

Agenda Item A.1
DISCUSSION/ACTION ITEM
Meeting Date: October 8, 2012

TO: Members of the Oversight Board of the Goleta RDA Successor Agency
FROM: James M. Casso, Oversight Board Counsel
SUBJECT: Conflict of Interest Code

RECOMMENDATION:

Adopt Resolution No. 12-__ entitled "A Resolution of the Oversight Board for the Goleta RDA Successor Agency Adopting a Conflict of Interest Code."

BACKGROUND:

The Oversight Board ("Board") is subject to the Political Reform Act and regulations promulgated by the Fair Political Practices Commission ("FPPC"), which requires the Board to adopt a Conflict of Interest Code. For those members of the Board who currently file a Form 700 Statement of Economic Interest with another entity located with Santa Barbara County, you are not required to file an additional form for this Board.

Pursuant to an April 25, 2012 letter from the FPPC to the League of California Cities, the code reviewing body is the city that established the former redevelopment agency, i.e., the City of Goleta. Board Counsel James Casso has drafted the attached resolution establishing a Conflict of Interest Code (Attachment 1). Mr. Casso will be available to the Board to respond to any questions about this Code.

FISCAL IMPACTS:

No fiscal impact will result from adopting a Conflict of Interest Code.

Approved By:

Daniel Singer
Executive Director

ATTACHMENT(S):

1. Resolution No. 12-__ entitled "A Resolution of the Oversight Board for the Goleta RDA Successor Agency Adopting a Conflict of Interest Code."

ATTACHMENT 1

Oversight Board Resolution Adopting a Conflict of Interest Code

RESOLUTION NO. 12-__

A RESOLUTION OF THE OVERSIGHT BOARD OF THE GOLETA RDA SUCCESSOR AGENCY ADOPTING A CONFLICT OF INTEREST CODE

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, pursuant to the Political Reform Act (Article III of Chapter 7 of the Government Code, commencing with Section 81000), each government agency is required to adopt a Conflict of Interest Code (Government Code Section 87300 et seq.); and

WHEREAS, pursuant to Government Code Section 87302, the Conflict of Interest Code shall provide for specific enumeration of the positions within the City, other than those specified in Government Code Section 87200, which involve the making or participation in the making of decisions which may foreseeably have material effect on any financial interest and for each such enumerated position, the specific types of investments, business positions, interests in real property, and sources of income which are reportable; and

WHEREAS, the Fair Political Practices Commission (“FPPC”) has opined that an oversight board should have the same code reviewing body, which should be the city council when the city serves as successor agency; and

WHEREAS, the Oversight Board of the Goleta RDA Successor Agency hereby requests the Goleta City Council designate the City of Goleta as the code reviewing body for the Oversight Board.

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. Provisions. The provisions of this Resolution shall apply as the Conflict of Interest Code of the Oversight Board, including designation of positions and the applicable disclosure categories for the positions shown in the attached Exhibit A.

SECTION 3. CEQA Compliance. The adoption of the Conflict of Interest Code of the Oversight Board through this Resolution 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 4. Implementation. The Oversight Board hereby directs staff to submit copies of this Resolution to the Goleta City Council for its consideration and approval of the City of Goleta as the code reviewing body for the Oversight Board.

SECTION 5. 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 it would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 6. Effectiveness. This Resolution shall take effect immediately upon its adoption.

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.

PASSED, APPROVED AND ADOPTED at a special meeting of the Oversight Board of the Goleta RDA Successor Agency on the 8th day of October, 2012.

RENÉE BAHL
CHAIRPERSON

ATTEST:

APPROVED AS TO FORM:

DEBORAH CONSTANTINO
RDA SUCCESSOR AGENCY SECRETARY

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 8th day of October, 2012 by the following vote of the Board:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

DEBORAH CONSTANTINO
RDA SUCCESSOR AGENCY SECRETARY

EXHIBIT A

DISCLOSURE CATEGORIES

A. APPROPRIATE FORMS

All persons holding offices or positions specified in Government Code Section 87200 shall file FPPC Form 700 for purposes of complying with the financial disclosure requirements of the Conflict of Interest Code. All other positions and offices designated in herein shall file FPPC form 700 based on the disclosure categories listed below.

