"Pride in Service"

AGENDA

CITY OF VALLEJO OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE VALLEJO REDEVELOPMENT AGENCY REGULAR MEETING

CHAIR
Linda Seifert

BOARDMEMBERS:
Annette Taylor, Vice-Chair
Marti Brown
Melvin Jordan
LaGuan Lea
Shane McAffee
Alvaro da Silva

THURSDAY, NOVEMBER 15, 2012
8:30 A.M.

+

CITY COUNCIL CHAMBERS, 2ND FLOOR
555 SANTA CLARA STREET, VALLEJO

This AGENDA contains a brief general description of each item to be considered. The posting of the recommended actions does not indicate what action may be taken. If comments come to the Board without prior notice and are not listed on the AGENDA, no specific answers or response should be expected at this meeting per State law.

Those wishing to address the Board on any matter for which another opportunity to speak is not provided on the AGENDA but which is within the jurisdiction of the Board to resolve may come forward to the podium during the "COMMUNITY FORUM" portion of the AGENDA.

Notice of Availability of Public Records: All public records relating to an open session item, which are not exempt from disclosure pursuant to the Public Records Act, that are distributed to a majority of the Board will be available for public inspection at the City Clerk's Office, 555 Santa Clara Street, Vallejo, CA at the same time that the public records are distributed or made available to the Board. Such documents may also be available on the City of Vallejo website at http://www.ci.vallejo.ca.us subject to staff's ability to post the documents prior to the meeting. Information may be obtained by calling (707) 648-4527, TDD (707) 649-3562.

Requests for disability related modifications or accommodations, aids or services may be made by a person with a disability to the City Clerk's office no less than 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act of 1990) and the federal rules and regulations adopted in implementation thereof

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **COMMUNITY FORUM**

4. **APPROVAL OF THE MINUTES**

   A. Approval of the Minutes from the November 1, 2012 Regular Meeting

5. **OLD BUSINESS – None.**

6. **NEW BUSINESS**

   A. **Approval Of The Audit Report on the Low And Moderate Income Housing Incoming Housing Fund (LMIHF) Balances of the Dissolved City of Vallejo Redevelopment Agency**
   Recommendation: Adopt a Resolution approving the findings of the audit report on the

Low and Moderate Income Housing Fund (LMIHF) Balances of the dissolved City of Vallejo Redevelopment Agency
Contact: Deborah Lauchner, Finance Director, 648-4592

B. **Receive Report on Meet & Confer Issues with the State Regarding the Operating Parking Enforcement Agreement between the City and Marine World**
Recommendation: No action; informational report only.
Contact: Deborah Lauchner, Finance Director, 648-4592

7. AGENDA ITEMS FOR FUTURE MEETINGS

A. **Discussion of Agenda Items for Future Meetings.**

8. ADJOURNMENT

CERTIFICATION:

I, Dawn Abrahamson, Secretary, do hereby certify that I have caused a true copy of the above notice and agenda to be delivered to each of the members of the Oversight Board for the Successor Agency of the Vallejo Redevelopment Agency, at the time and in the manner prescribed by law and that this agenda was posted at City Hall, 555 Santa Clara Street, CA at 4:00 p.m., November 9, 2012.

Dated: November 9, 2012

Dawn G. Abrahamson
Dawn Abrahamson, Secretary

CITY OF VALLEJO
OVERSIGHT BOARD
FOR THE SUCCESSOR AGENCY TO THE VALLEJO REDEVELOPMENT AGENCY
REGULAR MEETING MINUTES
NOVEMBER 1, 2012

1. **CALL TO ORDER**
   The meeting was called to order by Chair Seifert at 8:33 a.m.

2. **ROLL CALL**
   Boardmembers Present: Chair Seifert (Solano County Board of Supervisors' Appointee), Vice Chair Taylor (member representing Employees of Former Redevelopment Agency Appointee), Boardmembers McAffee (GVRD, Largest Special District), da Silva (Solano County Board of Supervisors Public Member Appointee), Jordan (County Superintendent of Education Appointee), and Boardmember Lea (Chancellor of California Community College Appointee) arrived at 8:34 a.m.
   Absent: Boardmember Brown (Mayor of Vallejo Appointee)
   Staff Present: City of Vallejo Finance Director Lauchner and Secretary Abrahamson

3. **COMMUNITY FORUM – None.**

4. **APPROVAL OF MINUTES**

   A. **Approval of Minutes from September 20, 2012 Regular Meeting**
   Action: Moved by Boardmember da Silva, seconded by Boardmember Jordan and carried to approve the minutes. (Absent-Brown)

5. **OLD BUSINESS – None.**

6. **NEW BUSINESS**

   A. **Public Session Review and Comment of the Audit Report on the Low and Moderate Income Housing Fund (LMIHF) Balances of the Dissolved City of Vallejo Redevelopment Agency**
   Recommendation: No action. Hold a public session and receive public comment
   Contact: Ursula Luna Reynosa, Economic Development Director, 648-4382

   Finance Director Lauchner provided an overview and noted a few items in the draft report that needed to be changed.

