds; and

WHEREAS, all activities of the Calimesa Redevelopment Agency are consistent with the Projects described above;

NOW, THEREFORE, THE CITY COUNCIL FOR THE CITY OF CALIMESA HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. Based on the above recitals, no loan is necessary from the City of Calimesa to the Calimesa Redevelopment Agency for Fiscal Year 2010-2011.

Section 3. The City Council hereby receives, approves and files the Amended Annual Audit Report and Financial Statements for the Fiscal Year ended June 30, 2011.

PASSED, APPROVED AND ADOPTED this 24th day of January, 2012.

ELLA ZANOWIC, MAYOR

ATTEST:

DARLENE GERDES, CITY CLERK

APPROVED AS TO FORM:

KEVIN ENNIS, CITY ATTORNEY

Revised City and Agency Financial Statements for Fiscal Year 2010-2011

(Available when Mr. Holliman arrives on Monday)