Agenda Item A.1
PRESENTATION
Meeting Date: October 31, 2012

A.1 Approval of October 15, 2012 Oversight Board Meeting Minutes

SPECIAL MEETING MINUTES
OF THE
OVERSIGHT BOARD OF THE
GOLETA RDA SUCCESSOR AGENCY

MONDAY, OCTOBER 15, 2012

2:00 P.M. – 3:30 P.M.
City Hall
130 Cremona Drive, Suite B
Goleta, California

Board Members	***Selected By:***
Renée Bahl, Chair	*SB County Board of Supervisors ("BOS")*
Vyto Adomaitis, Vice Chair	Mayor, City of Goleta
Dan Eidelson, Board Member	BOS, Member of the Public Appointee
Brian Fahnestock, Board Member	Chancellor of California Community Colleges
Ralph Pachter, Board Member	SB County Superintendent of Schools
Tina Rivera, Board Member	Mayor, City of Goleta
Chandra Wallar, Board Member	BOS, acting as Board of Directors of the SB County Fire Protection District

CALL TO ORDER

The meeting was called to order at 2:02 P.M.

Present: Chair Bahl, Board Members Eidelson, Pachter, Rivera, and Wallar.
Absent: Vice Chair Adomaitis and Board Member Fahnestock.

Staff Present: Jaime Valdez, Economic Development Coordinator, James Casso, Meyers, Nave, Riback, Silver & Wilson; Tim W. Giles, City Attorney and Liana Campos, Deputy City Clerk.

PUBLIC FORUM

Speakers:
None

A. ADMINISTRATIVE ACTIONS

A.1 Approval of August 16, 2012 Oversight Board Meeting Minutes (Constantino)

Recommendation: Approve the August 16, 2012 Oversight Board Meeting Minutes.

MOTION: Board Members Rivera/Eidelson motion to approve the August 16, 2012 Oversight Board Meeting Minutes.
VOTE: Approved by a unanimous voice vote.

A.2 Approval of October 8, 2012 Oversight Board Meeting Minutes (Constantino)

Recommendation: Approve the October 8, 2012 Oversight Board Meeting Minutes.

MOTION: Board Members Eidelson/Pachter motion to approve the October 8, 2012 Oversight Board Meeting Minutes.
VOTE: Approved by a unanimous voice vote.

Board Member Wallar arrived at the dais at 2:06 P.M.

B. DISCUSSION/ACTION ITEMS

B.1 Independent Accountant's Report on the Due Diligence Review of the Low and Moderate Income Housing Fund of the Goleta RDA Successor Agency and Determination of the Amount of Cash and Cash Equivalents that are Available for Disbursement to Taxing Entities (Valdez)

Recommendation: Adopt Resolution No. 12-__ entitled "A Resolution of the Oversight Board of the Goleta RDA Successor Agency, Approving the Report on the Due Diligence Review for the Low and Moderate Income Housing Funding and Determining the Amount of Cash and Cash Equivalents that are Available for Disbursement to the Taxing Entities"

MOTION FAILED: Board Members Rivera/No Second to adopt Resolution No. 12-__ entitled "A Resolution of the Oversight Board of the Goleta RDA Successor Agency, Approving the Report on the Due Diligence Review for the Low and Moderate Income Housing Funding and Determining the Amount of Cash and Cash Equivalents that are Available for Disbursement to the Taxing Entities"
VOTE: Motion failed.

The Oversight Board of the Goleta RDA Successor Agency provided direction to staff as follows: The Oversight Board requested the Independent Accountant/Third Party Auditor, Rogers, Anderson, Malody & Scott, LLP, appear at the next meeting and invited the Department of Finance to participate. The Oversight Board of the Goleta RDA Successor Agency requested staff address the four bullets contained in the Auditor-Controller's letter of October 8, 2012.

Board Member Wallar left the dais at 2:40 P.M.

B.2 Presentation by Santa Barbara County Auditor-Controller's Office on Pass-Through Payments
(Valdez)

Recommendation: Receive presentation from Santa Barbara County Auditor-Controller's Office.

Ed Price, Santa Barbara County Property Tax Division Chief, provided a Powerpoint Presentation on Pass-Through Payments (Powerpoint on file).

Report received.

C. BOARD MEMBER COMMENTS

None.

D. ADJOURNMENT AT 2:52 P.M.

Agenda Item B.1
DISCUSSION/ACTION ITEM
Meeting Date: October 31, 2012

TO: Members of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta

FROM: Jaime A. Valdez, Economic Development Coordinator

SUBJECT: Oversight Board Selection of Legal Counsel

RECOMMENDATION:

Select James Casso of Ross and Casso as legal counsel.

BACKGROUND:

On April 5, 2012 the Oversight Board of the Successor Agency had its first meeting. One of the immediate requests from Board Members was to retain outside legal counsel to represent the Oversight Board. The Successor Agency is represented by the City of Goleta's City Attorney and special counsel and as such legal services are included in the Successor Agency's Proposed Administrative Budget. The Oversight Board set up a subcommittee comprised of Vice-Chair Adomaitis and Board Member Eidelson to consider and recommend outside legal counsel. Successor Agency's Counsel provided a list of qualified attorneys for consideration.

Successor Agency's Counsel contacted five (5) municipal law professionals with redevelopment law and public entities experience. One (1) firm did not respond. One (1) had a potential conflict of interest. One (1) was unavailable in the timeframe requested by the Board. The subcommittee therefore reviewed two proposals and from them selected James Casso of Meyers Nave to serve as legal counsel to the Oversight Board.

The Board voted unanimously on April 12, 2012 to have Mr. Casso serve as legal counsel which he has done to the present.

DISCUSSION:

Mr. Casso will be leaving the firm of Meyers Nave effective October 31, 2012 at the close of business. He is willing to continue to serve as Oversight Board legal counsel through the law firm of Ross & Casso. Effectively, this action would merely provide for Ross & Casso to fulfill the role of legal counsel previously provided by Meyers Nave. Hourly rates and other charges identified in the existing contract with Meyers Nave would remain unchanged and Mr. Casso would continue to serve as legal counsel to the Board.

From a continuity aspect, keeping Mr. Casso as legal counsel is recommended given his familiarity with the Goleta RDA Successor Agency, the Board, and the intricacies related to the dissolution of redevelopment agencies in California.

FISCAL IMPACTS:

Soft costs related to staff time have been accounted for in the Successor Agency's Proposed Administrative Budget. The firm of Ross and Casso has agreed to engage in an identical contract as the one currently held with Meyers Nave to ensure there will be no changes to fees or charges.

ALTERNATIVES:

The Oversight Board could decide not to terminate the provision of legal services by Meyers Nave, or provide staff with alternative direction.

Approved By:

_____

Michelle Greene, City Administrative Services Director for
Daniel Singer, Executive Director

ATTACHMENTS

Agenda Item B.2
DISCUSSION/ACTION ITEM
Meeting Date: October 31, 2012

TO: Members of the Oversight Board of the Goleta RDA Successor Agency

FROM: Jaime A. Valdez, Economic Development Coordinator

SUBJECT: Update on Correspondence Directed to Department of Finance Related to Goleta RDA Successor Agency Property Disposition

RECOMMENDATION:

Receive information on correspondence directed to Department of Finance related to Goleta RDA Successor Agency property disposition.

BACKGROUND:

On August 16, 2012, the Oversight Board (Board) convened to receive an update on the abrupt introduction and passage of AB 1484 on June 27, 2012 and how it would affect the disposition of successor agency properties. Staff provided a detailed recap of AB 1484 as well as the history and background of the former RDA's acquisition of property located at 170 S. Kellogg Avenue in Old Town Goleta.

Staff also presented an alternative approach to property disposition not included in AB 1484 for the Board's consideration. The approach envisioned would result in an expedited process whereby upon securing the Board's concurrence as well as the Department of Finance's (DOF), the Successor Agency and City would prepare an appropriate sale agreement to be returned to the City Council and Board for approval. Ultimately, the action would result in the full interest in the property residing with the City.

DISCUSSION:

The Oversight Board considered the alternative approach on August 16, 2012, and was in unanimous support of the sale with concurrence of DOF. The support was based on its desire to expeditiously place monies from the sale of the property into the RPTTF sooner so that it may be distributed to Affected Taxing Entities, as soon as possible.

On October 25, 2012, after securing the signatures of the executives representing the five largest taxing entities, City staff sent a joint letter asking for DOF's consideration of the aforementioned alternative approach. The letter, dated October 18, 2012, along with the enclosures is attached to this staff report (Attachment 1).

FISCAL IMPACTS:

Unknown at this time. Depending on the approach taken, any resultant amount attained by disposition of the subject property could vary widely.

ALTERNATIVES:

The Oversight Board could decide not to receive the update included in this item, or provide staff with alternative direction.

Approved By:

_____
Michelle Greene, City Administrative Services Director for
Daniel Singer, Executive Director

ATTACHMENT(S):

1. Joint Letter to DOF Regarding Goleta RDA Successor Agency Disposition, Dated October 18, 2012

ATTACHMENT 1

Joint Letter to DOF Regarding Goleta RDA Successor Agency Disposition, Dated October 18, 2012

SENT BY ELECTRONIC MAIL: *steve.szalay@dof.ca.gov*

October 18, 2012

Steve Szalay, Local Government Consultant
Department of Finance
Redevelopment Unit
915 L Street
Sacramento, CA 95814

RE: Goleta RDA Successor Agency; Disposition of (future) Kellogg Park, City of Goleta

Dear Mr. Szalay,

This letter, submitted by the City of Goleta and written with concurrence of the Oversight Board of the Goleta RDA Successor Agency and the support of the Affected Taxing Entities, seeks input from the Department of Finance concerning the opportunity to expedite the disposition of a property currently under the control of the Goleta RDA Successor Agency.

The goal is to complete the sale of the property expeditiously and while maximizing value so that the proceeds can be deposited into the Redevelopment Property Tax Trust Fund for distribution to Affected Taxing Entities in an expedited manner, while not negatively impacting any aspects of the implementation of AB 26 and AB 1484.

Background:

This Goleta RDA Successor Agency holds a single real property asset. This property is located at 170 S. Kellogg Avenue in Goleta, CA, is currently vacant and undeveloped. The property was purchased with money from both the City and the former RDA ($1,520,893 and $1,122,649, respectively) in 2011 for the price identified in the fair market appraisal. While the land is in the name of the former RDA, the park project is a joint venture between the City and former RDA to construct a City park on the property, and the City holds an equitable interest in the property.

The City has been allocated grant funds in the amount of $910,000 from the Prop 84 Statewide Park Program monies that are at risk if the process to develop the park does not continue. Moreover, the City has initiated the General Plan amendment process to designate the property for the park use.

The City has offered to purchase the property for the fair market appraised value (less the amount City already contributed). The Goleta Oversight Board considered this offer and was in unanimous support of the sale with concurrence of the Department of Finance.

Question Presented:

Based on the unique facts of this situation, may the Oversight Board approve the sale of the property to the City, for the fair market appraised value (less the amount City already contributed), prior to the approval of the long-range property management plan, to allow for the sale proceeds to be deposited into the Redevelopment Property Tax Trust Fund for distribution to affected taxing entities in an expedited manner?

Discussion:

The City desires to move forward on this park project, and is willing to forgo the opportunity to wait for the LRPMP to be approved and seek the property at a less than fair market value. The Goleta City Council at its June 19, 2012 meeting directed the City Manager to begin discussions with the Oversight Board on the possibility of acquiring the former RDA's interest in the property for the appraised fair market value, less the amount already contributed by the City.

The Oversight Board considered the City's request on August 16, 2012, and was in unanimous support of the sale with concurrence of the Department of Finance. The support was based on its desire to expeditiously place monies from the sale of the property into the RPTTF sooner so that it may be distributed to Affected Taxing Entities, as soon as possible.

While this approach is different from the AB 1484 approach, the Affected Taxing Entities believe it could provide a number of benefits to stakeholders for the following reasons:

1. Retains the subject property's intended purpose to serve a governmental purpose as a park;
2. Provides an influx of monies into the Redevelopment Property Tax Trust Fund for distribution to affected taxing entities via the waterfall process outlined in AB 26 as amended by AB 1484;
3. Allows the City to meet the conditions of the $910,000 Prop 84 Grant which requires the City to be the owner of the subject property; and
4. Provides certainty to the City for continued development of the subject property as park for the benefit of the community.

Proposed Approach Not Prohibited by Law:

The provision of AB 1484 set out a lengthy process for former RDA assets to be disposed of, but does not prohibit the much quicker process set forth in AB 26.

AB 1484 provides a mechanism for property disposition via a due diligence review, leading to a finding of completion, approval of a subsequent long-range property management plan ("LRPMP"), that would then allow the properties of the former RDA to be placed in a Community Redevelopment Property Trust Fund ("RPTTF") administered by the Successor Agency in accordance with the approved LRPMP. However such a process will necessitate a substantial amount of time and would likely result in the subject property being sold/transferred no sooner than spring of 2013.