B. DISCLOSURE CATEGORIES

Category 1: All investments, sources of income, interests in real property or business positions in which the designated employee or official is a director, officer, partner, trustee, employee or holds any position of management. (Schedule All A-E)

Category 2: All interest in real property located in the City of Goleta, within two (2) miles of the City of Goleta or within two (2) miles of any land owned or used by the City of Goleta. (Schedule B & C)

Category 3: All investments, interests in real property or sources of income subject to the regulatory, permit or licensing authority of the department, board or commission, or agency. (Schedule All A-E)

Category 4: Investments in business entities and sources of income which engage in land development, construction or the acquisition or sale of real property. (Schedule A, C, D, E)

Categories 5: Investments in, income from and positions held in business entities of the types which, within the past two (2) years, have contracted with the City of Goleta to provide services, supplies, materials, machinery or equipment. (Schedule A, C, D, E)

Category 6: Investment in, income from and positions held in business entities of the type which, within the past two (2) years, have contracted with the designated employee's department to provide services, supplies, materials, machinery and equipment. (Schedule A, C, D, E)

DESIGNATION OF POSITIONS
AND APPLICABLE DISCLOSURE CATEGORIES
FOR THE OVERSIGHT BOARD OF THE GOLETA RDA SUCCESSOR AGENCY

Designated Positions	Disclosure Category
1. <u>Members of the following Boards and Commissions</u>	Form 700 (all categories)
1.1 Oversight Board	
2. <u>Staff</u>	Form 700 (all categories)
2.1 Oversight Board Counsel	

Agenda Item B.1
DISCUSSION/ACTION ITEM
Meeting Date: October 8, 2012

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

FROM: Jaime Valdez, Economic Development Coordinator

SUBJECT: Public Comment Session to Review Independent Accountant's Report on the Due Diligence Review of the Low and Moderate Income Housing Fund of the Goleta RDA Successor Agency

RECOMMENDATION:

Convene a public comment session to review the Due Diligence Review for the Low and Moderate Income Housing Fund.

BACKGROUND:

ABx1 26 (the "Dissolution Act,") was enacted in late June 2011 as part of the FY 2011-12 state budget package and was held by the California Supreme Court to be largely constitutional on December 29, 2012. 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.

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.

DISCUSSION:

Health and Safety Code (HSC) Section 34179.5 requires the Successor Agency to hire a licensed accountant, approved by the County Auditor-Controller, to conduct a Due Diligence Review (DDR) to determine the unobligated balances available for transfer to taxing entities. Rogers, Anderson, Malody & Scott, LLP conducted a review of the Low and Moderate Income Housing Fund (LMIHF) to meet the requirements of Section 34179.5, and prepared a Report on that review.

Pursuant to HSC Section 34179.6(a), by October 1, 2012, the Successor Agency must provide the Oversight Board ("Board"), County Auditor-Controller (CAC), State Controller's Office (SCO), and the State Department of Finance (DOF), the results of the DDR of the 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 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 the 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.

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 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.

FISCAL IMPACTS:

No fiscal impact will result from holding a public comment session to review the Due Diligence Review.

ALTERNATIVES:

None. Health and Safety Code Section 34179.6 requires the Oversight Board to convene a public comment session to review the Due Diligence Review.

Approved By:

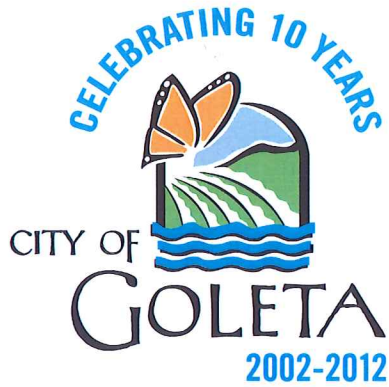
Daniel Singer
Executive Director

ATTACHMENTS:

1. Goleta RDA Successor Agency Letter Regarding LMIHF Due Diligence Review
2. Report on Goleta RDA LMIHF Due Diligence Review

ATTACHMENT 1

Goleta RDA Successor Agency Letter Regarding LMIHF Due Diligence Review



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

October 3, 2012

CITY COUNCIL
Edward Easton
Mayor

California Department of Finance

Roger S. Aceves
Mayor Pro Tempore

Re: LMI DDR Pursuant to HSC 34179.5 and 34179.6

Michael T. Bennett
Councilmember

Dear Sir or Madam:

Margaret Connell
Councilmember

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).

Paula Perotte
Councilmember

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.

CITY MANAGER
Daniel Singer

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

Sincerely,

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

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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CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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**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.

MEMBERS

American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants

Rogers Anderson Malody & Scott, LLP

September 28, 2012

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

Attachment A

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.

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

Attachment A

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

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

Attachment A

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.

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

Attachment A

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.

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

Attachment A

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

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

Attachment A

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.

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

Attachment A

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

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

Attachment A

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.

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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.

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- 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.

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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.

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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	<u>(945,257)</u>
Amount to be remitted to county for disbursement to taxing entities	<u><u>\$ 192,195</u></u>

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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.