

Oversight Board (to the Successor Agency to the Turlock Redevelopment Agency) Special Meeting Agenda

OCTOBER 18, 2012
1:00 p.m.
City of Turlock Yosemite Room
156 S. Broadway, Turlock, California



Chairman
Curt Andre

Board Members

Vito Chiesa
John Lazar
Roy W. Wasden

Sonny DaMarto
Abe Rojas
Steve Boyd
Vice-Chair

Board Secretary
Kellie E. Weaver

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Board meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, please contact the City Clerk's Office at (209) 668-5540. The Board is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the City to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the Board on any item appearing on the agenda, including Consent Calendar and Public Hearing items, before or during the Board's consideration of the item; however, no action may be taken on matters that are not part of the posted agenda.

CHALLENGING BOARD DECISIONS: If a person wishes to challenge the nature of the above actions in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the Board, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AGENDA PACKETS: Prior to the Board meeting, a complete Agenda Packet is available for review on the City of Turlock's website at www.cityofturlock.org and in the Board Secretary's Office at 156 S. Broadway, Suite 230, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Agency after distribution of the Agenda Packet are also available for public inspection in the Board Secretary's Office. Such documents may be available on the City's website subject to staff's ability to post the documents before the meeting.

1. A. CALL TO ORDER

B. SALUTE TO THE FLAG

2. CITIZEN PARTICIPATION:

Any member of the public may address the Board on items within the Board's subject matter jurisdiction but which are not listed on this agenda during Public Comment; however, no action may be taken on matters that are not part of the posted agenda.

3. STAFF UPDATES: None

4. **DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS**

5. **CONSENT CALENDAR:**

Information concerning the consent items listed hereinbelow has been forwarded to each Board Member prior to this meeting for study. Unless the Chairman, a Board Member or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Board. The action taken by the Board in approving the consent items is set forth in the explanation of the individual items.

A. Motion: Accepting Minutes of the October 10, 2012 Special Meeting of the Oversight Board to the Successor Agency to the Turlock Redevelopment Agency

6. **SCHEDULED MATTERS:**

A. Request to approve the Due Diligence Review of the Low and Moderate Income Housing Fund conducted pursuant to Health and Safety Code Section 34179.5 and taking certain other actions in connection therewith. (*Lorenzi*)

Recommended Action:

Resolution: Approving the Due Diligence Review of the Low and Moderate Income Housing Fund conducted pursuant to Health and Safety Code Section 34179.5 and taking certain other actions in connection therewith

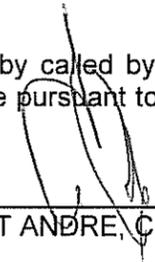
7. **BOARD ITEMS FOR FUTURE CONSIDERATION**

8. **BOARD COMMENTS**

Board Members may provide a brief report on notable topics of interest. The Brown Act does not allow discussion or action by the legislative body.

9. **ADJOURNMENT**

The foregoing meeting is hereby called by Mayor John S. Lazar at the above mentioned date and time pursuant to California Government Code §54956.



CURT ANDRE, Chairman

OCTOBER 10, 2012
1:00 p.m.

DRAFT

5A

MINUTES
Special Meeting
Oversight Board to the
Successor Agency to the
Turlock Redevelopment Agency

City of Turlock Yosemite Room
156 S. Broadway, Turlock, California

1. A. **CALL TO ORDER** – Chairman Andre called the meeting to order at 1:07 p.m.
PRESENT: Board Members Steve Boyd, Sonny Da Marto, Abe Rojas, and Chairman Andre
ABSENT: Board Members Vito Chiesa, John Lazar, and Roy Wasden

B. SALUTE TO THE FLAG

2. **CITIZEN PARTICIPATION:** None

3. **STAFF UPDATES:** None

4. **DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS:** None

5. **CONSENT CALENDAR**

Action: Motion by Board Member Rojas, seconded by Board Member Da Marto, and carried with Board Members Chiesa, Lazar, and Wasden absent, to adopt the consent calendar as follows:

- A. Motion: Accepting Minutes of the August 15, 2012 Special Meeting of the Oversight Board to the Successor Agency to the Turlock Redevelopment Agency

6. **SCHEDULED MATTERS:**

- A. City of Turlock Sr. Accountant Marie Lorenzi presented the staff report on the request to receive and review the due diligence review report for the Low and Moderate Income Housing Fund in accordance with Health and Safety Code Section 34179.5 and convene the public comment session.

Chairman Andre opened the public comment session at 1:11 p.m. No one spoke. Chairman Andre noted the public comment will close at the October 18, 2012 Special Oversight Board Meeting scheduled to begin at 1:00 p.m.