   Chair Seifert opened the public hearing. There being no speakers, the public hearing was closed.

Staff responded to questions from Boardmembers. Boardmembers provided comment and requested that the following items be added or fixed within the report:

1. Page 5-the paragraph that starts with the word "noted" should be changed to reflect the information provided in paragraph 1 (on page 4) which states "the State Controller's Office has not completed its review."

2. Page 10 needs to be revised to fix the trustee calculation and should include a footnote with the information in the trust indenture that states how the excess can be used. Exhibit F needs to be adjusted and contain a footnote as well.

3. Page 15 shows a finding that is not accurate.

4. Exhibit C is the asset transfer listing. This exhibit needs to be footnoted stating that none of the listed parcels are from the former Redevelopment Housing fund. All of these assets belong to the former Redevelopment Agency and were not obtained with Housing funds.

5. Exhibit H is unclear. Auditor to provide additional clarification or remove the ROPS line item since ROPS is Successor Agency and not Housing. The exhibit should show the unencumbered cash balance. If the ROPS line item is removed, the $148,394 housing balance makes more sense. It should be noted that Housing does not have a deficit.

7. Agenda Items for Future Meetings

A. Discussion of Agenda Items for Future Meetings – none.

8. ADJOURNMENT

The meeting adjourned at 9:02 a.m.

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LINDA SEIFERT, CHAIR

ATTEST:

____

DAWN G. ABRAHAMSON, SECRETARY

CHAIR
Linda Seifert

NEW BUSINESS 6A

BOARDMEMBERS:
Annette Taylor, Vice-Chair
Marti Brown
Melvin Jordan
LaGuan Lea
Shane McAfee
Alvaro da Silva

STAFF REPORT: CITY OF VALLEJO OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE VALLEJO REDEVELOPMENT AGENCY

Date: November 15, 2012

TO: Chair and Members of the Board

FROM: Ursula Luna-Reynosa, Economic Development Director
Deborah Lauchner, Finance Director

SUBJECT: APPROVAL OF THE AUDIT REPORT ON THE LOW AND MODERATE INCOME HOUSING FUND BALANCES OF THE DISSOLVED CITY OF VALLEJO REDEVELOPMENT AGENCY

RECOMMENDATION

Adopt a resolution approving the findings of the Audit Report on the Low and Moderate Income Housing Fund (LMIHF) Balances of the dissolved City of Vallejo Redevelopment Agency.

BACKGROUND

On June 29, 2011, the Governor signed into law AB1X 26 (the Dissolution Act) and AB1X 27 relating to redevelopment. AB1X 26 immediately suspended agency activities and eliminated redevelopment agencies effective October 1, 2011. This action was subsequently challenged and the California Supreme court ruled on the challenge December 29, 2011. The Supreme Court found that the Dissolution Act was a valid action under the California Constitution. AB1X 27 was found to be unconstitutional.

Pursuant to Section 34179.5(a) of the California Health and Safety Code, successor agencies are required to employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities. As an alternative, an audit provided by the county auditor-controller that provides the information required by this section may be used to comply with this section with the concurrence of the oversight board.

Pursuant to Section 34179.6(a) of the California Health and Safety Code, the Successor Agency is to provide to the Oversight Board, the County Auditor Controller, the Department of Finance and the State Controller's Office results of the Health & Safety (H&S) Code Section 34179.5 review (Review) for the LMIHF balances of a Dissolved Redevelopment Agency by October 1, 2012. In summary, the Review required pursuant to H&S Code Section 34179.5 generally requires that a successor agency cause a review to determine the unobligated balances available for transfer to taxing entities from the LMIHF.

The Vallejo Successor Agency was not able to meet the deadline of October 1, 2012. Staff understands that many other successor agencies found themselves in similar situations due to the lack of available auditors. This time of year is the auditors busy season and many were committed to year end audits for cities. Staff was able to contract with an Audit firm to complete the LMIHF Audit, but they indicated that they would not be able to meet the October 1, 2012 deadline. The auditor selected to conduct the Review provided a qualified date of mid-October to have the audit report complete.

