

Agenda Item A.1
PRESENTATION
Meeting Date: October 15, 2012

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

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

THURSDAY, AUGUST 16, 2012

9:00 A.M. – 12:00 P.M.
City Hall
130 Cremona Drive, Suite B
Goleta, California

Board Members

Renée Bahl, Chair
Vyto Adomaitis, Vice Chair
Dan Eidelson
Brian Fahnestock, Board Member
Ralph Pachter, Board Member
Tina Rivera, Board Member
Chandra Wallar, Board Member

Selected By:

SB County Board of Supervisors (“BOS”)
Mayor, City of Goleta
BOS, Member of the Public Appointee
Chancellor of California Community Colleges
SB County Superintendent of Schools
Mayor, City of Goleta
BOS, acting as Board of Directors of the
SB County Fire Protection District

CALL TO ORDER

The meeting was called to order at 9:09 A.M.

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

Absent: None.

Staff Present: Dan Singer, City Manager, Jaime Valdez, Senior Management Analyst, James Casso, Meyers, Nave, Riback, Silver & Wilson; Seth Merewitz, Best Best & Krieger LLP, and Deborah Constantino, City Clerk.

PUBLIC FORUM

Speakers:

None

A. ADMINISTRATIVE ACTIONS

A.1 Approval of June 28, 2012 Oversight Board Meeting Minutes

Recommendation: Approve the June 28, 2012 Oversight Board Meeting Minutes.

MOTION: Board Members Fahnestock/Pachter motion to approve the June 28, 2012 Oversight Board Meeting Minutes.

VOTE: Approved by a unanimous voice vote.

B. DISCUSSION/ACTION ITEMS

B.1 Update on Redevelopment Dissolution “Clean-Up” Legislation AB 1484 (Valdez)

Recommendation: Receive information on AB 1484 and Goleta RDA Successor Agency actions.

Staff Speaker: Jamie Valdez, Senior Management Analyst

Report Received.

RECESS 9:48 AM to 10:09 AM

B.2 Administrative Budget and Recognized Obligation Payment Schedule (ROPS) from January 1 through June 30, 2013 (Valdez)

Recommendations:

- A. Adopt Resolution No.12-__ entitled “A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta, Approving the Successor Agency’s Administrative Budget for the Period January 1, 2013, to June 30, 2013, Pursuant to Health and Safety Code Section 34177(j),” as submitted; and
- B. Adopt Resolution No.12-__ entitled “A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta, Approving a Recognized Obligation Payment Schedule Pursuant to Health and Safety Code Section 34177(l) for the Period January 1, 2013 To June 30, 2013,” as submitted; or
- C. Adopt Resolutions with modifications to aforementioned Administrative Budget and ROPS.

ROPS January 1, 2013- June 30, 2013:

Jaime Valdez presented corrected page 1 to the staff report clarifying new titles and correcting resolutions to address the board as Goleta RDA Successor Agency.

MOTION: Board Member Fahnestock/Adomaitis motion to add to the ROPS Sumida Gardens payment of \$143,609.00

VOTE: Approved by a unanimous voice vote.

MOTION: Board Members Fahnestock/Waller motion to add to the ROPS Debt Service payment of \$596,969.00, the Board also directed the Chair, Vice Chair and Legal Counsel to draft a letter to the State Department of Finance and the County Auditor Controllers office from the Chair asking if the transfer was consistent with the new law.

VOTE: Approved by a unanimous voice vote.

MOTION: Board Member Fahnestock/Pachter motion to add to the ROPS Board Trustee Service payment of \$1,995.00

VOTE: Approved by a unanimous voice vote.

MOTION: Board Member Fahnestock/Rivera motion to add to the ROPS Legal Counsel payment of \$10,000.00

VOTE: Approved by a unanimous voice vote.

MOTION: Board Member Fahnestock/Pachter motion to add to the ROPS Successor Agency Admin payment of \$106,800.00

VOTE: Approved by a unanimous voice vote.