Action: **Resolution No. OB-2012-008** Acknowledging the Receipt of the Review of the Low and Moderate Income Housing Fund Conducted Pursuant to Health and Safety Code Section 34179.5 and Commencement of the Five-Business Day Public Comment Session was introduced by Board Member Da Marto, seconded by Board Member Rojas, and carried with Board Members Chiesa, Lazar, and Wasden absent.

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*MINUTES
Oversight Board
October 10, 2012
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7. **BOARD ITEMS FOR FUTURE CONSIDERATION:** None

8. **BOARD COMMENTS:** None

9. **ADJOURNMENT**

Motion by Board Member Boyd, seconded by Board Member Rojas, to adjourn the meeting at 1:12 p.m.

RESPECTFULLY SUBMITTED

Kellie E. Weaver
City Clerk/Board Secretary

DRAFT

CA

OVERSIGHT BOARD

TO SUCCESSOR AGENCY TO THE
TURLOCK REDEVELOPMENT AGENCY

SYNOPSIS

October 18, 2012

TITLE: APPROVAL AND TRANSMITTAL OF THE DUE DILIGENCE REVIEW FOR THE LOW AND MODERATE INCOME HOUSING FUND IN ACCORDANCE WITH HEALTH AND SAFETY CODE SECTION 34179.5

REPORT PREPARED BY: Marie Lorenzi, Senior Accountant, as Successor Agency Staff

ACTION RECOMMENDED:

Resolution: **Approving the Due Diligence Review of the Low and Moderate Income Housing Fund Conducted Pursuant to Health and Safety Code Section 34179.5 and Taking Certain Other Actions in Connection Therewith**

EXECUTIVE SUMMARY

At its October 10, 2012 Special Meeting, the Oversight Board for the Successor Agency to the Turlock Redevelopment Agency received the Due Diligence Review Report (Report) for the Low and Moderate Income Housing Fund and opened the required five (5) business-day public comment session.

The action currently before the Board is to review any public comments received during the comment session and determine whether to incorporate any of the comments into the final Report. After determining which, if any, of the public comments to incorporate in the final Report, the Board will take action to approve the final report and direct Successor Agency Staff to forward the approved report the appropriate State and County agencies.

DISCUSSION

In layman's terms, the Successor Agency was required to engage a public accounting firm familiar with local government accounting to review activity in Turlock's Low and Moderate Income Housing Funds (LMI), both before and after dissolution, to determine if there was unencumbered cash to distribute to other taxing entities within the County. Unencumbered cash is that which is not required to fund an enforceable obligation.

Attached to this Synopsis is a copy of the Synopsis from the October 10, 2012 meeting which provides additional information regarding the Due Diligence process.

As noted in the October 10, 2012 Synopsis, the State Department of Finance (DOF) must complete its review of the Report no later than November 9, 2012, and must notify the Oversight Board and the Successor Agency of its decision to overturn any decision of the Oversight Board to authorize a Successor Agency to retain Restricted Assets. The DOF must provide the Oversight Board and the Successor Agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the Oversight Board. The Successor Agency then has the option to meet and confer with DOF to discuss any modifications.

By December 1, 2012, the County Auditor-Controller must provide DOF a report specifying the amount submitted by each successor agency from the LMIHF, and specifically noting any successor agency that failed to remit the full required amount.

SUCCESSOR AGENCY RECOMMENDATION

The Report notes that there is approximately \$1 million in cash and cash equivalents available to satisfy a \$4 million enforceable obligation for the Avena Bella Phase II DDA. These funds are considered encumbered and are therefore not available for transfer to the County A-C for distribution to other taxing agencies.

At this time, Successor Agency Staff is requesting the following:

1. Oversight Board approval of the Due Diligence Review Report; and
2. Directing Successor Agency Staff to file the approved Due Diligence Report with the appropriate State and Stanislaus County agencies.

**BEFORE THE OVERSIGHT BOARD TO THE
SUCCESSOR AGENCY TO THE TURLOCK REDEVELOPMENT AGENCY**

**IN THE MATTER OF APPROVING THE DUE
DILIGENCE REVIEW OF THE LOW AND
MODERATE INCOME HOUSING FUND
CONDUCTED PURSUANT TO HEALTH
AND SAFETY CODE SECTION 34179.5
AND TAKING CERTAIN OTHER ACTIONS
IN CONNECTION THEREWITH**

RESOLUTION NO. OB-2012-_____

WHEREAS, Pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), on February 1, 2012, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Turlock Redevelopment Agency transferred to the control of the Successor Agency to the Turlock Redevelopment Agency (the "Successor Agency") by operation of law.

WHEREAS, Health and Safety Code Section 34179.5 requires the Successor Agency to employ 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.