Such a process appears lengthy, which not only keeps potential dollars from a sale from entering the RPTTF but could also jeopardize the City's ability to use $910,000 in Prop 84 Park Grant monies, secured for construction as part of the development of this subject property into a much-needed community park in the Old Town Redevelopment Project Area. The need for

such a park in Old Town Goleta was originally identified in the Goleta Old Town Revitalization Plan adopted by the County of Santa Barbara in 1998 and subsequently adopted by the City upon its incorporation in 2002.

Conclusion:

The City is grateful for the support it received from Assembly Members Fiona Ma and Das Williams as well as State Senator Tony Strickland in obtaining the Prop 84 Park Grant and has enclosed the letters of support. Letters of support for this alternative approach to property disposition from Assembly Member Das Williams and State Senator Tony Strickland are also enclosed for the Department of Finance's consideration.

We look forward to discussing this matter with you and believe it provides a win-win for all parties involved and furthers the policy goals set out in State law (AB 26 and 1484), as well as the former RDA's Revitalization Plan, City's General Plan, and the Prop 84 Statewide Park Program all with the goal of benefiting the residents of Old Town as well as the broader community.

Sincerely,

Daniel Singer, City Manager
City of Goleta

Chandra Wallar, County Executive
County of Santa Barbara
County Fire Protection District

William Banning, Superintendent
Goleta Union School District

William J. Cirone, Superintendent
Santa Barbara County Education Office

David E. Cash, Superintendent
Santa Barbara Unified School District

Enclosures: Staff Report to Goleta Oversight Board, August 16, 2012 and letters of support.

cc: Oversight Board of the Goleta RDA Successor Agency
Goleta RDA Successor Agency
County of Santa Barbara Auditor/Controller's Office
Assembly Member Das Williams
State Senator Tony Strickland
Assembly Member Fiona Ma, Speaker Pro Tempore
County of Santa Barbara
Santa Barbara County Fire Protection District
Goleta Union School District
Santa Barbara Unified School District
Santa Barbara County Education Office

Agenda Item B.3
DISCUSSION/ACTION ITEM
Meeting Date: August 16, 2012

TO: Members of the Oversight Board of the Goleta RDA Successor Agency

FROM: Jaime Valdez, Senior Management Analyst

SUBJECT: Disposition of Former Goleta RDA Property at 170 S. Kellogg Avenue

RECOMMENDATION:

A. Receive information on disposition of assets pursuant to AB 1484; and
B. Provide direction on the exploration of an alternative approach to the disposition of assets called for in AB 1484.

BACKGROUND:

On December 29, 2011, the California Supreme Court issued an opinion in *California Redevelopment Association v. Matosantos*, upholding Assembly Bill 1X 26 ("AB 26") and invalidating Assembly Bill 1X 27 (the legislation that would have permitted redevelopment agencies to continue operation if their sponsoring jurisdiction agreed to make certain payments for the benefit of schools and special districts). As part of the California Supreme Court's ruling, all effective dates or deadlines regarding AB 26 occurring prior to May 1, 2012 are to take effect four months later. As a result, all California redevelopment agencies were dissolved, effective February 1, 2012.

On January 17, 2012 the City of Goleta took formal action to assume the role of Successor Agency both for housing and non-housing functions needed to wind down the affairs of the dissolved Redevelopment Agency for the City of Goleta. One of the critical aspects of the wind-down activities of RDAs is the disposition of the former agency's assets. The former Goleta RDA's assets include an interest in property located at 170 South Kellogg Avenue in Old Town.

On May 3, 2012, the Board directed staff to return on June 28, 2012 with information related to one of the Successor Agency's assets. Of particular interest to the Board was the subject property located at 170 S. Kellogg Avenue.

On June 27, 2012, as part of the FY 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484. The primary purpose of AB 1484 is to make technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing that act. As a budget "trailer bill," AB 1484 took immediate effect upon signature by the Governor.

On June 28, 2012, the Board convened to receive an update about the Department of Finance's (DOF) review of the Successor Agency's submitted Recognized Obligation Payment Schedule (ROPS) as well as discuss the disposition of the former RDA's assets. Given the abrupt introduction and passage of AB 1484 prior to the Board's June 28, 2012 meeting, only a briefing on the background of the RDA's acquisition of the 170 S. Kellogg Property was provided. Actions regarding the disposition of the subject property were deferred until AB 1484 could be fully reviewed by both Successor Agency staff and the Board's Legal Counsel.

Background on Subject Property and Actions Taken to Date

The following is a recap of the staff report to the Board on June 28, 2012 which provided a summary of why and how the subject property was purchased:

Need, Purpose and Purchase of 170 South Kellogg Avenue

- 1998 Goleta Old Town Revitalization Plan (Revitalization Plan) identified the need for additional active recreation park land in Old Town
    - Revitalization Plan called for a 2-4 acre park on Key Site #3
- The City's General Plan called for a 4-acre "Planned Future Park Site" in the immediate vicinity of the subject property.
- Subject Property is highly suitable for public recreation in an area of the City which is critically underserved with regard to the ratio of parks/open space to population.
- Subject Property has significant developable constraints related to San Jose Creek (floodway/floodplain and ESHA issues).
- Initial listing of subject property in 2009 included two parcels with different zoning for sale totaling about 4.5 acres for $3,995,000.

City and RDA Actions

- City Council directed City Manager in early 2010 to explore the purchase of the subject property and in spring of 2010, City Manager requests an appraisal of the subject property totaling about 4.0 acres.
- February of 2011, the City Council authorized City Manager to enter into negotiations with the property owner for the Purchase and Sale Agreement (PSA) of the subject property.
- May of 2011, the City's Planning Commission adopted Resolution officially reporting on the conformity of the acquisition to the General Plan (Conformity Determinations for the two parcels);
- June 7, 2011, the City Council approved the filing of an application for Statewide Park Program (Prop 84) Grant Funds for the development of a new park on the subject property;
- June 21, 2011, the City Council and RDA Board take the following actions to purchase the subject property:

- City Council appropriated $1,500,000 from the City's Park Development Impact Fees (DIF) to apply toward the purchase of the property and an additional $375,000 in City Park DIF for development of a park on the site, including design and engineering;
- RDA Board appropriated up to $1,200,000 from the Agency's General Fund Balance for acquisition of property and authorizes execution of the PSA.

Title and Interest in Subject Property

The PSA dated June 21, 2011 reflects the RDA as the purchaser of the site with title vesting in the RDA. Although no written agreement was executed between the RDA and the City at the time of the purchase, the intention was for the City to eventually reimburse the RDA for all or part of its contribution and to have title transferred to the City at a later date. The actual acquisition costs and sources of funds are as follows:

- $2,643,522 Total Acquisition Costs
  - $1,520,893 (City Park DIF)
  - $1,122,649 (RDA General)

It is important to recognize that the City has an equitable interest in the subject property, as evidenced by its $1.5 million investment towards acquisition. The City has also invested additional monies beyond acquisition costs for design and engineering work associated with the development of a future park on the subject property. From the beginning of the acquisition process through its completion, the goal was for the subject property to serve as a park for the community.

While no formal documents were entered into between the City and the former RDA, there is a clear partnership in place that creates an equitable interest in the property for the benefit of the City. The City's interest and contributions to the subject property must be accounted for in the sale or transfer of the subject property.

General Plan Amendment Process Initiated

On April 17, 2012 the City Council initiated the Processing of a City-Requested General Plan Amendment for the subject property, also referred to as the future Old Town Park Project. Considerations of the property included:

- Located within 100 year floodplain;
- Partially constrained by creek ESHA;
- NOT included in housing inventory;
- Included in future GP bike/pedestrian path system;
- Supported by $910,000 in grant funding from the Prop 84 Grant Program administered by the California Department of Parks and Recreation for a future park.

The requested General Plan Amendment is to change the land use designations from Planned Residential (R-P 10 units per acre) and Old Town Commercial (C-OT) to a land use designation suitable for a park. Possible suitable land use designations that will be considered include Open Space – Active Recreation (OS-AR) or Open Space – Passive Recreation (OS-PR). A concurrent rezone would be processed to change the zoning from DR-10 Design Residential (10 units per acre) and C-2 Retail Commercial to REC Recreation.

Given the Council's decision to initiate the General Plan Amendment for the subject property, City staff was to proceed with case processing including public outreach and the design of a future park.

Background on Property Disposition under AB 26 and AB 1484

Given that the RDA has been dissolved, the asset now transfers to the Successor Agency. As such, the Board is ultimately responsible for approving actions of the Successor Agency related to the sale of properties. Staff contends there are two approaches available to the Goleta RDA Successor Agency:

1. **AB 26** (Health and Safety Code (HSC) 34177)—Whereby an asset would be sold expeditiously and in a manner aimed at maximizing value.
2. **AB 1484** (HSC 34191.1)—Dependent on the issuance of a "Finding of Completion" which would then allow for the submittal of a Long-Range Property Management Plan to be approved by DOF.

AB 26 Approach

The Dissolution Act calls for the Successor Agency, under the direction of the Oversight Board, to dispose of real property it received from the Dissolved RDA either for limited public uses, or for disposition into the private market expeditiously and with a view toward maximizing value, with the disposition proceeds ultimately made available for distribution to the affected taxing entities. HSC 34177(e) states Successor Agencies are required to:

> *"Dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181.* ***The disposal is to be done expeditiously and in a manner aimed at maximizing value.*** *Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188***.***"*

In sum, the Board is to assure that the Successor Agency disposes of the former RDA's assets expeditiously and in a manner aimed at maximizing value except as articulated in HSC 34177(e).

AB 1484 Approach

AB 1484 seems to provide certain flexibility and local benefits in connection with property disposition for a Successor Agency that has received a DOF Finding of Completion. Receipt of a Finding of Completion would occur as follows:

> *"Upon full payment of the amounts determined in subdivision (d) or (e) of Section 34179.6 as reported by the county auditor-controller pursuant to subdivision (g) of Section 34179.6 and of any amounts due as determined by Section 34183.5, or upon a final judicial determination of the amounts due and confirmation that those amounts have been paid by the county auditor-controller**, the department shall issue,** within five business days, **a finding of completion of the requirements of Section 34179.6 to the successor agency**."*

The receipt of the Finding of Completion from DOF would likely not occur until April of 2013. Within six months after receipt of a Finding of Completion, the Successor Agency would be required to submit a Long-Range Property Management Plan (LRPMP) for the real property of the Dissolved RDA for approval by the Oversight Board and the DOF. The LRPMP must include an inventory about each property, and address the use or disposition of each property. Permitted uses under a LRPMP include:

- Retention of the property for governmental use;
- Retention of the property for future development;
- Sale of the property; and
- Use of the property to fulfill an enforceable obligation.

Upon approval of the LRPMP, the properties of the Dissolved RDA are to be placed in a Community Redevelopment Property Trust Fund administered by the Successor Agency in accordance with the approved LRPMP [HSC 34191.5(c)(2)]:

- If the LRPMP calls for use or liquidation (sale to obtain revenues) of a property for a project identified in an approved redevelopment plan, that property is to be transferred to the Sponsoring Community (City of Goleta) for that purpose.
- If the LRPMP calls for the liquidation of the property or use of revenues from the property for purposes other than a project identified in a redevelopment plan or other than to fulfill an enforceable obligation, the proceeds from the sale are to be distributed as property taxes to the taxing entities.

DISCUSSION:

On June 28, 2012, the Board posed a number of questions related to the disposition of the subject property. All of these questions were to be addressed with regard to the Dissolution Act as amended by AB 1484. It is not clear if a Successor Agency can continue to follow the Dissolution Act path and dispose of property under Oversight Board direction to maximize value received for distribution to the affected taxing entities, or if it is instead compelled to follow the alternative path set out in AB 1484.

Exploration of Alternative Proposal with DOF

The Goleta City Council at its June 19, 2012 meeting directed the City Manager to begin discussions with the Board on the possibility of acquiring the Agency's interest in the subject property. Upon securing the Oversight Board's concurrence, the Successor Agency and City would prepare an appropriate agreement to be returned to the Council and Board for approval. To the degree this approach is permissible by DOF, the City and the Successor Agency could come to an agreement whereby a sale would be limited to the former RDA's contribution to the purchase ($1,122,649) of the subject property.

While this approach is different from the AB 1484 approach, Successor Agency staff believes it could provide a number of benefits to stakeholders for the following reasons:

1. Retains the subject property's intended purpose to serve a governmental purpose as a park; and
2. Provides an influx of monies into the Redevelopment Property Tax Trust Fund for distribution to affected taxing entities via the waterfall process outlined in AB 26 as amended by AB 1484; and
3. Allows the City to meet the conditions of the $910,000 Prop 84 Grant which requires the City to be the owner of the subject property; and
4. Provides certainty to the City for continued development of the subject property as park for the benefit of the community.

Moreover, this approach furthers the policy goals set out in the former RDA's Revitalization Plan, City's General Plan, and the Prop 84 Statewide Park Program all with the goal of benefitting the residents of Old Town as well as the broader community.

FISCAL IMPACTS:

Unknown at this time. Depending on the approach taken, any resultant amount attained by disposition of the subject property could widely vary.

ALTERNATIVES:

The Oversight Board could decide not to accept the recommendations included in this item, or provide staff with alternative direction.