MOTION: Board Member Wallar/Fahnestock motion to add to the ROPS RDA Pass-through to "other" and set up a reserve amount of \$506, 827

VOTE: Approved by the following voice vote: Ayes: Chair Bahl, Boardmembers: Eidelson, Fahnestock, Pachter and Wallar. Noes: Vice Chair Adomaitis and Boardmember Rivera. Absent:None..

MOTION: Board Member Wallar/Fahnestock to adopt Resolution No.12-__ entitled "A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta, Approving the Successor Agency's Administrative Budget for the Period January 1, 2013, to June 30, 2013, Pursuant to Health and Safety Code Section 34177(j)," as submitted, and Adopt Resolution No.12-__ entitled "A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta, Approving a Recognized Obligation Payment

Schedule Pursuant to Health and Safety Code Section 34177(l) for the Period January 1, 2013 To June 30, 2013,” as submitted;

VOTE: Approved by the following voice vote: Ayes: Chair Bahl, Vice Chair Adomaitis, Boardmembers: Eidelson, Fahnestock, Pachter, Rivera and Wallar. Noes: None. Absent:None..

**B.3 Disposition of former Goleta RDA Property at 170 S. Kellogg Avenue
(Valdez)**

Recommendations:

- 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.

MOTION: Board Member Wallar/Fahnestock motion to support the City’s purchase of 170 S. Kellogg Avenue property at full value for the portion paid by former Redevelopment Agency and submit to Department of Finance for their concurrence.

VOTE: Approved by a unanimous voice vote.

C. BOARD MEMBER COMMENTS

None

D. ADJOURNMENT AT 11:31 AM.

**Agenda Item A.2
PRESENTATION
Meeting Date: October 15, 2012**

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

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

MONDAY, OCTOBER 8, 2012

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

Board Members

Renée Bahl, Chair
Vyto Adomaitis, Vice Chair
Dan Eidelson, Board Member
Brian Fahnestock, Board Member
Ralph Pachter, Board Member
Tina Rivera, Board Member
Chandra Wallar, Board Member

Selected By:

SB County Board of Supervisors (“BOS”)
Mayor, City of Goleta
BOS, Member of the Public Appointee
Chancellor of California Community Colleges
SB County Superintendent of Schools
Mayor, City of Goleta
BOS, acting as Board of Directors of the
SB County Fire Protection District

CALL TO ORDER

The meeting was called to order at 2:00 P.M.

Present: Vice Chair Adomaitis, Board Members Eidelson, Pachter, Rivera, and Wallar.

Absent: Chair Bahl 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 Conflict of Interest Code for Oversight Board Members
(Casso)**

Recommendation: Adopt Resolution No. 12-__ entitled “A Resolution of the Oversight Board of the Goleta RDA Successor Agency Adopting a Conflict of Interest Code.”

MOTION: Board Members Wallar/Eidelson motion to adopt Resolution No. 12-__ entitled “A Resolution of the Oversight Board of the Goleta RDA Successor Agency Adopting a Conflict of Interest Code.”

VOTE: Approved by a unanimous voice vote.

B. DISCUSSION/ACTION ITEMS

**B.1 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
(Valdez)**

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

Staff Speaker: Jamie Valdez, Economic Development Coordinator
Public Speaker: Robert W. Geis, Auditor-Controller, (letter on file).

MOTION Board Member Wallar/No Second motion to have staff provide a
WITHDRAWN: report providing additional information in response to the Auditor-Controller letter.

Report Received.

C. BOARD MEMBER COMMENTS

The Oversight Board:

- Scheduled the next Oversight Board meeting to occur on Monday, October 15, 2012 2:00 P.M to 3:30 P.M. at the City of Goleta Council Chambers.

D. ADJOURNMENT AT 2:40 P.M.

Agenda Item B.1
DISCUSSION/ACTION ITEM
Meeting Date: October 15, 2012

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

FROM: Jaime Valdez, Economic Development Coordinator

SUBJECT: 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:

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.

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.

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. Rogers, Anderson, Malody & Scott, LLP 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.

LMIHF DDR Findings

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).

Board's Requests for Additional Information

The Board convened a public comment session on October 8, 2012, on the LMIHF Due Diligence Review. 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 included the items as an attachment to this staff report (Attachments 4).