WHEREAS, Health and Safety Code Section 34179.6 requires the Successor Agency to submit the results of the review conducted pursuant to Section 34179.5 for the Low and Moderate Income Housing Fund (the "LMHF") and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities (the "Due Diligence Review") to the Successor Agency's Oversight Board (the "Oversight Board") for the Oversight Board's review and approval.

WHEREAS, Pursuant to Health and Safety Code Sections 34179.6 and 34180(j), the Successor Agency submitted to the Oversight Board, the county administrative officer, the county auditor-controller, the State Controller and the Department of Finance ("DOF") the Due Diligence Review and a copy of the Recognized Obligation Payment Schedule ("ROPS").

WHEREAS, Pursuant to Health and Safety Code Section 34179.6(b), upon receipt of the Due Diligence Review, and at least five business days before the Oversight Board considers the approval of the Due Diligence Review, the Oversight Board must hold a public comment session (the "Public Comment Session") at which time the public has an opportunity to hear and be heard on the results of the Due Diligence Review and at which time the Oversight Board considers the opinions, if any, offered by the county auditor-controller on the results of the Due Diligence Review.

WHEREAS, On October 10, 2012, the Oversight Board held the Public Comment Session pursuant to Health and Safety Code Section 34179.6 (b).

WHEREAS, Pursuant to Health and Safety Code Section 34179.6(c), the Oversight Board must review, approve and transmit to DOF and the county auditor-controller, the determination of the amount of cash and cash equivalents in the LMIHF available for disbursement to taxing entities as determined according to the method provided in Section 34179.5. Section 34179.6 (c) provides that the Oversight Board may adjust any amount provided in the Due Diligence Review to reflect additional information and analysis.

WHEREAS, Section 34179.6(c) empowers the Oversight Board to authorize the Successor Agency to retain assets or funds identified in subparagraphs (B) to (E), inclusive, of paragraph (5) of subdivision(c) of Section 34179.5. If the Oversight Board makes this authorization, the Oversight Board must identify to DOF the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained. The determination and authorization to retain funds and assets shall be subject to the review and approval of DOF pursuant to Health and Safety Code Section 34179.6(d).

WHEREAS, Pursuant to Health and Safety Code Section 34179.6(c), the Oversight Board desires to approve the Due Diligence Review and to authorize the Successor Agency to retain the assets and funds, if any, identified pursuant to subparagraphs (B) to (E), inclusive, of paragraph (5) of subdivision(c) of Section 34179.5, as documented in the Due Diligence Review.

NOW, THEREFORE, BE IT RESOLVED, that the Oversight Board to the Successor Agency to the Turlock Redevelopment Agency does hereby find, determine, resolve and order:

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 Health and Safety Code Section 34179.6(c).

Section 3. The Oversight Board hereby approves the Due Diligence Review as presented on file with the Secretary.

Section 4. For the purposes of providing for the transfer of housing functions and assets pursuant to Health and Safety Code Sections 34176 and 34181(c), the Oversight Board hereby authorizes the Successor Agency to retain the assets and funds, if any, identified in subparagraphs (B) to (E), inclusive, of paragraph (5) of subdivision(c) of Section 34179.5, as documented in the Due Diligence Review, which provides the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained.

Section 5. The staff of the Successor Agency is hereby directed to transmit to DOF and the county auditor-controller written notice and information regarding the actions taken by this Resolution and specifically the determination of the amount of cash and cash equivalents in the LMIHF that are available for disbursement to taxing entities as determined according to the method provided in Health and Safety Code Section 34179.5. Such notice to DOF shall be provided by electronic means and in a manner of DOF's choosing.

Section 6. The staff and the Board of the Successor Agency are hereby authorized and directed, jointly and severally, to execute and record such documents and instruments and to do any and all other things which they may deem necessary or advisable to effectuate this Resolution and any such actions previously taken are hereby ratified.

PASSED AND ADOPTED by the Oversight Board to the Successor Agency to the Turlock Redevelopment Agency at a special meeting held on October 18, 2012, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Kellie E. Weaver, Secretary

SUCCESSOR AGENCY TO THE REDEVELOPMENT

AGENCY OF THE CITY OF TURLOCK

HOUSING DUE DILIGENCE REPORT

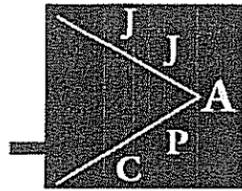
APPROVED BY OVERSIGHT BOARD ON

**SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF TURLOCK
Housing Due Diligence Report**

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JJACPA, Inc.

A Professional Accounting Services Corp.