Approved By:

_____

Daniel Singer
Executive Director

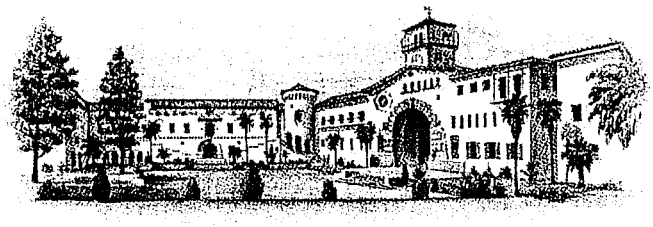
DOREEN FARR
Third District, Chair

SALUD CARBAJAL
First District, Vice Chair

JANET WOLF
Second District

JONI GRAY
Fourth District

STEVE LAVAGNINO
Fifth District



COUNTY OF SANTA BARBARA

BOARD OF SUPERVISORS
County Administration Building
105 East Anapamu Street
Santa Barbara, CA 93101
Telephone: (805) 568-2190
www.countyofsb.org

October 8, 2012

Steve Szalay,
Local Government Consultant
Department of Finance
Redevelopment Unit
915 L Street
Sacramento, CA 95814

Dear Mr. Szalay,

The Santa Barbara County Board of Supervisors supports the efforts of the City of Goleta and the Goleta Redevelopment Agency Successor Agency to expedite the disposition of the real property at 170 South Kellogg in the City of Goleta. This property was jointly purchased in 2011 by the Goleta Redevelopment Agency and the City of Goleta.

The City is prepared to purchase the balance of property from the Goleta RDA Successor Agency for their share of fair market appraised value. The Goleta Oversight Board considered and is in unanimous support of the sale in concurrence with the Department of Finance. The intent is to expedite the disposition of this property while maximizing the value of the property for distribution to the Affected Taxing Entities while not negatively affecting any aspects of implementation of AB 26 and AB 1484.

The City of Goleta has planned to build a park on the property and has initiated General Plan amendments required to proceed with the park project on this property. Additionally the City of Goleta is at risk of losing a $910,000 Proposition 84 Statewide Park Program grant identified to develop the park.

While this approach is different from the AB 1484 approach, the Oversight Board believes it could provide a number of benefits to stakeholders for the following reasons:

1. Retains the subject property's intended purpose to serve a governmental purpose as a park;
2. Provides an influx of monies into the Redevelopment Property Tax Trust Fund for distribution to affected taxing entities via the waterfall process outlined in AB 26 as amended by AB 1484;
3. Allows the City to meet the conditions of the $910,000 Prop 84 Grant which requires the City to be the owner of the subject property; and

4. Provides certainty to the City for continued development of the subject property as park for the benefit of the community.

As, the Board of Supervisors and the Fire District Board of Directors, we support the efforts of the City of Goleta and the carefully considered decision of the Goleta Oversight Board to garner support from the Department of Finance to move as quickly as possible to allow the purchase of the 170 South Kellogg property by the City of Goleta to proceed as quickly as possible.

Sincerely,

Doreen Farr, Chair
Santa Barbara County Board of Supervisors

CC: Dan Singer

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0035
(916) 319-2035
FAX (916) 319-2135

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Assembly
California Legislature

DAS WILLIAMS
ASSEMBLYMEMBER, THIRTY-FIFTH DISTRICT

September 21, 2012

Steve Szalay
Department of Finance
915 L Street
Sacramento, CA 95814

RE: Property Disposition of Goleta RDA Successor Agency

Dear Mr. Szalay,

I am writing to express strong support for the City of Goleta's request to the Department of Finance for consideration of an "Alternative Approach" for the purchase of the Goleta RDA Successor Agency's Interest in the Subject Property located at 170 S. Kellogg Avenue, Goleta CA (APN 071-090-077).

Under the Alternative Approach requested the City of Goleta would purchase the former RDA's interest in the aforementioned property for $1,122,649; this is the amount previously contributed by the former RDA. The Oversight Board Members representing the largest taxing entities have all pledged their support of exploring this Alternative Approach. The subject property is intended to become a neighborhood park providing much needed recreational opportunities and open space for a critically underserved, predominantly low-income area of Goleta.

The City of Goleta was able to secure $910,000 in Prop 84 Park Grant monies for this proposed neighborhood park. The need for such a park in Old Town Goleta was originally identified in the Goleta Old Town Revitalization Plan adopted by the County of Santa Barbara in 1998 and subsequently adopted by the City upon its incorporation in 2002. The Prop 84 Park Grant monies have been secured for construction as part of the development of this subject property into a much-needed community park in the Old Town Redevelopment Project Area.

It is imperative that ownership of the subject property rest with the City in order to retain the Prop 84 Park Grant monies and ensure the subject property is developed as a neighborhood park.

The proposed neighborhood park in Old Town Goleta will include a multi-purpose lawn area, park benches, pedestrian paths, landscape improvements, restrooms, playground area, off-street parking, nature trails, and picnic areas, among other amenities. Its development will significantly improve the economic development potential of the area as well as benefitting the health and quality of life for youth, seniors, and families in the community by greatly increasing access to open space and outdoor recreational facilities. The project will also enhance the environment through preservation of creekside riparian habitat and native plant restoration, and provide opportunities for social and cultural gatherings as well as the display of public art. Again, I urge your positive consideration of this Alternative Approach.

Sincerely,

DAS WILLIAMS
Assemblymember, 35th District

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California State Senate

SENATOR
TONY STRICKLAND
ASSISTANT MINORITY LEADER
NINETEENTH SENATE DISTRICT

STANDING COMMITTEES
ENVIRONMENTAL QUALITY
VICE-CHAIR
BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT
ENERGY, UTILITIES & COMMUNICATIONS
HUMAN SERVICES

October 24, 2012

Steve Szalay
Department of Finance
915 L Street
Sacramento, CA 95814

RE: Property Disposition of Goleta RDA Successor Agency

Dear Mr. Szalay:

I am writing to express my support for the City of Goleta's request to the Department of Finance for consideration of an "Alternative Approach" for the purchase of the Goleta RDA Successor Agency's Interest in the Subject Property located at 170 S. Kellogg Avenue, Goleta CA (APN 071-090-077).

The Alternative Approach requested would result in a process whereby the City of Goleta would purchase the former RDA's interest in the aforementioned property for the $1,122,649 amount previously contributed by the former RDA. The Oversight Board Members representing the largest taxing entities have all pledged their support of exploring this Alternative Approach. The subject property is intended to become a neighborhood park providing much needed recreational opportunities and open space for a critically underserved, predominantly low-income area of Goleta.

The City of Goleta was able to secure $910,000 in Prop 84 Park Grant monies for this proposed neighborhood park. The need for such a park in Old Town Goleta was originally identified in the Goleta Old Town Revitalization Plan adopted by the County of Santa Barbara in 1998 and subsequently adopted by the City upon its incorporation in 2002. The Prop 84 Park Grant monies have been secured for construction as part of the development of this subject property into a much-needed community park in the Old Town Redevelopment Project Area.

It is imperative that ownership of the subject property rest with the City in order to retain the Prop 84 Park Grant monies and ensure the subject property is developed as a neighborhood park.

The proposed neighborhood park in Old Town Goleta will include a multi-purpose lawn area, park benches, pedestrian paths, landscape improvements, restrooms, playground area, off-street parking, nature trails, and picnic areas, among other amenities. Its development will significantly improve the economic development potential of the area as well as benefitting the health and quality of life for youth, seniors, and families in the community by greatly increasing access to open space and outdoor recreational facilities. The project will also enhance the environment through preservation of creekside riparian habitat and native plant restoration, and provide opportunities for social and cultural gatherings as well as the display of public art.

On behalf of the City of Goleta and my office, thank you for time and attention to this matter. If you have any questions, please don't hesitate to contact me.

Sincerely,

Tony Strickland
Senator, 19th District

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Assembly
California Legislature

DAS WILLIAMS
ASSEMBLYMEMBER, THIRTY-FIFTH DISTRICT

Ms. Patti Keating
Office Chief
California Dept. of Parks and Recreation
Office of Grants and Local Services
1416 Ninth Street, Room 918
Sacramento, CA 95814

RE: SUPPORT for the City of Goleta's Prop 84 Statewide Park Program Grant application for the Hollister/Kellogg Park

Dear Ms. Keating,

I am writing to express my support for the City of Goleta's application for the Hollister/Kellogg Park, a new neighborhood park providing much needed recreational opportunities and open space for a critically underserved, predominantly low-income area of Goleta.

Hollister/Kellogg Park will include a multi-purpose lawn area, park benches, pedestrian paths, landscape improvements, restrooms, playground area, off-street parking, nature trails, and picnic areas, among other amenities. Its development will significantly improve the economic development potential of the area as well as benefitting the health and quality of life for youth, seniors, and families in the community by greatly increasing access to open space and outdoor recreational facilities. The project will also enhance the environment through preservation of creekside riparian habitat and native plant restoration, and provide opportunities for social and cultural gatherings as well as the display of public art.

The new park is located in Old Town Goleta, an area in which nearly 12% of the population is below the poverty line, minorities make up 71% of the population, and 30% of the population is under the age of 19. Both Santa Barbara County and the Goleta General Plan have identified Old Town as being in need of additional active recreation park land. As the only large park and open space area in Old Town, the Hollister/Kellogg Park will provide needed active recreation park land in an area that lacks open space areas large enough for team sports activities. There is an urgent need for the type of open space and recreational facilities Hollister/Kellogg Park will provide.

Thank you for your consideration, and please feel free to contact me with any questions.

Sincerely,

DAS WILLIAMS
Assemblymember, 35th District

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California State Senate

SENATOR
TONY STRICKLAND
ASSISTANT MINORITY LEADER
NINETEENTH SENATE DISTRICT

STANDING COMMITTEES
ENVIRONMENTAL QUALITY
VICE-CHAIR
BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT
ENERGY, UTILITIES & COMMUNICATIONS
HUMAN SERVICES

March 9, 2012

Ms. Patti Keating
Office Chief
California Department of Parks & Recreation
Office of Grants and Local Services
1416 Ninth St., Room 918
Sacramento, CA 95814

Re: Support for Prop 84 Park Program Grant Funds
Grant Application ID: SPP App XS-42-004 - Goleta

Dear Ms. Keating:

I am writing in support of the City of Goleta's Prop 84 Statewide Park Program grant application to assist in the development of the new neighborhood park known as Hollister/Kellogg Park.

The Old Town area currently does not have any park or open space areas which are large enough for team sport activities such as soccer, baseball, softball or volleyball. Additionally, there are no schools in the area that provide such space.

Approval of these funds would serve a critically underserved population and would benefit the health and quality of life for youth, seniors, and families in our community.

If you have any questions, please feel free to contact me. Thank you for your consideration of this important project.

Sincerely,

Tony Strickland
Senator, 19th District

TS:jm

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馬世雲
SPEAKER PRO TEMPORE
ASSEMBLYWOMAN, TWELFTH DISTRICT

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PUBLIC EMPLOYEES, RETIREMENT AND SOCIAL SECURITY
UTILITIES AND COMMERCE
CHAIR, SELECT COMMITTEE ON DOMESTIC VIOLENCE

March 2, 2012

Ms. Patti Keating
Office Chief
California Department of Parks and Recreation
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

RE: Letter of Support for the City of Goleta Proposition 84 Park Program Grant Application: SPP App XS-42-004-Goleta

Dear Ms. Keating:

I would like to express my support for the City of Goleta's application for Proposition 84 Park Program Grant Funds.

The City of Goleta's plan to build the Hollister/Kellogg neighborhood park will provide a critically underserved and predominantly low-income community with an important space that is currently lacking in the neighborhood.

As a "park poor" community with no schools in the immediate area, the new park's location will provide open space, large enough for team sport activities, pedestrian pathways, playground areas, and picnic areas. With nearly 12% of the population below the poverty line and 30% of the community under the age of 19, recreational investment is necessary to maintain the economical vibrancy of the area and to improve the quality of life for existing and future residents.

The project's environmental aspects are also impressive. The project will help preserve creekside riparian habitat and native plant restoration along with Goleta's Old Town Revitalization Plan.

Thank you for your consideration of this important and necessary project. Should you have any questions, please do not hesitate to contact me or my staff at 916-319-2012.

In Peace and Friendship,

FIONA MA
Speaker pro Tempore
Assembly District 12

Printed on Recycled Paper

Agenda Item B.3
DISCUSSION/ACTION ITEM
Meeting Date: October 31, 2012

TO: Members of the Oversight Board of the Goleta RDA Successor Agency

FROM: Jaime A. Valdez, Economic Development Coordinator

SUBJECT: Continue Consideration of Independent Accountant's Report on the Due Diligence Review of the Low and Moderate Income Housing Fund of the Goleta RDA Successor Agency and Determination of the Amount of Cash and Cash Equivalents that are Available for Disbursement to Taxing Entities

RECOMMENDATION:

Adopt Resolution No. 12-__ entitled "A Resolution of the Oversight Board of the Goleta RDA Successor Agency, Approving the Report on the Due Diligence Review for the Low and Moderate Income Housing Funding and Determining the Amount of Cash and Cash Equivalents that are Available for Disbursement to the Taxing Entities."