Pursuant to Section 34179.6(b) of the California Health and Safety Code, the Oversight Board held a public comment session on the Review on November 1, 2012. There were no public comments, however comments from the Oversight Board were provided to staff. Those comments have been incorporated in the final report.

CONTACT

Deborah Lauchner, 707-648-4592, dlauchner@ci.vallejo.ca.us

DOCUMENTS ATTACHED

1. Attachment A – Resolution

RESOLUTION NO. 12-

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER VALLEJO REDEVELOPMENT AGENCY, APPROVING THE AUDIT REPORT OF THE LOW AND MODERATE INCOME HOUSING FUND BALANCES OF THE DISSOLVED CITY OF VALLEJO REDEVELOPMENT AGENCY PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.6(C)

WHEREAS, ABx1 26 (the "Dissolution Act") was enacted in late June 2011 and was held by the California Supreme Court to be largely constitutional on December 29, 2012; and

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Vallejo ("RDA Successor Agency") is the successor agency to the former Vallejo Redevelopment Agency ("Agency"); and

WHEREAS, Health and Safety Code section 34179(a) provides that each successor agency shall have an oversight board composed of seven members; and

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

WHEREAS, on June 27, 2012, the Legislature passed and the Governor signed AB 1484, the primary purpose of which 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; and

WHEREAS, pursuant to Health and Safety Code Section 34179.5(a), the Successor Agency staff employed a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities; and

WHEREAS, pursuant to Health and Safety Code Section 34179.6(a), the Successor Agency is to provide to the Oversight Board, the County Auditor-Controller, the Department of Finance and the State Controller's Office results of the Health and Safety Code Section 34179.5 review for the Low and Moderate Income Housing Fund (LMIHF) Balances of a Dissolved Redevelopment Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34179(b), on November 1, 2012, the Oversight Board held a public session review and comment of the audit report on the LMIHF Balances of a Dissolved Redevelopment Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34179.6(c), the Oversight Board must review, approve, and transmit the LMIHF audit to the Department of Finance and Auditor-Controller;

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED VALLEJO REDEVELOPMENT 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 approval of the LMIHF audit review 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 3. Approval of the LMIHF Audit Review. The Oversight Board hereby approves and adopts the LMIHF Audit Review, in substantially the form attached to this Resolution as Exhibit A, authorizing staff to submit it to the applicable Departments, Offices and Entities, and to post it on the City's website, all in compliance with California Health and Safety Code Section 34179, pursuant to Health and Safety Code Section 34179.

SECTION 4. 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 City Clerk of the City of Vallejo, acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

PASSED AND ADOPTED this 15th day of November, 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
Linda J. Seifert, Chair

ATTEST:

____
Dawn G. Abrahamson, Secretary

EXHIBIT A INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES RELATING TO THE DUE DILIGENCE REVIEWIN ACCORDANCE WITH AB 1484 APPLIED TO THE LOW AND MODERATE INCOME HOUSING FUND

[Attached behind this page]

Successor Agency to the Vallejo Redevelopment Agency

Vallejo, California

Independent Accountant's Report on Applying Agreed-Upon Procedures relating to the Due Diligence Review in accordance with AB 1484 applied to the Low and Moderate Income Housing Fund

For the year ended June 30, 2012

PUN & McGEADY LLP

Successor Agency to the Vallejo Redevelopment Agency

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Exhibit B – Low and Moderate Income Housing Asset Listing as of January 31, 2012

Exhibit C – Asset Transfer Assessment Form

Exhibit D – Housing Assets Transfer Form

Exhibit E – Department of Finance's Review of the Housing Assets Transfer Form

Exhibit F – Low and Moderate Income Housing Asset Listing as of June 30, 2012

Exhibit G – Restricted Asset Balance Listing

Exhibit H – Summary of Balances Available for Allocation

Exhibit I – Management Representation Letter

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Oversight Board of the
Successor Agency to the Vallejo Redevelopment Agency
Vallejo, California

We have performed the required agreed-upon procedures ("AUP") enumerated in Attachment A, which were agreed to by the California State Controller's Office and the California State Department of Finance, solely to assist the Oversight Board of the Successor Agency to the Vallejo Redevelopment Agency that the dissolved redevelopment agency ("Agency") of the City of Vallejo, California ("City") is complying with its statutory requirements with respect to Assembly Bill ("AB") 1484. Management of the City is responsible for the accounting records pertaining to statutory compliance pursuant to California Health and Safety Code section 34179.5(c)(1) through 34179.5(c)(6).