County Auditor-Controller/Oversight Board of the Successor Agency
Stanislaus County/City of Turlock, California

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

We have performed the minimum required agreed-upon procedures, enumerated in Attachment A, which were agreed to by the California State Controller's Office, Department of Finance, the Stanislaus County Auditor-Controller, and the California Society of CPAs, solely to assist you in ensuring that the dissolved Redevelopment Agency is complying with its statutory requirements with respect to AB1484. Management of the Successor Agency and the County are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the minimum required agreed-upon procedures as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A. 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 you.

This report is intended solely for the information and use of the Stanislaus County Auditor-Controller, the Successor Agency, and 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.

JJACPA, Inc.

Pleasanton, California

September 21, 2012

**Attachment A – Agreed Upon Procedures Engagement
Pursuant to ABX1484, Community Redevelopment Dissolution**

Due Diligence Review – Housing

Purpose: To establish each successor agency's assets available for distribution to affected agencies, amounts to be withheld by the successor agency for current recognized obligations, and to document and determine transfers from the former redevelopment agency and successor agency that met the criteria of recognized obligations. [Health and Safety Code section 34179.5]

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Results: Net book value of assets transferred was \$5,539,347, no exceptions noted.

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report.

Results: No report has been completed by the State Controller's Office.

If this has not yet occurred, perform the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011, through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Results: Not applicable, no transfers for the period.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012, through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Results: Not applicable, no transfers for the period.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Results: Not applicable, no transfers for either period.

**Attachment A – Agreed Upon Procedures Engagement
Pursuant to ABX1484, Community Redevelopment Dissolution**

Due Diligence Review – Housing, Continued

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report.

Results: No report has been completed by the State Controller's Office.

If this has not yet occurred, perform the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011, through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Results: Not applicable, no transfers for the period.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012, through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Results: Not applicable, no transfers for the period.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Results: Not applicable, no transfers for either period.

4. Perform the following procedures:

- A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For the purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.

Results: Because the procedures required by Section 34179.5(c)(4) pertain to the Successor Agency as a whole, these are not applicable to the housing portion alone.

**Attachment A – Agreed Upon Procedures Engagement
Pursuant to ABX1484, Community Redevelopment Dissolution**

Due Diligence Review – Housing, Continued

- B. Ascertain that, for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.

Results: Not applicable.

- C. Compare amounts in the schedule relevant to the fiscal year ending June 30, 2010, to the State Controller's report filed for the Redevelopment Agency for that period.

Results: Not applicable.

- D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

Results: Not applicable.

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012, for the report that is due October 1, 2012, and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012, (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012, and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

Results: On January 10, 2012, the City elected to retain and assumed the housing function previously performed by the former redevelopment agency. . Schedule 1 illustrates the assets held for the housing function.

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012, that are restricted for the following purposes:

A. Unspent bond proceeds:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.).
- ii. Trace individual components of this computation to related account balances in the accounting records or to other supporting documentation (specify in the AUP report a description of such documentation).

**Attachment A – Agreed Upon Procedures Engagement
Pursuant to ABX1484, Community Redevelopment Dissolution**

Due Diligence Review – Housing, Continued

iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

B. Grant proceeds and program income that are restricted by third parties:

i. Obtain Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).

ii. Trace individual components of this computation to related account balances in the accounting records or to other supporting documentation (specify in the AUP report a description of such documentation).

iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

C. Other assets considered to be legally restricted:

i. Obtain Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).

ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).

iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Results: Not applicable, none.

**Attachment A – Agreed Upon Procedures Engagement
Pursuant to ABX1484, Community Redevelopment Dissolution**

Due Diligence Review – Housing, Continued

7. Perform the following procedures:

- A. Obtain from the Successor Agency a listing of assets as of June 30, 2012, that are **not** liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

Method used (Purchase cost or Market value): Purchase cost

Results: See Schedule I.

- B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.

Results: No differences were noted.

- C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

Results: Not applicable, no differences were noted in 7(B).

- D. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Results: Not applicable – purchase cost was used.

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012, that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.

- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.

**Attachment A – Agreed Upon Procedures Engagement
Pursuant to ABX1484, Community Redevelopment Dissolution**

Due Diligence Review – Housing, Continued

Results: No discrepancies noted.

- ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.

Results: No discrepancies noted.

- iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.

Results: No discrepancies noted.

- iv. Attached as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Results: See Schedule 2, no discrepancies noted.

- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:

- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012, through June 30, 2012, and for the six month period July 1, 2012, through December 31, 2012.
- ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.

- iii. For the forecasted annual revenues:

**Attachment A – Agreed Upon Procedures Engagement
Pursuant to ABX1484, Community Redevelopment Dissolution**

Due Diligence Review – Housing, Continued

- a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Results: Not Applicable, Successor Agency does not believe that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required.

- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.

- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
- ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
- iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Results: Not Applicable, Successor Agency does not believe that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows) since the Agency had no bonded debt.