BACKGROUND:

Health and Safety Code (HSC) Section 34179.5 requires the Successor Agency to hire a licensed accountant, approved by the County Auditor-Controller (CAC), to conduct a Due Diligence Review to determine the unobligated balances available for transfer to taxing entities, and by October 1, 2012, to provide to the Oversight Board ("Board"), CAC, State Controller's Office (SCO), and the Department of Finance (DOF), the results of the Due Diligence Review (DDR) of the Low and Moderate Income Housing Fund (LMIHF).

The Goleta RDA Successor Agency received the final results of the LMIHF DDR on October 2, 2012. Subsequently on October 3, 2012, the Goleta RDA Successor Agency staff sent a letter along with the LMIHF DDR to the DOF, SCO, Santa Barbara CAC, and the Board pursuant to HSC 34179.6(b) (Attachments 1 and 2).

Following receipt of the Report, the Board is required to convene a public comment session, to be held not less than five (5) days prior to the approval vote by the Board. By October 15, 2012, for the LMIHF, the Board must review, approve, and transmit to the DOF and Santa Barbara CAC the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities. The review and approval must occur in public sessions.

On October 8, 2012, the Board convened a public comment session on the LMIHF Due Diligence Review. The Santa Barbara CAC provided a comment letter at the Board meeting of October 8, 2012 (Attachment 3). At that same meeting, individual Boardmembers also requested Successor Agency staff to consider providing additional information related to balance sheets of the LMIHF as of specific dates, transactions occurring in the LMIHF. Additionally, a request was made for the presence of a representative from the licensed accountant performing the LMIHF DDR at the Board's October 15, 2012 meeting. Moreover, individual Boardmembers requested consideration of providing further clarification regarding the expenditure of $945,257 in LMIHF monies used to make the $1,363,351 "true-up" payment required by AB 1484 on July 12, 2012.

In response to the Board's request for information related to balance sheets of the LMIHF as of specific dates and transactions occurring in the LMIHF, staff has again included the items as an attachment to this staff report (Attachment 4).

Immediately after the Board's meeting of October 8, 2012, staff contacted Rogers, Anderson, Malody & Scott, LLP (RAMS) and was informed that their representative who performed the LMIHF DDR was unavailable to attend the October 15, 2012 meeting.

On October 15, 2012, staff provided additional clarification regarding the expenditure of $945,257 in LMIHF monies used to make the $1,363,350.53 "true-up" payment required by AB 1484 on July 12, 2012. The information presented to the Board sought to provide context and authority for the Successor Agency's investigation, consideration and determination regarding use of the LMI funds in question. This included a recap of information dated July 26, 2012, October 1, 2012, and October 2, 2012 regarding Mr. Pedro R. Reyes, DOF Chief Deputy Director and Mr. Brown Moua, DOF Financial and Performance Evaluator, along with Mr. Ed Price, Chief of Property Tax Division, Santa Barbara CAC Office to clarify the direction previously given by DOF regarding the use of the LMI funds.

The Oversight Board at its October 15, 2012 meeting received the information provided by staff and deferred action on approving the LMIHF DDR, pending the receipt of additional information. Individual Boardmembers directed staff to contact DOF again to get confirmation of previously provided direction on the use of LMIHFs to make the July 12, 2012 payment pursuant to AB 1484. Furthermore, individual Boardmembers requested that representatives of the DOF and RAMS be available at its next Board meeting to respond to questions.

DISCUSSION:

HSC Section 34179.5 requires the Successor Agency to hire a licensed accountant, approved by the Santa Barbara CAC, to conduct a Due Diligence Review to determine the unobligated balances available for transfer to taxing entities. RAMS conducted a review of the LMIHF to meet the requirements of HSC Section 34179.5, and prepared the aforementioned Report on that review.

HSC Section 34179.6 empowers the Board to authorize the Successor Agency to retain certain assets or funds, such as restricted funds, including bond or grant funds or cash funds that are required to fund an enforceable obligation, physical assets such as equipment or land; and funds to satisfy obligations that will be placed on the Recognized Obligation Payment Schedule (ROPS) for the current fiscal year. An oversight board that makes that authorization must identify to the 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 is then subject to the review and approval of the DOF.

On October 18, 2012, staff sent a letter to Mr. Pedro Reyes (Attachment 5) outlining the request by individual Boardmembers germane to DOF. Responses by Mr. Chris Hill of DOF and Successor Agency staff in regard to the October 18, 2012 correspondence have been included as an attachment to this staff report (Attachment 6). Mr. Hill's October 19, 2012 response on behalf of DOF stated in no uncertain terms that *"The monies expended pursuant to this authorization were not in the form of a loan, and are not required to be repaid to the LMIHF."* Moreover, Mr. Hill responded to the request for DOF participation in today's Board meeting by stating on October 24, 2012 that *"… Department of Finance staff will not be able to participate in the Goleta Oversight Board's meeting either in person or via telephone."*

With regard to RAMS, staff did contact them again to have them respond to the CAC's Comment Letter, dated October 8, 2012 as well as request them to attend this October 31, 2012 Board Meeting. RAMS stated they would not attend the meeting and instead provided their responses to staff. Their responses to the four questions posed in the CAC's comment letter along with City staff's responses have been provided in Attachment 7.

HSC 34179.6 (c) states that by October 15, 2012, for the LMIHF, the Board shall review, approve, and transmit to the department and the Santa Barbara CAC the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities as determined according to the method provided in Section 34179.5. While the October 15, 2012 deadline was not met, it was the desire of the Board to reconvene and continue its consideration of this statutory requirement.

<u>LMIHF DDR Findings</u>

Following review of and receipt of public comments on the Report on the DDR, staff recommends that the Oversight Board authorize the Successor Agency to retain the following assets and funds: $0.00.

Accordingly, the amount of cash and cash equivalents that would be available for disbursement to taxing entities is $192,195 as identified in the "Summary of Balances Available for Allocation to Affected Taxing Entities" of the Report (page 14 of Attachment 2).

Conclusion

A resolution approving the Report on the DDR for the LMIHF and determining the amount of Cash and Cash Equivalents that are available for disbursement to the taxing entities is attached to this staff report (Attachment 8).

FISCAL IMPACTS:

There are no fiscal impacts associated with the Oversight Board's approval of the Report and determination of the amount of cash and cash equivalents that would be available for disbursement to taxing entities.

ALTERNATIVES:

None. HSC 34179.6 (c) states that by October 15, 2012, for the LMIHF, the Board shall review, approve, and transmit to the department and the Santa Barbara CAC the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities as determined according to the method provided in Section 34179.5. This is a mandatory, time sensitive duty.

Approved By:

_____

Michelle Greene, City Administrative Services Director for
Daniel Singer, Executive Director

ATTACHMENTS:

1. Goleta RDA Successor Agency Letter Regarding LMIHF Due Diligence Review, Dated October 3, 2012
2. RAMS Report on Goleta RDA LMIHF Due Diligence Review
3. Santa Barbara County Auditor-Controller Comment Letter on the LMIHF Due Diligence Review, Dated October 8, 2012
4. Goleta RDA Balance sheets and transactions of the LMIHF as of specific dates
5. Goleta RDA Successor Agency Letter to DOF regarding the use of LMIHF, Dated October 18, 2012
6. DOF and Successor Agency Staff E-mails Regarding Goleta RDA Successor Agency Letter, Dated October 18-24, 2012
7. RAMS and City Staff Responses to County Auditor-Controller Comment Letter of October 8, 2012
8. Oversight Board Resolution Approving the Report on the LMIHF Due Diligence Review and Determining the Amount of Cash and Cash Equivalents that are Available for Disbursement to the Taxing Entities

ATTACHMENT 1

Goleta RDA Successor Agency Letter Regarding LMIHF Due Diligence Review, Dated October 3, 2012

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2002-2012

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Mayor

Roger S. Aceves
Mayor Pro Tempore

Michael T. Bennett
Councilmember

Margaret Connell
Councilmember

Paula Perotte
Councilmember

CITY MANAGER
Daniel Singer

SENT BY ELECTRONIC MAIL: Redevelopment_Administration@dof.ca.gov

October 3, 2012

California Department of Finance

Re: LMI DDR Pursuant to HSC 34179.5 and 34179.6

Dear Sir or Madam:

The Goleta RDA Successor Agency received the final results of the LMI DDR on October 2nd and is providing it to the Department of Finance, State Controller's Office, Santa Barbara County Auditor-Controller's Office, and the Oversight Board pursuant to HSC 34179.6(b).

This letter is to inform you that the Oversight Board of the Goleta RDA Successor Agency will be meeting on October 8th and October 15th of 2012 in order to comply with the requirements set forth as part of the Due Diligence Review of the Low-Moderate Income Housing Fund of the former Goleta RDA.

If you need further clarification or more information on the matter, please do not hesitate to contact me at your convenience.

Sincerely,

Alvertina Rivera

Alvertina Rivera
Finance Director
(805) 961-7527 or trivera@cityofgoleta.org

Enclosure

CC: Dan Singer—City Manager
John Chiang—California State Controller
Robert W. Geis—Santa Barbara County Auditor-Controller
Oversight Board of the Goleta RDA Successor Agency

ATTACHMENT 2

RAMS Report on Goleta RDA LMIHF Due Diligence Review

PURSUANT TO THE STATE OF CALIFORNIA
HEALTH AND SAFETY CODE SECTION 34179.5

CITY OF GOLETA
AS THE SUCCESSOR AGENCY OF THE
GOLETA REDEVELOPMENT AGENCY

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

GOLETA REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Certified Public Accountants

Oversight Board of the Successor Agency for the
Goleta Redevelopment Agency
Goleta, CA

INDEPENDENT ACCOUNTANT'S 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 Oversight Board of the Successor Agency for the Goleta Redevelopment Agency, the California State Controller's Office and the State of California Department of Finance (Agencies) solely to assist you to determine the Low and Moderate Income Housing Fund unobligated balances available for transfer to taxing entities complying with statutory requirements pursuant to the California Health and Safety Code section 34179.5. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code section 34182(a)(1).

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" along with 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 after each procedure 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 applicable 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.

Rogers Anderson Malody & Scott, LLP

September 28, 2012

Purpose: To determine the unobligated balances available for transfer to taxing entities of the Low and Moderate Income Housing Fund. [Health and Safety Code section 34179.5]

Citation: 34179.5(c)(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.

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:

We obtained from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency (Low and Moderate Income Housing Fund) to the Successor Agency on February 1, 2012. We agreed the amounts on this listing to account balances established in the accounting records of the Successor Agency.

We noted that $1,374,690 in Low and Moderate Income Housing Fund assets (cash only) were transferred from the former redevelopment agency to the Low and Moderate Income Housing Fund of the Successor Agency as of February 1, 2012.

Citation: 34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

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. 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:

   According to Successor Agency Officials, there were no transfers 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.

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:

   According to Successor Agency Officials, there were no transfers 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.

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:

   This procedure was not performed since there were no transfers identified by the Successor Agency for procedures 2.A or 2.B

Citation: 34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

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. 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:

   See Attachment 3 for listing obtained from Successor Agency.

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:

   See Attachment 3 for listing obtained from Successor Agency.

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:

   See Attachment 3 for results of procedure 3.C.

Citation: 34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.

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 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.

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.

C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

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:

Procedure 4 pertains to the Successor Agency as a whole, these procedures are to be addressed and presented in the report due on December 15, 2012.

Citation: 34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:
(A) A statement of the total value of each fund as of June 30, 2012.

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:

We obtained from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Asset Fund as of June 30, 2012 for the report that is due October 1, 2012. The listing includes only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and excludes all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. We agreed the assets so listed to recorded balances reflected in the accounting records of the Successor Agency.

		Successor Agency Funds			
GL Account	ASSET DESCRIPTION	605 Non Housing	606 Housing	607 Debt Service	TOTAL
1010	CASH - POOLED		$ 1,137,452		$ 1,137,452
1082	CASH WITH FISCAL AGENT		-		-
1150	ACCOUNTS RECEIVABLE		-		-
1340	INTEREST RECEIVABLE		95		95
1350	PREPAID EXPENDITURES		-		-
N/A	LAND ACQUISITION		-		-
			$ 1,137,547		$ 1,137,547

Citation: 34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

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).

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.

Results:

According to Successor Agency Officials, there are no restricted balances for Unspent Bond Proceeds as of June 30, 2012 in Fund 606 - RDA Successor - Housing.

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

i. Obtain the 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.

Results:

According to Successor Agency Officials, there are no restricted balances for Grants Proceeds and Program Income as of June 30, 2012 in Fund 606 - RDA Successor - Housing.

C. Other assets considered to be legally restricted:

i. Obtain the 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.

Results:

According to Successor Agency Officials, there are no other assets considered to be legally restricted as of June 30, 2012 in Fund 606 - RDA Successor - Housing.

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:

This procedure was not performed since there were no restrictions identified by the Successor Agency for procedures 6.A, 6.B, or 6.C

Citation: 34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.

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.

Results:

We obtained from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution. The assets were identified by Successor Agency Officials as to be listed at book value.