On October 8, 2012 staff contacted Rogers, Anderson, Malody & Scott, LLP and was informed that their representative who performed the LMIHF DDR was unavailable to attend this October 15, 2012 meeting.

Staff is able to provide the following 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 following paragraphs provide context and authority for the Successor Agency's investigation, consideration and determination regarding use of the LMI funds in question.

On July 26, 2012 Successor Agency staff directly contacted Mr. Pedro R. Reyes, Chief Deputy Director of DOF to clarify the direction previously given regarding the use of the LMI funds. The e-mail directly requested confirmation that the direction provided in the most recent conversation at the time was to use the LMI funds to make up the difference needed to fulfill the Agency's obligations through December 31, 2012 with the rationale being 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. Mr. Reyes, acting on behalf of the DOF, confirmed that direction that same day in a written email.

On October 1, 2012, Mr. Brown Moua, Financial and Performance Evaluator with DOF requested Successor Agency staff send him the past emails concerning the direction received from Mr. Reyes. Mr. Moua also requested supporting documents to assist with his review of ROPS I, II and III and in particular the bond indenture for the 2011 Tax Allocation Bonds. Staff provided the requested materials to Mr. Moua on October 1, 2012.

On October 2, 2012 Successor Agency staff was contacted by the County's Auditor Controller Division Chief, Ed Price who indicated that Mr. Moua had provided direction on the ROPS III. Both Successor Agency and County staff agreed with the direction provided by Mr. Moua. Staff to date has yet to receive any indication from the DOF that the DOF's direction on the Successor Agency's use of LMI funds has changed or is expected to change from that provided by Mr. Reyes.

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 5).

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:

Daniel Singer
Executive Director

ATTACHMENTS:

1. Goleta RDA Successor Agency Letter Regarding LMIHF Due Diligence Review
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. Balance sheets and transactions of the LMIHF as of specific dates
5. 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**



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

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

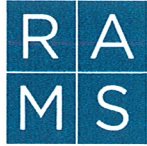
**GOLETA REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES**

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

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

PARTNERS

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Terry P. Shea, CPA
Kirk A. Franks, CPA
Matthew B. Wilson, CPA, MSA
Scott W. Manno, CPA
Leena Shanbhag, CPA, MST
Jay H. Zercher, CPA (Retired)
Phillip H. Waller, CPA (Retired)

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Katie L. Millsom, CPA
Papa Matar Thiaw, CPA, MBA
Maya S. Ivanova, CPA, MBA
Danielle E. Odgers, CPA
William C. Clayton, CPA
Peter E. Murray, CPA
Genivive Schwarzkopf, CPA
Megan Hackney, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA

**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

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.

**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)(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.

**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. 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.

**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)(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.

**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)(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>

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

Attachment A

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.

GOLETA REDEVELOPMENT AGENCY
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES
Attachment 3

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.

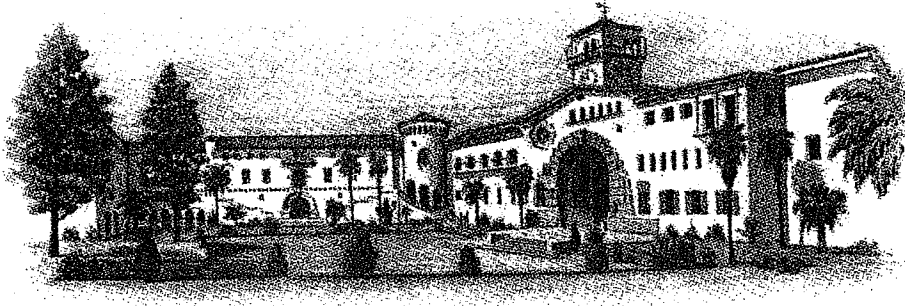
ATTACHMENT 3

**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



County Administration Bldg.
105 E. Anapamu Street, Rm. 303
Santa Barbara, CA 93101
(805) 568-2100

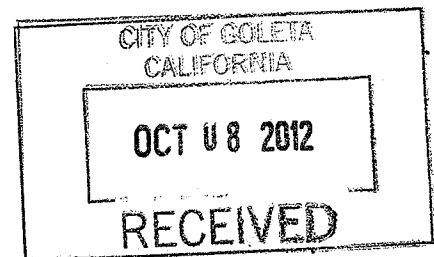
Auditor@co.santa-barbara.ca.us

Mailing Address:
P.O. Box 39
Santa Barbara, CA 93102-0039
FAX (805) 568-2016

OFFICE OF THE AUDITOR-CONTROLLER

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.