- D. If procedures, A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures:

- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
- ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.

- iii. Include the calculation in the AUP report.

Results: See Schedule 2

**Attachment A – Agreed Upon Procedures Engagement
Pursuant to ABX1484, Community Redevelopment Dissolution**

Due Diligence Review – Housing, Continued

9. If the Successor Agency believes that cash balances as of June 30, 2012, need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012, through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012, through December 31, 2012, and a copy of the final ROPS for the period January 1, 2013, through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation, and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Results: See Schedule 2.

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012, as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

Results: See Schedule 3.

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011, through June 30, 2012, that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Results: Obtained signed representation letter without exception taken.

SUCCESSOR AGENCY TO THE REDEVELOPMENT
 AGENCY OF THE CITY OF TURLOCK
 Housing Asset Listing as of June 30, 2012

Schedule 1

Amounts excluded as all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency.

Assets:		
Cash and cash equivalents		\$ 1,001,062
Receivables:		
Loans	\$ 11,535,174	
Other	449	
Total receivables - non-cash equivalents	<u>11,535,623</u>	
Total assets		<u><u>\$ 12,536,685</u></u>

Loans consist of the following:

First time homebuyer loans	548,902	
Habitat for Humanity	32,000	
EAH, Inc	5,000,000	
CVCAH/ Crane Terrace	5,045,569	
Cherry Tree Village	908,703	
Total	<u>\$ 11,535,174</u>	

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
 OF THE CITY OF TURLOCK
 Housing Restricted Asset Listing as of June 30, 2012

Schedule 2

Amount required to be restricted from disposition and development agreement:		\$ 4,000,000
Identified current dedicated or restricted balances	\$ 1,001,062	
Amount of forecasted annual revenues	<u>-</u>	
Amount of total resources available to fund enforceable obligations	1,001,062	
Less: Amount forecasted for the annual spending requirements	<u>(4,000,000)</u>	
Current unrestricted balances that needs to be retained	<u>\$ (2,998,938)</u>	
Assets Available for retention:		\$ 1,001,062
Cash and cash equivalents		
Assets restricted for repayment of disposition and development agreement	\$ (1,001,062)	
Total restricted balances		<u>(1,001,062)</u>
Total cash available		<u>\$ -</u>

Note: Resources need to be accumulated until \$4,000,000 is reached, therefore all excess cash is restricted.

Documents reviewed: Executed Disposition and Development Agreement Phase II with EAH, Inc. Dated April 12, 2011.
 Executed Disposition and Development Agreement Phase I with EAH, Inc. Dated April 27, 2010.
 General ledger trial balance reports.

Nature of restriction: Contractual

Specific enforceable obligation: Item 8) on approved Recognized Obligation Schedule in the amount of \$4,000,000

Language enforcing restriction: The Agency desires to assist the Developer with the costs of development of the Housing Project and creating affordable housing within the Redevelopment Project Area. Subject to the conditions set forth herein, the Agency shall provide a loan to the Developer in a total amount not to exceed FOUR MILLION DOLLARS (\$4,000,000) (the "Agency Loan") from the Agency's available Low and Moderate Income Housing Fund, subject to the Agency's delivery to Developer of a notice indicating that Agency has accumulated sufficient low/mod set aside funds to fund the entire amount of the Agency Loan (and if any such funds become unavailable for any reason after such notice is given, the Agency may retract such notice and terminate this Agreement.)

Are restrictions in effect until the related assets are expended? Yes

SUCCESSOR AGENCY TO THE REDEVELOPMENT

Schedule 3

AGENCY OF THE CITY OF TURLOCK

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (Procedure 5, Schedule 1)	\$	12,536,685
Add the amount of any assets transferred to the City or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (Procedures 2 and 3)		-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (Procedure 6)		-
Less assets that are not cash or cash equivalents (e.g., physical assets) (Procedure 7, Schedule 1)		(11,535,623)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) (Procedure 8 - Schedule 2)		(1,001,062)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (Procedure 9)		-
Less the amount of payments made on July 12, 2012, to the County Auditor-Controller as directed by the California Department of Finance (Procedure 10)		-
Amount to be remitted to County for disbursement to taxing entities	\$	<u>-</u>

Successor Agency Contact Information

Name of Successor Agency: Successor Agency to Turlock Redevelopment Agency
County: Stanislaus

Primary Contact Name: Marie Lorenzi
Primary Contact Title: Senior Accountant
Address: 156 South Broadway, Suite 110, Turlock CA 95380
Contact Phone Number: 209-668-5542 ext 1318
Contact E-Mail Address: mlorenzi@turlock.ca.us