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:

We traced the amount to the Trial Balance of the Successor Agency for the Low-Mod Housing Fund noting no differences.

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:

We noted no differences in Procedure 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:

Procedure 7.D is not applicable since the assets identified in procedure 7.A are listed at book value.

Citation: 34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.

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.

Results:

According to Successor Agency Officials, the Agency believes that it does not need to retain asset balances to satisfy future obligations.

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.

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

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.

iv. Attach 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.

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:

Results:

According to Successor Agency Officials, the Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation to be sufficient to fund future obligation payments.

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:

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

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.

Results:

According to Successor Agency Officials, the Agency believes that projected property tax revenues and other general revenues to be received are sufficient to fund future obligation payments.

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.

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.

Results:

Procedures 8.A, 8.B, and 8.C were not performed since Successor Agency Officials believes that no asset balances need to be retained due to insufficient funds in the future to pay for future enforceable obligations.

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.

Citation: 34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.

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:

According to Successor Agency Officials, the Agency believes that projected other general revenues to be received are sufficient to fund future obligation payments and there is no necessity to retain cash balances as of June 30, 2012.

Citation: 34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

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:

We have included the schedule prepared by the Successor Agency detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation agree to the results of the procedures performed in each section of the Agreed-upon procedures report.

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)	$	1,137,547
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)		(95)
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)		-
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		(945,257)
Amount to be remitted to county for disbursement to taxing entities	$	192,195

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:

We obtained a representation letter dated September 28, 2012 from the Successor Agency's management acknowledging their responsibility for the data provided to us and the data presented in the report and in all attachments to the report. Included in the representations there is 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 Agreed-upon procedures report and its related exhibits.

3A. Transfers from former RDA to Other Public Agency/Private Parties January 1, 2011 through January 31, 2012

TRANSFER DESCRIPTION	TRANSFER AMOUNT	TRANSFER DATE	OTHER PUBLIC AGENCY OR PRIVATE PARTIES	ENFORCEABLE OBLIGATION		Procedure 3.C Results
				Required by	IF YES, DATE	
Sumida Gardens	$ 132,151	01/07/2011	Sumida Family Limited Partnership	Affordable Housing Assistance Agreement	11/19/2007	Document provided consisted of a legal agreement between the Redevelopment Agency of the City of Goleta ("Agency") and Sumida Family Limited Partnership ("Developer"). The total amount of financial assistance to be provided by the Agency to Developer under this agreement is not to exceed $6,625,600. Total assistance provided by the Agency as of January 31, 2012 totaled $3,820,211.
Sumida Gardens	$ 162,619	02/25/2011	Sumida Family Limited Partnership	Affordable Housing Assistance Agreement	11/19/2007	Document provided consisted of a legal agreement between the Redevelopment Agency of the City of Goleta ("Agency") and Sumida Family Limited Partnership ("Developer"). The total amount of financial assistance to be provided by the Agency to Developer under this agreement is not to exceed $6,625,600. Total assistance provided by the Agency as of January 31, 2012 totaled $3,820,211.
Sumida Gardens	$ 306,505	12/19/2011	Sumida Family Limited Partnership	Affordable Housing Assistance Agreement	11/19/2007	Document provided consisted of a legal agreement between the Redevelopment Agency of the City of Goleta ("Agency") and Sumida Family Limited Partnership ("Developer"). The total amount of financial assistance to be provided by the Agency to Developer under this agreement is not to exceed $6,625,600.Total assistance provided by the Agency as of January 31, 2012 totaled $3,820,211.

3B. Transfers from the Successor Agency to Other Public Agency/Private Parties February 1, 2012 through June 30,2012

TRANSFER DESCRIPTION	TRANSFER AMOUNT	TRANSFER DATE	OTHER PUBLIC AGENCY OR PRIVATE PARTIES	ENFORCEABLE OBLIGATION		Procedure 3.C Results
				Required by	IF YES, DATE	
Braddock House Project	$ 200,000	03/09/2012	Surf Development Company	Loan Agreement	10/05/2010	Document provided consisted of a legal loan agreement between the Redevelopment Agency for the City of Goleta ("Agency") and Surf Development Company ("Surf"). Per the loan agreement, the Agency agrees to loan Surf a principal amount equal to $200,000.
Sumida Gardens	$ 43,420	06/15/2012	Sumida Family Limited Partnership	Affordable Housing Assistance Agreement	11/19/2007	Document provided consisted of a legal agreement between the Redevelopment Agency of the City of Goleta ("Agency") and Sumida Family Limited Partnership ("Developer"). The total amount of financial assistance to be provided by the Agency to Developer under this agreement is not to exceed $6,625,600. Total assistance provided by the Agency as of June 30, 2012 totaled $3,863,631.

ATTACHMENT 3

Santa Barbara County Auditor-Controller Comment Letter on the LMIHF Due Diligence Review, Dated October 8, 2012

COUNTY OF SANTA BARBARA

ROBERT W. GEIS, C.P.A.
Auditor-Controller

THEO FALLATI, C.P.A.
Assistant Auditor-Controller

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OFFICE OF THE AUDITOR-CONTROLLER

CITY OF GOLETA
CALIFORNIA
OCT 08 2012
RECEIVED

October 8, 2012

Ms. Renee Bahl
Chair, City of Goleta Agency Oversight Board
130 Cremona Drive, Suite B
Goleta, CA

RE: County Auditor-Controller Comments on the Successor Agency to the City of Goleta Redevelopment Agency, Due Diligence Review Report

Dear Ms. Bahl,

Pursuant to Health and Safety Code Section 34179.6(b) this letter is intended to formally communicate our opinions regarding the due diligence review report.

We reviewed the draft due diligence review report provided to us by the Successor Agency for the City of Goleta Redevelopment Agency (RDA). In conducting our review we considered the report in the context of other information provided by the Successor Agency.

For the purposes of our review we determined the following information to be relevant in the context of the due diligence review report.

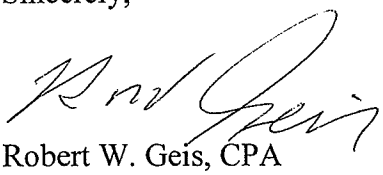
- The combination of the following transactions resulted in a deficiency of cash to make the required debt service payments:
    - On June 30, 2011 the RDA had fund cash balances of $3,559,063 and $1,340,400 of cash with its fiscal agent, totaling $4,899,463.
    - In July of 2011, the RDA made a payment of $1.1M for purchase of land.
    - The RDA structured its debt service payments to include a large debt service payment of $1.3M to be due on December 1, 2011.

- In April of 2012, the City of Goleta redirected a portion ($426K) of a payment made to the City for the 2009 Cooperation Agreement on June 30th to a special debt service account as outlined in the bond indenture provisions.
- According to the City, cash was loaned from the RDA Housing Fund to make a required debt service payment. The authorization of this transaction was based on an email received by the City of Goleta from Pedro Reyes, Chief Deputy Director, California Department of Finance.

The following are our comments on the due diligence review report:

- It is unclear how the California Department of Finance has authority to redirect low moderate housing funds to debt service. Furthermore, the description for the payment of $945K on July 12 to the County Auditor is not sufficiently detailed as to the nature of the transaction. We believe this transaction was the "true-up" required by AB 1484 for transactions occurring in the first half of the fiscal year.
- We recommend that the Oversight Board require that a comprehensive reconciliation be prepared by the City of the transactions that occurred which resulted in the deficiency of cash available for debt service.
- We recommend that the Oversight Board and the City reconsider the deduction of the $945K made on the summary of balances available for allocation to affected taxing entities schedule of the due diligence report.
- While we note that Procedure 4 is not required for the low mod fund portion of the review pursuant to DOF guidance, we would suggest that the Board encourage successor agency staff to complete this portion of the review and provide a schedule that reconciles the balances and associated changes for the low mod fund for the periods ended June 30, 2010, June 30, 2011, February 1, 2012 and June 30, 2012. We believe this to be a best practice procedure that will provide increased transparency regarding the activities of the Former Agency during the periods covered and also provide for reconciliation to previously completed audits which were conducted to a higher standard of fieldwork than a simple agreed upon procedures engagement.

Sincerely,



Robert W. Geis, CPA
Auditor-Controller

Enclosures

Goleta Redevelopment Agency
Balance Sheet
Governmental Funds
June 30, 2011

	Debt Service Fund	Capital Projects Funds		
	Debt Service	Capital Projects	Low and Moderate Housing	Total Governmental Funds
ASSETS				
Cash and investments	$ 381,080	$ 1,453,699	$ 1,724,284	$ 3,559,063
Cash with fiscal agents	1,340,400	-	-	1,340,400
Interest receivable	183	138	115	436
Due from other governments	-	43	-	43
Prepaid items	-	22,613	57	22,670
Total assets	$ 1,721,663	$ 1,476,493	$ 1,724,456	$ 4,922,612
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 381,262	$ 341,469	$ 835	$ 723,566
Accrued salaries and benefits	-	12,375	2,910	15,285
Total liabilities	381,262	353,844	3,745	738,851
Fund balances:				
Nonspendable:				
Prepaid items	-	22,613	57	22,670
Restricted:				
Community development	-	1,100,036	1,720,654	2,820,690
Debt service	1,340,401	-	-	1,340,401
Total fund balances	1,340,401	1,122,649	1,720,711	4,183,761
Total liabilities and fund balances	$ 1,721,663	$ 1,476,493	$ 1,724,456	$ 4,922,612

The accompanying notes are an integral part of these financial statements.

CITY OF GOLETA

Agenda Item D.1
DISCUSSION/ACTION ITEM
Meeting Date: June 21, 2011

TO: Mayor and City Councilmembers
Redevelopment Agency Chair and Agency Members

FROM: Dan Singer, City Manager
Vyto Adomaitis, RDA, Neighborhood Services and Public Safety Director

CONTACT: Claudia Dato, Management Analyst,

SUBJECT: Purchase and Sale Agreement for Hollister/Kellogg Property Acquisition; and Related Budget Appropriations for Future Park Development

RECOMMENDATION:

Acting as the City Council:

1st *

A. Appropriate up to $1,500,000 from the Park Development Fees (Fund 221) as part of the Redevelopment Agency's acquisition of property identified as Assessor Parcel Number 071-090-077 and a portion of Assessor Parcel Number 071-090-078; and

B. Appropriate up to $375,000 in Park Development Fees (Fund 221) for the purpose of developing a future park on the subject property, and authorize staff to proceed with a Request for Proposals for design and engineering;

Acting as the Redevelopment Agency:

2nd *

A. Appropriate up to $1,200,000 from the Agency's General Fund Balance for acquisition of property identified as Assessor Parcel Number 071-090-077 and a portion of Assessor Parcel Number 071-090-078.

B. Authorize the Executive Director to execute the attached Purchase and Sale Agreement for property located on the east side of Kellogg Avenue, north of Hollister Avenue, identified as Assessor Parcel Number 071-090-077 and a portion of Assessor Parcel Number 071-090-078, in the amount of $2,650,000.

C. Direct staff to file a Notice of Exemption subject to suitable attachments being approved by staff.

BACKGROUND:

In 1998, the County of Santa Barbara identified the need for additional active recreation park land in Old Town through adoption of the Goleta Old Town Revitalization Plan (Revitalization Plan). The Revitalization Plan indicated a deficiency of over 20 acres of parkland based on the County's standard of 4.7 acres of parkland/1,000 residents. In recognition of this deficiency, the Revitalization Plan calls for a 2-4 acre park in the vicinity of Hollister and Kellogg Avenues, specifically, north of Hollister and east of Kellogg Avenue. At the time the Revitalization Plan was prepared, property on the east side of San Jose Creek was identified because of its long, narrow configuration, flooding constraints, existing riparian habitat, and limited suitability for development.

The City's General Plan/Coastal Land Use Plan (General Plan) also identifies the shortage of parkland in Old Town. It articulates the contrast between the ratios of parkland per 1,000 residents in the entire city versus in Old Town. As of 2005, the City had an overall ratio of 17 acres of parkland per 1,000 residents. However, in Old Town (specifically Census Tract 30.01 with a population of nearly 5,500), the ratio is only about 1.5 acres per 1,000 residents. Old Town currently contains only the 0.14 acre Nectarine Park, the Goleta Valley Community Center, and Armitos Park, all of which are very limited in terms of developed outdoor active recreation space.

Like the Revitalization Plan, the City's General Plan calls for an approximately 4-acre neighborhood park to be located in the vicinity of San Jose Creek between Hollister and Armitos Avenues. Initial drafts of the General Plan designated the property identified as 170 S. Kellogg Avenue, Assessor Parcel Number 071-090-077 (APN -077), as "Open Space – Active Recreation." However, this designation was removed after opposition from the property owners arose. As in the Revitalization Plan, the designation was applied to adjacent property on the east side of San Jose Creek instead.

Approximately two years ago, APN -077 as well as the adjoining parcel to the south (identified as 5580 Hollister Avenue, APN 071-090-078) were listed for sale on the open market. Recognizing that opportunities to acquire land suitable for park use are limited in Old Town due to the largely built-out nature of the area, the City Council in closed session authorized the Executive Director to negotiate actively with the property owner. Recently those negotiations came to fruition with the Executive Director having reached a tentative agreement with the property owner (DLC Enterprises, Inc.), now being presented in the proposed Purchase and Sale Agreement (see Attachment 1 and the Discussion Section of this report for a summary of terms).