These procedures only applied to the Low and Moderate Income Housing Fund, not the Successor Agency to the Vallejo Redevelopment Agency as a whole.

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.

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 financial information summarized in Exhibits, as listed in the table of contents. 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 California State Controller's Office and the California State Department of Finance, 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.

Pun & McGeady LLP

Irvine, California
October 31, 2012

ATTACHMENT A – AGREED-UPON PROCEDURES AND FINDINGS

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.

Procedures Performed:

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:

Pursuant to Resolution No. 12-001 N.C. (Exhibit A), dated January 10, 2012, City Council of the City of Vallejo adopted a resolution determining the City would serve as the Successor Agency to the Redevelopment Agency of the City of Vallejo and electing not to retain the housing assets and functions previously performed by the Redevelopment Agency. Furthermore, the Resolution authorized the Housing Authority of the City of Vallejo to assume the housing asset and functions of the Redevelopment Agency

See Exhibit B for the Low and Moderate Income Housing Asset Listing as of January 31, 2012.

The only assets transferred to the Successor Agency on February 1, 2012 were Cash and Investments in the amount of $148,354 and Cash with Fiscal Agent – Bond Reserves in the amount of $470,620. All other assets of the Low and Moderate Income Housing Fund were transferred to the Housing Authority, acting as Housing Successor Agency, effective February 1, 2012.

Citation:

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

Procedures Performed:

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

   A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
   B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
   C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Results:

The State Controller's Office has not completed its review of transfers required under California Health and Safety Code Sections 34167.5 and 34178.8.

Reviewed the Asset Transfer Assessment Form (Exhibit C) certified by the Finance Director for the City of Vallejo, on April 16, 2012 for the period from January 1, 2011 through January 31, 2012 and noted no assets transferred from the RDA to the a city, county or other public agency between January 31, 2011 and January 31, 2012.

Inquired of the Interim Accounting Manager for the City of Vallejo on October 16, 2012, as to any asset transfers from the Low and Moderate Income Housing Fund to the city or the county that formed the RDA for the period from January 1, 2011 through January 31, 2012 and confirmed no transfers of assets from the Low and Moderate Income Housing Fund to the city or the county that formed the redevelopment agency.

Reviewed balance sheet as of June 30, 2012, trial balance report for the period February 1, 2012 through June 30, 2012 and confirmed with the Interim Accounting Manager on October 16, 2012, that there were no transfers of Low and Moderate Income Housing Fund Assets from the Successor Agency to the city or county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012.

Reviewed the Housing Assets Transfer Form (Exhibit D) prepared on July 31, 2012 by the Housing and Community Development Manager for the City for the period February 1, 2012 through June 30, 2012 and noted reported transfers of Low and Moderate Income Housing Fund loans on the Housing Assets Transfer Form. The total amount of loans transferred of $10,134,159 is equal to the amount of Low and Moderate Income Housing Fund loans reported in the accounting records of the Housing Successor Agency at June 30, 2012.

Noted the Department of Finance (DOF) is not objecting to any assets or transfers of assets identified on the form. See Exhibit E for the DOF's review of the Housing Assets Transfer Form.

As noted above, reviewed Resolution No. 12-001 N.C., together with the related Staff Report, both dated January 10, 2012, wherein the City Council elected to serve as the Successor Agency to the RDA, affirmatively chose not to retain the housing assets and functions performed by the RDA and authorized the assumption by the Housing Authority of the rights, powers, assets, duties and obligations associated with the housing activities of the RDA.

Reviewed the Independent Accountants' Agreed-Upon Procedures Report (AUP Report) dated September 24, 2012, prepared for the County of Solano Auditor-Controller, which noted the Housing Authority of the City of Vallejo assumed the Low and Moderate Income Housing Fund, with the exception of the Housing Bonds which will stay with the City as the Successor Agency. The AUP noted the assets and liabilities of the Low and Moderate Income Housing Fund had not yet been transferred as of the date (September 24, 2012) of the AUP report.