Secondary Contact Name: Kellie Weaver
Secondary Contact Title: City Clerk
Secondary Contact Phone Number: 209-668-5542 ext 1110
Secondary Contact E-Mail Address: kweaver@turlock.ca.us

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency: Successor Agency to Turlock Redevelopment Agency

	Total Outstanding Debt or Obligation
Outstanding Debt or Obligation	18,415,529.35
Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	5,764,377.90
B Anticipated Enforceable Obligations Funded with RPTTF	2,960,000.61
C Anticipated Administrative Allowance Funded with RPTTF	118,500.00
D Total RPTTF Requested (B + C = D)	3,078,500.61
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be the same amount as ROPS form six-month total</i>	8,842,878.51
E Enter Total Six-Month Anticipated RPTTF Funding <i>(Obtain from county auditor-controller)</i>	3,100,000.00
F Variance (E - D = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	21,499.39
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))	
G Enter Estimated Obligations Funded by RPTTF <i>(Should be the lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)</i>	1,784,943.61
H Enter Actual Obligations Paid with RPTTF	1,534,943.61
I Enter Actual Administrative Expenses Paid with RPTTF	250,000.00
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	0.00
K Adjusted RPTTF <i>(The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimated obligation amount.)</i>	3,078,500.61

Certification of Oversight Board Chairman:
 Pursuant to Section 34177(m) of the Health and Safety code,
 I hereby certify that the above is a true and accurate Recognized
 Obligation Payment Schedule for the above named agency.

Curt Andre
 Name

See Attached Resolution
 Signature

Chairman

Title

August 15, 2012

Date

Name of Successor Agency: Successor Agency to Turlock Redevelopment Agency
 County: Stanislaus

Pursuant to Health and Safety Code section 34186 (a)
 PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS I)
 January 1, 2012 through June 30, 2012

Page/Form	Line	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	LMIHF		Bond Proceeds		Reserve Balance		Admin Allowance		RPTTF		Other	
						Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
		Grand Total				0.00	4,095,887.93	8,186,777.73	6,966,528.33	6,885,094.51	304,563.32	250,000.00	250,000.00	2,950,882.52	1,534,943.61	0.00	0.00
1.00	1.00	1999 Tax Increment Bonds	US Bank	proceeds used for non-housing projects										336,672.50	133,488.93		
1.00	2.00	2006 Tax Increment Bonds	US Bank	proceeds used for non-housing projects										1,545,066.26	761,054.23		
1.00	3.00	2011 Tax Increment Bonds	US Bank	proceeds used for non-housing projects										1,069,143.76	640,400.45		
1.00	5.00	Public Safety Facility	Ross F Carroll, Inc	off-site improvements				236,664.25		77,869.97	267,458.12						
1.00	6.00	Public Safety Facility	Diede Construction, Inc	general & specialties				451,456.62	222,840.00	148,543.38							
1.00	7.00	Public Safety Facility	Bank of Ag & Commerce	retention for Diede Construction, Inc				50,161.85	24,760.00	16,504.82							
1.00	8.00	Public Safety Facility	George Reed Inc	demo, grading and paving				451,456.62		148,543.38							
1.00	9.00	Public Safety Facility	Modern Building Co	building structural concrete				752,427.70	939,567.90	247,572.30							
1.00	10.00	Public Safety Facility	Duley's Landscaping, Inc	landscaping				105,339.88	47,111.09	34,660.12							
1.00	11.00	Public Safety Facility	Frazier Masonry	masonry				477,791.59	295,869.14	157,208.41							
1.00	12.00	Public Safety Facility	Golden State Steel	structural steel				428,883.79	631,923.53	141,116.21							
1.00	13.00	Public Safety Facility	Central Valley Comm Bank	retention for Golden State Steel				47,653.76	70,213.72	15,679.58							
1.00	14.00	Public Safety Facility	Tarlton & Son	framing, drywall & plaster				1,226,457.15	1,084,419.00	403,542.85							
1.00	15.00	Public Safety Facility	Graham/Prewett	roofing and waterproofing				425,121.65	232,865.10	139,878.35							
1.00	16.00	Public Safety Facility	Diede Construction, Inc	doors, windows & hardware				474,029.45	99,252.00	155,970.55							
1.00	17.00	Public Safety Facility	Bank of Ag & Commerce	retention for Diede Construction, Inc				52,669.95	11,028.00	17,330.06							
1.00	18.00	Public Safety Facility	LVI Facility Services	fireproofing				115,121.44		37,878.56							
1.00	19.00	Public Safety Facility	DC Vient, Inc	painting & wall coverings				150,485.54		49,514.46							
1.00	20.00	Public Safety Facility	Bobo construction	mechanical & HVAC				752,427.70	579,731.68	247,572.30							
1.00	21.00	Public Safety Facility	Darrale Patrias Elec.	building and site electrical				684,102.55	1,381,547.80	290,897.45							
1.00	22.00	Public Safety Facility	Mark III Construction	building and site plumbing				124,150.57	339,534.00	40,849.43							
1.00	23.00	Public Safety Facility	Kone Elevators	elevators				112,864.15		37,135.85							
1.00	24.00	Public Safety Facility	Cen-Cal Fire Systems	fire protection				158,009.82	113,596.42	51,990.18							
1.00	25.00	Public Safety Facility	WLC	architect and construction management				519,175.11	667,502.27	170,824.89							
1.00	26.00	Public Safety Facility	Koehn Engineering & Design	parcel map/lot line adjustment				1,467.23		482.77							
1.00	27.00	Public Safety Facility	Kleinfelder West, Inc	testing				26,334.97	1,040.00	8,665.03							
1.00	28.00	Public Safety Facility	Neil O Anderson & Assoc	testing				56,432.08	130,105.00	18,567.92							
1.00	29.00	Public Safety Facility	City of Turlock	contract mgmt & inspection				105,092.31	93,621.70	34,907.69							
2.00	1.00	mobile home rental subsidy	JCS Properties Inc	mobile home rental subsidy						10,200.00	10,288.98						
2.00	2.00	mobile home rental subsidy	Magic Sands Mobile Home	mobile home rental subsidy						3,000.00	1,579.08						
2.00	3.00	mobile home rental subsidy	Mulberry Mobile Park	mobile home rental subsidy						1,200.00	1,068.58						
2.00	4.00	mobile home rental subsidy	Western View Mobile Ranc	mobile home rental subsidy						18,000.00	17,809.21						
2.00	5.00	mobile home rental subsidy	Westfork Estates	mobile home rental subsidy						4,200.00	4,170.14						
2.00	8.00	Downtown Housing Plan	City of Turlock	downtown housing plan						58,900.00	2,189.21						
2.00	9.00	RDA Special Legal Counsel	Richards, Watson & Gersho	legal counsel								15,600.00	8,899.10				
2.00	10.00	Annual Audit	Caporicci & Larson	audit services								5,550.00	2,774.00				
2.00	11.00	DDA	Avena Bella - Phase I	low- & mod-income housing project			4,095,887.93			4,095,888.00							
2.00	12.00	DDA	Avena Bella - Phase II	low- & mod-income housing project						0.00							
2.00	13.00	Econ Dev Proj Funding Agmt	Stan Cty Econ Dev Land B	loan repayment						0.00							
2.00	15.00	Personnel Costs and other Agency administrative costs	various employees and benefit providers	salary and benefit costs for RDA paid employees								228,850.00	238,326.90				