As required under Section 65402 of the Government Code, on May 9, 2011, the Planning Commission unanimously made a determination that the location, purpose, and extent of the proposed acquisition is in conformance with the City's General Plan.

DISCUSSION:

Both parcels to be acquired adjoin San Jose Creek, and are partially within the San Jose Creek 100 year floodplain. The northerly parcel (APN -077), situated between Kellogg Avenue and San Jose Creek, is vacant and undeveloped, and consists of approximately 3.59 acres. The southerly parcel (APN -078) is roughly "L-shaped" and

Terms of Purchase and Sale Agreement

This subsection provides a summary of the terms of the Purchase and Sale Agreement (PSA). Please refer to Attachment 1 for a complete description of the terms. Based on the terms of the PSA, the Redevelopment Agency would acquire the north parcel and a portion of the south parcel at a cost of $2,625,000 (exclusive of closing costs) through a grant deed from the seller, DLC Enterprises, Inc. This process will result in a net acquisition of 4.26 acres (gross) by the City – 3.59 acres (APN -077) plus 0.67 acre (portion of APN -078). Reciprocal Access Easements would be provided across the two portions of APN -078.

The main terms of the PSA include the following:

- Upon execution of the PSA, the Redevelopment Agency (RDA) will be required to deposit $50,000 into escrow. This deposit will be applied toward the purchase price upon the close of escrow. If the RDA does not complete the acquisition, except under limited specified circumstances, the deposit would be forfeited as liquidated damages.

- In general terms, the PSA gives the RDA 45 days to conduct its due diligence investigations. As noted above, staff has already begun this process.

- Reciprocal easements for ingress and egress are to be recorded against both portions of APN -078. This would allow the seller, DLC Enterprises, Inc., continued access from Kellogg Avenue to the property it retains, which would otherwise be eliminated by the RDA's acquisition. Likewise, this would give the City a pedestrian trail and emergency access to Hollister Avenue from the acquired area.

- The PSA grants the RDA a right of refusal on the southernmost 0.96 acre parcel. In other words, if the seller (DLC) should enter into an agreement with a third party to sell that parcel, the City will have the first right to purchase the property on the same terms set forth in that agreement.

Future Park Development

Although staff has some general ideas about the types of amenities the park might include (e.g. multi-use sports playing field), staff anticipates holding a number of community meetings over the next 6-9 months to gather public input on what the residents of Old Town would like to see included in the design of the new park. Without knowing the scope of the design and amenities, it is not possible to determine an exact development cost. Currently the City has just over $950,000 in Park Development Impact Fees (DIF) available for this purpose. Staff is in the process of pursuing grant funding to supplement City funding. Because many grant sources require matching funds, staff if requesting Council authorize up to $375,000 in Park DIF funds for future development of the park.

Even without any grant funding, this initial appropriation would allow staff to proceed with design, engineering and environmental review, and therefore, staff is requesting authorization to initiate and RFP for the purpose of hiring architectural and engineering consultants for the park's design. It is expected that the consultant would help lead a public involvement process for the park's design. Depending on when the remaining funding falls into place, staff anticipates 1-2 years before construction could be initiated. It should also be noted that development of the park will be subject to the City's zoning regulations and planning entitlements process.

ENVIRONMENTAL REVIEW:

Staff recommends the filing of a Notice of Exemption (Attachment 3) pursuant to Section 15316 (a) (Transfer of Ownership of Land in Order to Create Parks) and Section 15325 (f) (Acquisition, sale, or other transfer to preserve open space or lands for park purposes) of the California Environmental Quality Act (CEQA) Guidelines.

GOLETA STRATEGIC PLAN:

Acquisition of the subject property for a future park is consistent with the following Strategic Plan Goals and Objectives:

10.0 Emphasize Old Town Revitalization
10.7 Create/Purchase/Develop an Active Park in Old Town; and
10.11 Review RDA Opportunities for Property Acquisition.

11.0 Create Park, Recreation and Cultural Opportunities
11.3 Acquire Property for Neighborhood Parks

FISCAL IMPACTS:

Acquisition

The City currently has just over $1.5 million available in Park Development Fees (Fund 221) specifically designated for active parkland acquisitions. These funds cannot be used for other projects that do not meet the criteria of "active parkland acquisition." The Community Services Director is not aware of other eligible projects within the City for which these funds could be used for at the current time.

In addition, approximately $1.2 million is available from the RDA's General Fund Balance. Together these funds are adequate to cover the purchase of these two parcels at a total cost of approximately $2,625,000 (exclusive of title and escrow fees).

Park Development

As noted in the discussion section, the City currently has just over $950,000 in Park DIF (Quimby) funds which must specifically be used for capital improvements related to parks and open space. New development is required to pay Park DIF so the fund will continue to accrue more revenue over time. Staff is currently pursuing additional grant

CITY OF GOLETA RDA

2011 Tax Allocation Bonds

Purpose: To compare debt amounts listed on the EOPS, amended EOPS, and IROPS to legal documents that form the basis of the obligations.

Source: Alvertina "Tina" Rivera, Director of Finance

2011 RDA BOND DEBT SERVICE

PBC

Period Ending	Principal	Coupon	Interest	Debt Service	FY Payments		Balance	Interest to Accrue	
12/1/2011	$ 420,000	2.50%	882,976.84	1,302,976.84			$ 15,665,000	377,841.35	Payment made on 11/17/11 Check # 068319
6/1/2012			599,068.75	599,068.75	$ 1,902,045.59	FY 12		99,844.79	
12/1/2012	$ 140,000	3.00%	599,068.75	739,068.75			$ 15,525,000	-	
6/1/2013			596,968.75	596,968.75	$ 1,336,037.50	FY 13		99,494.79	
12/1/2013	$ 145,000	4.00%	596,968.75	741,968.75			$ 15,380,000	-	
6/1/2014			594,068.75	594,068.75	$ 1,336,037.50	FY 14		99,011.46	
12/1/2014	$ 150,000	4.50%	594,068.75	744,068.75			$ 15,230,000	-	
6/1/2015			590,693.75	590,693.75	$ 1,334,762.50	FY 15		98,448.96	
12/1/2015	$ 155,000	5.25%	590,693.75	745,693.75			$ 15,075,000	-	
6/1/2016			586,625.00	586,625.00	$ 1,332,318.75	FY 16		97,770.83	
12/1/2016	$ 165,000	5.50%	586,625.00	751,625.00			$ 14,910,000	-	
6/1/2017			582,087.50	582,087.50	$ 1,333,712.50	FY 17		97,014.58	
12/1/2017	$ 175,000	5.75%	582,087.50	757,087.50			$ 14,735,000	-	
6/1/2018			577,056.25	577,056.25	$ 1,334,143.75	FY 18		96,176.04	
12/1/2018	$ 185,000	6.00%	577,056.25	762,056.25			$ 14,550,000	-	
6/1/2019			571,506.25	571,506.25	$ 1,333,562.50	FY 19		95,251.04	
12/1/2019	$ 195,000	6.25%	571,506.25	766,506.25			$ 14,355,000	-	
6/1/2020			565,412.50	565,412.50	$ 1,331,918.75	FY 20		94,235.42	
12/1/2020	$ 205,000	6.50%	565,412.50	770,412.50			$ 14,150,000	-	
6/1/2021			558,750.00	558,750.00	$ 1,329,162.50	FY 21		93,125.00	
12/1/2021	$ 220,000	6.75%	558,750.00	778,750.00			$ 13,930,000	-	
6/1/2022			551,325.00	551,325.00	$ 1,330,075.00	FY 22		91,887.50	
12/1/2022	$ 235,000	7.50%	551,325.00	786,325.00			$ 13,695,000	-	
6/1/2023			542,512.50	542,512.50	$ 1,328,837.50	FY 23		90,418.75	
12/1/2023	$ 255,000	7.50%	542,512.50	797,512.50			$ 13,440,000	-	
6/1/2024			532,950.00	532,950.00	$ 1,330,462.50	FY 24		88,825.00	
12/1/2024	$ 270,000	7.50%	532,950.00	802,950.00			$ 13,170,000	-	
6/1/2025			522,825.00	522,825.00	$ 1,325,775.00	FY 25		87,137.50	
12/1/2025	$ 290,000	7.50%	522,825.00	812,825.00			$ 12,880,000	-	
6/1/2026			511,950.00	511,950.00	$ 1,324,775.00	FY 26		85,325.00	
12/1/2026	$ 315,000	7.50%	511,950.00	826,950.00			$ 12,565,000	-	
6/1/2027			500,137.50	500,137.50	$ 1,327,087.50	FY 27		83,356.25	
12/1/2027	$ 340,000	7.75%	500,137.50	840,137.50			$ 12,225,000	-	
6/1/2028			486,962.50	486,962.50	$ 1,327,100.00	FY 28		81,160.42	
12/1/2028	$ 365,000	7.75%	486,962.50	851,962.50			$ 11,860,000	-	
6/1/2029			472,818.75	472,818.75	$ 1,324,781.25	FY 29		78,803.13	
12/1/2029	$ 390,000	7.75%	472,818.75	862,818.75			$ 11,470,000	-	
6/1/2030			457,706.25	457,706.25	$ 1,320,525.00	FY 30		76,284.38	
12/1/2030	$ 420,000	7.75%	457,706.25	877,706.25			$ 11,050,000	-	
6/1/2031			441,431.25	441,431.25	$ 1,319,137.50	FY 31		73,571.88	
12/1/2031	$ 455,000	7.75%	441,431.25	896,431.25			$ 10,595,000	-	
6/1/2032			423,800.00	423,800.00	$ 1,320,231.25	FY 32		70,633.33	
12/1/2032	$ 490,000	8.00%	423,800.00	913,800.00			$ 10,105,000	-	
6/1/2033			404,200.00	404,200.00	$ 1,318,000.00	FY 33		67,366.67	
12/1/2033	$ 530,000	8.00%	404,200.00	934,200.00			$ 9,575,000	-	
6/1/2034			383,000.00	383,000.00	$ 1,317,200.00	FY 34		63,833.33	
12/1/2034	$ 570,000	8.00%	383,000.00	953,000.00			$ 9,005,000	-	
6/1/2035			360,200.00	360,200.00	$ 1,313,200.00	FY 35		60,033.33	
12/1/2035	$ 620,000	8.00%	360,200.00	980,200.00			$ 8,385,000	-	
6/1/2036			335,400.00	335,400.00	$ 1,315,600.00	FY 36		55,900.00	
12/1/2036	$ 665,000	8.00%	335,400.00	1,000,400.00			$ 7,720,000	-	
6/1/2037			308,800.00	308,800.00	$ 1,309,200.00	FY 37		51,466.67	
12/1/2037	$ 720,000	8.00%	308,800.00	1,028,800.00			$ 7,000,000	-	
6/1/2038			280,000.00	280,000.00	$ 1,308,800.00	FY 38		46,666.67	
12/1/2038	$ 780,000	8.00%	280,000.00	1,060,000.00			$ 6,220,000	-	
6/1/2039			248,800.00	248,800.00	$ 1,308,800.00	FY 39		41,466.67	
12/1/2039	$ 840,000	8.00%	248,800.00	1,088,800.00			$ 5,380,000	-	
6/1/2040			215,200.00	215,200.00	$ 1,304,000.00	FY 40		35,866.67	
12/1/2040	$ 910,000	8.00%	215,200.00	1,125,200.00			$ 4,470,000	-	
6/1/2041			178,800.00	178,800.00	$ 1,304,000.00	FY 41		29,800.00	
12/1/2041	$ 980,000	8.00%	178,800.00	1,158,800.00			$ 3,490,000	-	
6/1/2042			139,600.00	139,600.00	$ 1,298,400.00	FY 42		23,266.67	
12/1/2042	$ 1,060,000	8.00%	139,600.00	1,199,600.00			$ 2,430,000	-	
6/1/2043			97,200.00	97,200.00	$ 1,296,800.00	FY 43		16,200.00	
12/1/2043	$ 1,145,000	8.00%	97,200.00	1,242,200.00			$ 1,285,000	-	
6/1/2044	$ 1,285,000	8.00%	51,400.00	1,336,400.00	$ 2,578,600.00	FY 44	$ -	-	
				-					
TOTAL	**$ 16,085,000**	2. IROPS 2/21/12	**$ 29,370,089.34**	**$ 45,455,089.34**	**$ 45,455,089.34**				
	2.5a 11/160	5. EOPS, IROPS 9/6/11	2.5a 11/160	2.5a 11/160					

The amount reported on the EOPS, IROPS solely reflects the principal without the interest. Payment of $420,000 principal and $882,976.85 interest [totaling $1,302,976 .85] made on 11/17/11. Amended EOPS 1/26/12 and IROPS 2/21/12 do not reflect reduction in total principal amount, for payment made.