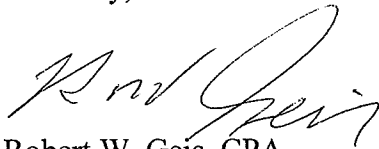
- The combination of the following transactions resulted in a deficiency of cash to make the required debt service payments:
 - On June 30, 2011 the RDA had fund cash balances of \$3,559,063 and \$1,340,400 of cash with its fiscal agent, totaling \$4,899,463.
 - In July of 2011, the RDA made a payment 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		Total Governmental Funds
	Debt Service	Capital Projects	Low and Moderate Housing	
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	<u><u>\$ 1,721,663</u></u>	<u><u>\$ 1,476,493</u></u>	<u><u>\$ 1,724,456</u></u>	<u><u>\$ 4,922,612</u></u>
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	<u>381,262</u>	<u>353,844</u>	<u>3,745</u>	<u>738,851</u>
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	<u>1,340,401</u>	<u>1,122,649</u>	<u>1,720,711</u>	<u>4,183,761</u>
Total liabilities and fund balances	<u><u>\$ 1,721,663</u></u>	<u><u>\$ 1,476,493</u></u>	<u><u>\$ 1,724,456</u></u>	<u><u>\$ 4,922,612</u></u>

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



Agenda Item D.1
DISCUSSION/ACTION ITEM
Meeting Date: June 24, 2011

Meeting Date: June 21, 2011

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

FROM: Dan Singer, City Manager
Vyto Adomatlis, 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:

- 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:

- 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 is 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

**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

**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, 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 15, 2012, a copy of the Report and the information on the cash and assets the Oversight Board has determined should be retained by the Successor Agency and the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities, as set forth in Exhibits A and B, attached hereto.

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

SECTION 7. Certification. The 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 15th 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 15th 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	<u>(945,257)</u>
Amount to be remitted to County of Santa Barbara for disbursement to taxing entities	<u><u>\$ 192,195</u></u>

Agenda Item B.2
DISCUSSION/ACTION ITEM
Meeting Date: October 15, 2012

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

FROM: Jaime Valdez, Economic Development Coordinator

SUBJECT: Presentation by Santa Barbara County Auditor-Controller's Office on Pass-Through Payments

RECOMMENDATION:

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

BACKGROUND:

On December 29, 2011, the California Supreme Court issued an opinion in *California Redevelopment Association v. Matosantos*, upholding Assembly Bill 1X 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 for AB 1X 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 April 5, 2012 the Oversight Board ("Board") of the Successor Agency had its first meeting. One of the requests from Board Members was to attain further clarity on pass-through payments from the Santa Barbara County Auditor/Controller's Office ("SBCACO"). The SBCACO, who was in the audience at the April 5th meeting, agreed to present information on agreed-upon procedures (AUP) audit and pass-through payments at the Board's April 12th meeting.

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. AB 1484 provides for the implementation of some significant new rules and requirements in order to effectuate the dissolution process.

Given the passage of AB 1484, the SBCACO will present its most recent information regarding pass-through payments to the Board. Mr. Ed Price will provide the County's most up-to-date information and will be available to answer questions.

FISCAL IMPACTS:

Soft costs related to staff time have been accounted for in the Successor Agency's Administrative Budget.

ALTERNATIVES:

The Oversight Board could decide not to receive the presentation from the County Auditor/Controller's Office, or provide staff with alternative direction.

Approved By:

Daniel Singer
City Manager

ATTACHMENTS