CA

OVERSIGHT BOARD

TO SUCCESSOR AGENCY TO THE
TURLOCK REDEVELOPMENT AGENCY

SYNOPSIS

October 10, 2012

TITLE: RECEIVE AND REVIEW THE DUE DILIGENCE REVIEW REPORT FOR THE LOW AND MODERATE INCOME HOUSING FUND IN ACCORDANCE WITH HEALTH AND SAFETY CODE SECTION 34179.5 AND CONVENE THE PUBLIC COMMENT SESSION

REPORT PREPARED BY: Marie Lorenzi, Senior Accountant, as Successor Agency Staff

ACTION RECOMMENDED:

Resolution: **Acknowledging the Receipt of the Review of the Low and Moderate Income Housing Fund Conducted Pursuant to Health and Safety Code Section 34179.5 and Commencement of the Five-Business Day Public Comment Session**

EXECUTIVE SUMMARY

Pursuant to Health and Safety Code Section (H&S) 34179.5, each successor agency must employ a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities. This review was required to be completed by October 1, 2012 and approved by the Oversight Board by October 15, 2012.

The Due Diligence Review Report (Report) for the Low and Moderate Income Housing (LMI) assets of the former Turlock Redevelopment Agency is now before the Board. Under H&S 34179.6, this report is submitted for Oversight Board consideration. The Oversight Board must first hold a public comment session for at least 5 business days. At the end of this time, the Board will meet again to approve the Report as submitted, or approve the Report with changes, and then direct Successor Agency Staff to submit the Approved Report to the appropriate government agencies and/or officials as outlined in the Law.

DISCUSSION

In layman's terms, the Successor Agency was required to engage a public accounting firm familiar with local government accounting to review activity in Turlock's Low and Moderate Income Housing Funds (LMI), both before and after dissolution, to determine if there was unencumbered cash to distribute to other taxing entities within the County. Unencumbered cash is that which is not required to fund an enforceable obligation.