ATTACHMENT 4

Goleta RDA Balance sheets and transactions of the LMIHF as of specific dates

City of Goleta- Successor Agency to the Goleta Redevelopment Agency
Due Diligence Review

Summary of Financial Transactions of the RDA and SA Housing

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Claim on Cash	1,377,346	1,724,284	1,379,280	192,195
Interest Receivable	220	115	-	95
Prepaid Expenditures	-	57	-	-
Total Assets	$ 1,377,567	$ 1,724,456	$ 1,379,280	$ 192,290
Liabilities (modified accrual basis)				
Accounts Payable	-	835	3	-
Wages Payable	1,762	2,177		
Federal taxes	264	254		
State Taxes	96	86		
Medicare	32	33		
Benefits Payable	(206)	232	(468)	
Retirement	25	25		
Supplemental Insurance Payable	13	13		
ICMA	35	65	-	-
Flexible Spending Plan	40	23		
United Way Deductions	1	3		
Total Liabilities	$ 2,062	$ 3,745	$ (466)	$ -
Equity	-	-	-	-
Total Fund Equity	1,375,505	1,720,711	1,379,746	192,290
Total Liabilities + Equity	$ 1,377,567	$ 1,724,456	$ 1,379,280	$ 192,290
Revenues - Interest	$ 12,394	$ 11,932	$ 9,229	$ 4,909
Expenses:				
Personnel Costs	$ 75,506	$ 75,875	$ 42,045	$ 3,687
County Admin. Costs	$ 11,724	$ 15,174	$ -	$ -
Operating Expenses	$ 16,526	$ 9,720	$ 1,644	$ -
Housing Rehab Grants	$ 120,000	$ -	$ -	$ -
Sumida Gardens	$ 494,552	$ 294,770	$ 306,505	$ 43,420
Braddock House	$ -	$ -	$ -	$ 200,000
Total Expenditures:	$ 718,308	$ 395,540	$ 350,194	$ 247,107
Total Transfers In/(Out)	$ 780,774	$ 728,814	$ -	$ (945,257)
Net Change in Equity	$ 74,861	$ 345,206	$ (340,965)	$ (1,187,456)
Beginning Equity	$ 1,300,644	$ 1,375,505	$ 1,720,711	$ 1,379,746
Ending Equity	$ 1,375,505	$ 1,720,711	$ 1,379,746	$ 192,290

ATTACHMENT 5

Goleta RDA Successor Agency Letter to DOF regarding the use of LMIHF, Dated October 18, 2012

CELEBRATING 10 YEARS
CITY OF GOLETA
2002-2012

CITY COUNCIL
Edward Easton
Mayor

Roger S. Aceves
Mayor Pro Tempore

Michael T. Bennett
Councilmember

Margaret Connell
Councilmember

Paula Perotte
Councilmember

CITY MANAGER
Daniel Singer

SENT BY FIRST CLASS MAIL AND ELECTRONIC MAIL:
Pedro.Reyes@dof.ca.gov

October 18, 2012

Mr. Pedro Reyes
Chief Deputy Director, Policy
Department of Finance
915 L Street
Sacramento, CA 95814

RE: Goleta RDA Successor Agency LMIHF Use and DDR

Dear Mr. Reyes,

The Oversight Board for the Goleta Housing Successor Agency held two meetings with regard to the attached Due Diligence Review (DDR) Report for LMIHF as required by AB 1484. The first was on October 8, 2012 and satisfied the public comment session requirement. The second meeting held on October 15, 2012 provided an opportunity for approval of the DDR Report as required by AB 1484, but the Oversight Board deferred action pending receipt of additional information.

Specifically, the Oversight Board is seeking confirmation of the Successor Agency staff understanding of information which you provided on July 26, 2012 in regards to the use of LMI funds for making up the shortfall created by the AB 1484 payment made on July 12, 2012. The email correspondence is attached here. Successor Agency understands this communication to be the Department of Finance position that the use of LMI funds were authorized under these circumstances because of the overpayment made on July 12th AB 1484 payment. The authorized payment was therefore not a loan and does not need to be repaid. The Oversight Board is requesting further clarification or confirmation from DOF on the issue.

The Oversight Board requested that a meeting be convened to consider approval of the DDR Report once the clarification from DOF has been received. Furthermore, the Oversight Board requested a DOF representative to be available in person or via phone during the yet-to-be scheduled meeting on this topic. We kindly request confirmation of the direction previously provided, as well as indication of your staff's availability to respond to Oversight Board questions.

Pursuant to California Health and Safety Code section 34179.6(f), the Successor Agency will remit to the County Auditor-Controller by November 5, 2012 the housing funds available for distribution as determined by the proposed DDR Report which is pending confirmation and Oversight Board approval.

Sincerely,

Jaime A. Valdez
Successor Agency Staff

Enclosures

cc: Via electronic mail and First Class Mail
Mr. Brown Moua, Financial and Performance Evaluator, DOF
Brown.Moua@dof.ca.gov
Mr. Steve Szalay, Local Government Consultant, DOF
Steve.Szalay@dof.ca.gov

From: Reyes, Pedro [mailto:Pedro.Reyes@dof.ca.gov]
Sent: Thursday, July 26, 2012 3:13 PM
To: Tina Rivera
Cc: McEntire, Susan; Rockwell, Jennifer; Hill, Chris; Szalay, Steve; Shelton, Kristin
Subject: RE: Goleta Successor Agency

Ms. Rivera,

I concur with your presentation. To clarify, the Agency's obligations cited are the debt obligations.

Thank you,

Pedro R. Reyes
Chief Deputy Director,
Department of Finance

From: Tina Rivera [mailto:trivera@cityofgoleta.org]
Sent: Thursday, July 26, 2012 2:48 PM
To: Reyes, Pedro
Cc: McEntire, Susan
Subject: FW: Goleta Successor Agency

Mr. Reyes,

Thank you for the follow-up call this afternoon to clarify the direction previously given. Again, I kindly request that you confirm the direction provided in our most recent conversation which I understand to be:

Instead of borrowing from the LMI fund, I can simply use the LMI funds to make up the difference needed to fulfill the Agency's obligations through December 31, 2012. The rational is that since all uncommitted LMI funds were going to be swept up and distributed to the taxing agencies, no repayment of those funds is necessary. The overpayment of the residual RPTF funds is essentially offset by the reduction in LMI funds available for distribution to the same taxing agencies that were overpaid.

Right?

Tina Rivera

Finance Director

City of Goleta

(805) 961-7527

From: Tina Rivera
Sent: Thursday, July 26, 2012 11:14 AM
To: 'McEntire, Susan'; 'pedro.reyes@dof.ca.gov'
Cc: Tim Giles; Dan Singer
Subject: RE: Goleta Successor Agency

Ms. McEntire and Mr. Reyes,

Please confirm via a response to this email that I understood the direction provided by Mr. Reyes during our conversation this morning to be as follows:

I can borrow the monies necessary to cover the July through December 2012 obligations of $967,810.35 from the unencumbered Low Moderate Housing (LMI) funds. The LMI fund currently has an unencumbered fund balance of $1,137,452 which will suffice the Successor Agency's needs.

We will then include in future ROPS the obligation to repay the LMI fund from the residual property tax amounts due to the various taxing agencies, as this amount was previously passed through to the various taxing agencies in error. This approach will essentially over time correct that over-distribution.

Thank you both very much for your time and assistance on this matter.

Tina Rivera

Finance Director

City of Goleta

(805) 961-7527

From: Tina Rivera
Sent: Tuesday, July 17, 2012 8:26 AM
To: 'redevelopment_administration@dof.ca.gov'
Subject: Goleta Successor Agency
Importance: High

To Whom It May Concern:

As a result of not receiving a return call to my calls to Department of Finance staff, I'm resorting to stating my concerns in this email in hopes of beginning a dialogue that will find a solution to the financial shortfall the Goleta Successor Agency. The shortfall is a direct result of a $1,363,350.35 payment made on July 12, 2012 per AB 1484. Resolution is critical, as there is a bond debt service payment coming due toward the end of the year, that the Successor Agency no longer has the funds to pay.

The problem in a nutshell, is that the tax increment monies received through January 31, 2012 were partially used to both pay debt service payments due in December 2011; and to fund a debt service reserve account that used to pay the entire June 2012 debt service payment as well as counted on to partially pay for the December 2012 debt service payment. The Successor Agency remitted to the County the vast majority of cash balance on hand last week in order to avoid the severe penalties outlined AB 1484, thus leaving insufficient funds to meet its obligations through December 31st.

While our situation is not unique, we need some clear direction on how to correct the situation. Given the clarification in AB 1484, both of the approved ROPS are now incorrect, as they reflected and utilized cash reserve balances that are no longer available as a result of the July 12th payment. The amount the Successor agency is now short to meet its obligations through December 31, 2012 is $967,810.35.

I would appreciate a call back to discuss the options going forward to avoid default on the debt service payment due December 1, 2012.

Tina Rivera

Finance Director

City of Goleta

(805) 961-7527

ATTACHMENT 6

DOF and Successor Agency Staff E-mails Regarding Goleta RDA Successor Agency Letter, Dated October 18-24, 2012

From: Hill, Chris [mailto:Chris.Hill@dof.ca.gov]
Sent: Wednesday, October 24, 2012 5:59 PM
To: Jaime Valdez
Subject: RE: Fwd: Goleta RDA Successor Agency LMIHF Use and DDR

Good afternoon-

I'm afraid Department of Finance staff will not be able to participate in the Goleta Oversight Board's meeting either in person or via telephone. While we are happy to respond to any questions the Board members may have concerning this matter, workload demands will preclude us from participating in the actual meeting.

From: Jaime Valdez [mailto:jvaldez@cityofgoleta.org]
Sent: Wednesday, October 24, 2012 4:56 PM
To: Hill, Chris
Subject: RE: Fwd: Goleta RDA Successor Agency LMIHF Use and DDR

Mr. Hill,

Thank you for speaking with me earlier today. Please the previous emails regarding DOF availability to participate in a Goleta Oversight Board meeting.

Best,

Jaime A. Valdez

From: Hill, Chris [mailto:Chris.Hill@dof.ca.gov]
Sent: Friday, October 19, 2012 1:13 PM
To: Jaime Valdez
Subject: RE: Fwd: Goleta RDA Successor Agency LMIHF Use and DDR

Can you help me understand why the OB deems it necessary for Finance to participate in their meeting?

From: Jaime Valdez [mailto:jvaldez@cityofgoleta.org]
Sent: Friday, October 19, 2012 12:53 PM
To: Hill, Chris
Subject: RE: Fwd: Goleta RDA Successor Agency LMIHF Use and DDR

Mr. Hill,

Thank you for the prompt response. There was an additional request beyond confirmation of the previously provided direction from DOF on the use of LMIHF monies related to DOF availability to respond to our Oversight Board's questions:

The letter sent on October 18th stated: "the Oversight Board requested that a meeting be convened to consider approval of the DDR Report once the clarification from DOF has been received *[which now has occurred given your email below]*. The Oversight Board requested a DOF representative to be available in person or via phone during the yet-to-be scheduled meeting on this topic. We kindly request confirmation of the direction previously provided, as well as indication of your staff's availability to respond to Oversight Board questions."

We appreciate your time and consideration of the remaining request from our Oversight Board related to DOF availability to participate in person or via phone during the yet-to-be scheduled meeting on this topic. We look forward to your response.

Best,

Jaime A. Valdez

From: Hill, Chris [mailto:Chris.Hill@dof.ca.gov]
Sent: Friday, October 19, 2012 11:44 AM
To: Jaime Valdez
Subject: RE: Fwd: Goleta RDA Successor Agency LMIHF Use and DDR

Good morning-

In response to your October 18 correspondence to Pedro Reyes, this e-mail serves as confirmation that the Department of Finance did authorize the Goleta Successor Agency to use LMIHF monies for debt service payments on ROPS 2. The monies expended pursuant to this authorization were not in the form of a loan, and are not required to be repaid to the LMIHF.

If you have any questions or concerns, you can contact me by e-mail or at (916) 445-1546.

From: Reyes, Pedro
To: Szalay, Steve; Howard, Justyn
Sent: Thu Oct 18 16:39:30 2012
Subject: Fwd: Goleta RDA Successor Agency LMIHF Use and DDR

Pedro

Begin forwarded message:

From: "Jaime Valdez" <jvaldez@cityofgoleta.org>
To: "Reyes, Pedro" <Pedro.Reyes@dof.ca.gov>
Cc: "Moua, Brown" <Brown.Moua@dof.ca.gov>, "Szalay, Steve" <Steve.Szalay@dof.ca.gov>
Subject: Goleta RDA Successor Agency LMIHF Use and DDR

Dear Mr. Reyes,

The Oversight Board of the Goleta RDA Successor Agency is seeking confirmation of the Successor Agency staff understanding of information which you provided on July 26, 2012 in regards to the use of LMI funds for making up the shortfall created by the AB 1484 payment made on July 12, 2012. The attached documents provide the background for the Oversight Board's request for confirmation from DOF.

We appreciate your attention to this matter. Should you have any follow-up questions, please feel free to contact me using the information below.

Best,

Jaime A. Valdez
Economic Development Coordinator
Neighborhood Services & Public Safety

Goleta RDA Successor Agency Staff

City of Goleta
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ATTACHMENT 7

RAMS and City Staff Responses to County Auditor-Controller Comment Letter of October 8, 2012

RAMS & City of Goleta Responses Related to the Office of the Santa Barbara County Auditor-Controller Comment Letter Dated October 8, 2012

Successor Agency staff once again contacted representatives from Rogers Anderson Malody and Scott (RAMS), the audit firm that performed the Housing Due Diligence Review.

The verbal response received to the Oversight Board's request made was the following:

Overall, RAMS expressed confusion as to the four questions/statements they were asked to address.

Question #1:
It is unclear how the Department of Finance has authority to redirect low moderate housing funds to debt service. Furthermore, the description for the payment of $945K on July 12 to the County is not sufficiently detailed as to the nature of the transaction. We believe this transaction was the "true-up" required by AB 1484 for transactions occurring in the first half of the fiscal year.

Audit Firm Response:
The firm's Engagement was specific to performing the procedures outlined in their engagement letter, which is included as Exhibit 1. As stated in the engagement letter, "Because the agreed-upon procedures listed in Attachment A do not constitute an examination or an audit, we will not express an opinion on the procedures or the subject matter to which the procedures are applied." The firm does not believe it is within their scope of work to validate the Department of Finance's authority. They suggested directing that inquiry to the Department of Finance.

City Response:
The City accepts the Department of Finance as having the overall authority over the RDA wind-down process. Furthermore, the City also suggests that any party contesting the authority of the Department of Finance address their concern directly with the Department of Finance.

In regards to the nature of the July 12th transaction, while the City is unclear as to what is meant by "nature," staff assumes the question posed is whether the transaction was a loan or a transfer. As previously stated in the email correspondence between Ms. Rivera and Mr. Reyes, the transaction was a transfer and not a loan. This matter has now been re-confirmed by Mr. Hill with the Department of Finance.

Question #2:
We recommend that the Oversight Board require that a comprehensive reconciliation be prepared by the City of the transactions that occurred which resulted in the deficiency of cash available for debt service.

Audit Firm Response:
This matter also falls outside the scope of their engagement. Therefore they offer no opinion on the matter.

City Response:
The City believes the Agreed-Upon-Procedures and the Due Diligence reviews required by State law provide a comprehensive reconciliation. The City knows the deficiency to be caused by AB 1X26 requiring the use of the first tax apportionment in for FY 11-12 to cover expenses in the second half of FY 11-12; thus leaving the 1st half of FY 11-12 unfunded.

The Department of Finance has acknowledged this potential pitfall and has worked with Successor Agencies to address cashflow deficiencies as was the case with the Goleta Successor Agency.

Furthermore, the City believes that every transaction of the previous RDA was done lawfully and legitimately. As evidence, the City offers that neither the County Auditor, nor the audit firm contracted by the County Auditor, nor the City's independent auditors, nor the Oversight Board's Legal Counsel have found cause to invalidate any transaction of the RDA. The City also recognizes that the State Controller's Office will ultimately address any concerns over the validity of transactions of the RDA.

Expanding further on this matter, the City of Goleta has fulfilled all information requests to every agency including but not limited to the County Auditor-Controller's Office, the Department of Finance and the State Controller. The City believes it has generously and efficiently accommodated all reasonable requests. At this time, due to other work priorities and resource restrictions, the City is not in a position to provide any supplemental or duplicative information beyond what is required by law.

Question #3:
We recommend that the Oversight Board and the City reconsider the deduction of the $945K made on the summary of balances available for allocation to affected taxing entities schedule of the due diligence report.

Audit Firm Response:
Again, this falls outside the scope of their engagement and offer no opinion on the matter.

City Response:
The City has reconsidered the deduction in question and decided to continue with the said deduction as directed and authorized by the Department of Finance.

Question #4:
While we note that Procedure 4 is not required for the low mod fund portion of the review pursuant to DOF guidance, we would suggest that the Board encourage successor agency staff to complete this portion of the review and provide a schedule that reconciles the balances and associated changes for the low mod fund for the periods ended June 30, 2010, June 30, 2011, February 1, 2012 and June 30, 2012. We believe this to be a best practice procedure that will provide increased transparency regarding the activities of the Former Agency during the periods covered and also provide for reconciliation to previously completed audits which were conducted to a higher standard of fieldwork than a simple agreed upon procedures engagement.

Audit Firm Response:
The firm is committed to completing Procedure 4 in a time-frame consistent with the statutory requirements. The audit firm's workload is such that the best it can commit to is meeting the established deadlines.

City Response:
The Oversight Board was provided with a draft of the schedule prepared for Procedure 4 on October 15, 2012. The City has done what it can to respond to this matter.

EXHIBIT 1

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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September 17, 2012

CITY OF GOLETA
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Oversight Board of the
Successor Agency for the
Goleta Redevelopment Agency
130 Cremona Drive, Suite B
Goleta, CA 93117

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for the Successor Agency of the Goleta Redevelopment Agency (Agency) on behalf of the State of California, including but not limited to the California State Controller's Office and the California State Department of Finance (State Agencies), as required by Section 34179.5(a) of the California Health and Safety Code (Code).

We will apply the minimum agreed-upon procedures (due diligence review) that the California Department of Finance (DOF) specified, listed in Attachment A, to the activities related to section 34179.5(a) of the California Health and Safety Code (AB1484: Redevelopment Dissolution/Unwind Trailer Bill) for the Agency for the dates specified in Attachment A through the date of our report. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in Attachment A do not constitute an examination or an audit, we will not express an opinion on the procedures or the subject matter to which the procedures are applied. In addition, we have no obligation to perform any procedures beyond those listed in Attachment A.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of State Agencies and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you. The attest documentation for this engagement is the property of Rogers, Anderson, Malody & Scott, LLP and constitutes confidential information. However, we may be requested to make certain attest documentation available to State Agencies pursuant to authority given to it by law or regulations. If requested, access to such attest documentation will be provided under the supervision of Rogers, Anderson, Malody & Scott, LLP personnel. Furthermore, upon request, we may provide copies of selected attest documentation to the State Agencies. The State Agencies may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

As a result of our prior or future services to you, we might be requested to provide information or documents to you or a third party in a legal, administrative, or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a mutually agreed separate engagement. We shall be entitled compensation for our time and reasonable reimbursement for our expenses, including legal fees, in complying with the request. For all requests, we will observe the confidentiality requirements of our profession and will promptly notify you of the request.

Our fees for these services will range from $10,000 to $20,000. We will bill for actual time spent on the engagement. In addition, the fee is based on anticipated cooperation from the responsible party's personnel and the assumption that unexpected circumstances will not be encountered during the engagement. Before incurring additional costs, we will discuss it with you and arrive at a new fee estimate. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenses through the date of termination.

Terry P. Shea, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Additional services will be subject to separate arrangements and must be approved by State Agencies before the additional services are rendered.

We anticipate starting the engagement as soon as the Agency has compiled the information we will be requesting. It is imperative the Agency be fully prepared for the procedures by providing all of the requested documents. This will aid in the swift completion of the procedures.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed original and return it to us. The copy is yours to keep for your records.

Very truly yours,

ROGERS, ANDERSON, MALODY & SCOTT, LLP

Terry P. Shea, Partner
Certified Public Accountant

RESPONSE:

This letter correctly sets forth our understanding.

By: _____

Title: City Manager

Date: 10-1-12

Attachment A

V. 8-27-12

List of Procedures for Due Diligence Review

General information regarding these procedures:

1. The procedures associated with Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5(c)(6) are to be applied separately to (a) the Low and Moderate Income Housing Fund of the Successor Agency and to (b) all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund).
2. The due date for the report associated with the Low and Moderate Income Housing Fund is October 1, 2012.
3. The due date for the report associated with all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund) is December 15, 2012.
4. Because the procedures required by Section 34179.5(c)(4) pertain to the Successor Agency as a whole, these procedures should be addressed in the report that is due on December 15, 2012.

Fiscal year references below refer to fiscal years ending on June 30. This language should be modified for those agencies that have a different fiscal year-end.

For purposes of the procedures below and the related exhibits, the amount of the assets presented should be based upon generally accepted accounting principles (GAAP), unless otherwise noted.

To the extent the procedures listed below are duplicative to the agreed upon procedures that were performed pursuant to HSC 34182 (a)(1), it is acceptable to obtain and use information from the HSC 34182 (a)(1) procedures for purposes of this due diligence review without having to re-perform the procedures. When this is done, the due diligence report should refer to the report that was issued for the agreed upon procedures performed under HSC 34182 (a)(1).

Certain assets may qualify as a deduction under more than one category of deduction. In such cases, care should be taken to ensure that such assets have been included as a deduction in the summary schedule only once.

Citation:

34179.5(c)(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.

Suggested Procedure(s):

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.

Citation:

34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Suggested Procedure(s):

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. 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.

   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.

   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.

Citation:

34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Suggested Procedure(s):

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. 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.

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.

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.

Citation:

34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.

Suggested Procedure(s):

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 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.

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.

C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

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.

Citation:

34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

(A) A statement of the total value of each fund as of June 30, 2012.

Suggested Procedure(s):

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.

Citation:

34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

Suggested Procedure(s):

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).
      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 the 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 the 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.

Citation:

34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.

Suggested Procedure(s):

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.

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.

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.

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.

Citation:

34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.

Suggested Procedure(s):

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.

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

      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.

      iv. Attach 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.

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:

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

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.

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.

Citation:

34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.

Suggested Procedure(s):

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.

Citation:

34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

Suggested Procedure(s):

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).

Suggested Procedure(s):

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.

ATTACHMENT 8

Oversight Board Resolution Approving the Report on the LMIHF Due Diligence Review and Determining the Amount of Cash and Cash Equivalents that are Available for Disbursement to the Taxing Entities

RESOLUTION NO. 12-__

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

WHEREAS, pursuant to Health and Safety Code Section 34173(d), the Goleta RDA Successor Agency ("RDA Successor Agency") is the successor agency to the dissolved Redevelopment Agency for the City of Goleta; and

WHEREAS, the Oversight Board is the RDA Successor Agency's oversight board pursuant to Health and Safety Code Section 34179(a); and

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

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

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

WHEREAS, the Goleta RDA Successor Agency received the final results of the Due Diligence Review of the Low and Moderate Income Housing Fund on October 2, 2012 and subsequently on October 3, 2012 sent a letter along with the Due Diligence Review of the Low and Moderate Income Housing Fund to the Oversight Board, County Auditor-Controller, State Controller, and the Department of Finance pursuant to Health and Safety Code Section 34179.6(b); and

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

WHEREAS, the Oversight Board held a public comment session on the Due Diligence Review on October 8, 2012; and

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

WHEREAS, on October 15, 2012, the Oversight Board deferred its review, approval, and transmittal to the Department of Finance and the County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities pending additional information requested of the Successor Agency, the Department of Finance and Rogers, Anderson, Malody & Scott, LLP; and

WHEREAS, on October 31, 2012, the Oversight Board received the requested information from the Successor Agency, the Department of Finance and Rogers, Anderson, Malody & Scott, LLP and proceeded with its review, approval, and transmittal to the Department of Finance and the County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities pending additional information requested by the Successor Agency; and

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

WHEREAS, an oversight board that makes that authorization must identify to the Department of Finance the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained; and

WHEREAS, the determination and authorization to retain funds and assets is then subject to the review and approval of the Department of Finance.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE GOLETA RDA SUCCESSOR AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

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

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

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

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

SECTION 5. Submittal to Department of Finance. The Oversight Board hereby directs staff to submit to the Department of Finance and the County Auditor Controller, by October 31, 2012, a copy of the Report and the information on the cash and assets the Oversight Board has determined should be retained by the Successor Agency and the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities, as set forth in Exhibits A and B, attached hereto.

SECTION 6. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 7. Certification. The RDA Successor Agency Secretary shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

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

PASSED, APPROVED AND ADOPTED at a special meeting of the Oversight Board of the Goleta RDA Successor Agency on the 31st day of October, 2012.

_____
RENÉE BAHL
CHAIRPERSON

ATTEST:

_____
DEBORAH CONSTANTINO
RDA SUCCESSOR AGENCY SECRETARY

APPROVED AS TO FORM:

_____
JAMES CASSO
SPECIAL COUNSEL

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA) ss.
CITY OF GOLETA)

I, DEBORAH CONSTANTINO, City Clerk of the City of Goleta, California, DO HEREBY CERTIFY that the foregoing Resolution No. 12-__ was duly adopted by the Oversight Board of the Goleta RDA Successor Agency at a special meeting held on the 31st day of October, 2012 by the following vote of the Board:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

_____
DEBORAH CONSTANTINO
RDA SUCCESSOR AGENCY SECRETARY

EXHIBIT A

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

No Low and Moderate Income Housing Fund assets or funds are to be retained by the Goleta RDA Successor Agency.

EXHIBIT B

CALCULATION OF THE AMOUNT OF CASH AND CASH EQUIVALENTS AVAILABLE FOR DISBURSEMENT TO TAXING ENTITIES

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)	$ 1,137,547
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)	(95)
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)	-
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	(945,257)
Amount to be remitted to County of Santa Barbara for disbursement to taxing entities	$ 192,195