Before successor agencies could engage a public accounting firm, the accounting community and the State of CA Department of Finance (DOF) had to agree on the procedures that would be used to complete this engagement in accordance with the requirements of H&S 34179.5. It was not until the end of August that the final procedures were approved. At that time, Turlock Successor Agency Staff began contacting public accounting firms to find one with the staff available to conduct this engagement. A complicating factor was that the Fall is the busy season for accounting firms who have a significant government agency client base. The firm who performs the audit for the City of Turlock as well as the one who did an Agreed Upon Procedures engagement under AB X1 26 earlier this year both had to decline due to lack of available staff. Turlock was able to engage JJACPA, Inc. to perform this engagement for us. As a side note, there will be a similar review and report later this Fall for the non-LMI portion of the former Redevelopment Agency. The same firm will also be conducting that engagement.

Due to the timing requirements of the law and the hurdles that had to be first cleared, DOF has acknowledged that some Agencies will not be able to complete the due diligence review process within the prescribed timeframe. While there is not a provision in the law to extend the deadlines, DOF asked agencies that were unable to meet the deadlines to provide DOF with their expected timetable for completing the process. Turlock Staff has provided DOF with our timetable of taking the Due Diligence Report to the Oversight Board first on October 10, 2012 with expected approval to occur at a meeting on October 18, 2012.

Each Due Diligence Review (Review) must determine the net balance of the Low and Moderate Income Housing Fund (the "LMIHF") and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities as of June 30, 2012. In summary, such amount is determined by determining the total value of assets and cash and cash equivalents in the LMIHF, and subtracting the following ("Restricted Assets"): (1) restricted funds, (2) assets that are not cash or cash equivalents, (3) amounts that are legally or contractually dedicated or restricted for the funding of an enforceable obligation, and (4) amounts that are needed to satisfy obligations that will be put on the Recognized Obligation Payment Schedule ("ROPS") for the current fiscal year. Also, the amount determined to be available for allocation to taxing entities includes the value of assets, cash and cash equivalents transferred after January 1, 2011 through June 30, 2012 by the former redevelopment agency or the successor agency to the city, another public agency or private person if an enforceable obligation to make that transfer did not exist. The Review documents the Restricted Assets and provides the respective amounts, sources and purposes for which the Restricted Assets should be retained.

H&S 34179.6 requires each successor agency to submit the Report to the oversight board for the oversight board's review and approval.

Upon receipt of the Report, the oversight board must 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 must consider any opinions offered by the county auditor-controller on the Report results submitted by the successor agency.

By October 15, 2012, the oversight board must review, approve, and transmit the Report to DOF and the county auditor-controller. The oversight board may adjust any amount provided in the Report to reflect additional information and analysis. The review and approval must occur in public sessions. The oversight board may request from the successor agency any materials it deems necessary to assist in its review and approval of the determination.

Section 34179.6 empowers the oversight board to authorize a successor agency to retain the Restricted Assets.

The DOF must complete its review of the Report no later than November 9, 2012, and must notify the oversight board and the successor agency of its decision to overturn any decision of the oversight board to authorize a successor agency to retain Restricted Assets. The DOF must provide the oversight board and the successor agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the oversight board. The successor agency then has the option to meet and confer with DOF to discuss any modifications.

By December 1, 2012, the county auditor-controller must provide DOF a report specifying the amount submitted by each successor agency from the LMIHF, and specifically noting any successor agency that failed to remit the full required amount.

H&S 34179.5 also requires a similar review of all other funds and accounts held by the successor agency to determine unobligated balances available for transfer to taxing entities. The review for all other funds and accounts must be completed by December 15, 2012 and the county auditor-controller has an April 20, 2013 deadline to provide DOF the report specifying the amount submitted by each successor agency from all other funds and accounts, and specifically noting any successor agency that failed to remit the full required amount.

Upon full payment of the amounts determined in the Report and the subsequent review conducted for all other funds and accounts, payment of the "surplus" tax revenues due on July 12, 2012, and any unpaid or underpaid pass through payments owed for fiscal year 2011-12, DOF will issue to the successor agency, within five business days, a finding of completion of the requirements of Section 34179.6.

SUCCESSOR AGENCY RECOMMENDATION

As can be seen in the attached Report, the LMI assets consist mainly of loans receivable from various parties for a variety of reasons. This reflects the programs the Turlock Redevelopment Agency had in place to help preserve and/or increase the affordable housing stock within the City. The Report further reports that there is less than \$1 million in cash and cash equivalents available to satisfy a \$4 million enforceable obligation for the Avena Bella Phase II DDA. These funds are considered encumbered and are therefore not available for transfer to the County A-C for distribution to other taxing agencies.

At this time, Successor Agency Staff is requesting Oversight Board acknowledgement of their receipt of the Due Diligence Review Report and the opening of the 5 business day public comment session.