Reviewed trial balance reports, journal entries and confirmed with Interim Accounting Manager for the City that all the assets, excluding cash with fiscal agent – bond reserves, of the Low and Moderate Income Housing Fund were transferred to the Housing Successor Agency effective February 1, 2012, however, the journal entries were not posted until September 25, 2012 and were made retroactive to February 1, 2012. Similarly, cash with fiscal agent was transferred to the Successor Agency effective February 1, 2012 via retroactive journal entries posted September 25, 2012. An adjusting journal entry was posted in October 2012 to transfer Low and Moderate Income Housing Fund cash, transferred to the Housing Successor Agency, from the Housing Successor Agency to the Successor Agency. Noted that new fund numbers were utilized to record the assets and liabilities received from the Low and Moderate Income Housing Fund upon RDA dissolution.

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.

Procedures Performed:

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

    A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
    B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
    C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Results:

There were no transfers from the former redevelopment agency of the Low and Moderate Income Housing Fund to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. Therefore, these procedures are not applicable.

There were no transfers from the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012. Therefore, these procedures are not applicable.

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.

Procedures Performed:

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:

Because these procedures required by Section 34179.5(c)(4) pertain to the Successor Agency as a whole, these procedures will be addressed in the report that is due on December 15, 2012.

Citation:

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

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

Procedures Performed:

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 noted in our review that cash in the amount of $148,354 was transferred from the Low and Moderate Income Housing Fund to the Successor Agency effective February 1, 2012.

See Exhibit F for a listing of Low and Moderate Income Housing Fund assets held by the Successor Agency as of June 30, 2012.

We noted that Low and Moderate Income Housing Fund cash (excluding cash with fiscal agent) transferred to the Successor Agency is reported in the accounting records of the Successor Agency as Restricted Cash. The Interim Accounting Manager for the City confirmed this cash is designated as "restricted" to segregate cash of the former Low and Moderate Income Housing Fund from all other Successor Agency cash. Low and Moderate Income Housing Fund cash held by the Successor Agency is not legally or otherwise restricted.

Citation:

34179.5(c)(5) (B) An itemized statements 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.

Procedures Performed:

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:
    1. Unspent bond proceeds: 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.)
    2. 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).
    3. 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:

There were no unspent bond proceeds from the Low and Moderate Income Housing Fund at June 30, 2012. Therefore, these procedures are not applicable.

A. 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:

There were no grant proceeds and program income of the Low and Moderate Income Housing Fund that are restricted by third parties at June 30, 2012. Therefore, these procedures are not applicable.

B. 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:

Reviewed Indenture of Trust, Audited Financial Statements for the Fiscal Year Ended July 30, 2012 and portions of Official Bond Statement and noted the following: On August 1, 2001, the former RDA of the City of Vallejo issued Tax Allocation Bonds, 2001 Series A (Housing Set-Aside Revenues) (Bonds or Vallejo Housing Set-Aside Bonds) in the amount of $5,410,000, the purpose of which was to finance low and moderate housing activities and repay a portion of previous loans. Pursuant to the Indenture of Trust (Agreement), upon issuance of the Bonds, $470,600 of the proceeds was to be deposited in a reserve account by the trustee representing the Reserve Requirement. The Agreement provided for a Reserve Requirement equal to the least of (a) maximum annual debt service, (b) 125% of average annual debt service, or (c) 10% of the Outstanding Bonds and Parity Debt. The Reserve Requirement at closing date was $470,600.

Reviewed balance sheet reports, trial balance reports and journal entries and determined cash with fiscal Agent – bond reserves, in the amount of $470,620, was transferred from the Low and Moderate Income Housing Fund to the Successor Agency effective February 1, 2012. On October 17, 2012, confirmed with Interim Accounting Manager for the City, that the Trustee checks the Reserve Requirement annually to insure the reserve balance is adequate and the Trustee's latest reserve calculation shows a Reserve Requirement in the amount of $470,600. Confirmed cash with fiscal agent – bond reserves in the amount of $470,616 as of June 30, 2012.

The City can make a request to reduce the reserve fund by April 1, 2013 and have the money transferred to another trustee account or the interest fund. Therefore, for the period of July 1, 2012 through June 30, 2013, the amount in excess of the reserve requirement of $426,500, which is $44,116, is unrestricted for the purpose of calculating the balances available for allocation but will remain restricted for the rest of fiscal year 2012-2013 according to the City.

Noted the AUP report stated "the Housing Authority of the City of Vallejo assumed the Low and Moderate Income Housing Fund with the exception of the Housing Bonds, which will stay with the City as the redevelopment successor agency." The AUP report does not provide any detail related to the Housing Bonds nor does it mention any Bond Reserves.

C. 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:

See Exhibit G for a listing of Low and Moderate Income Housing asset balances at June 30, 2012 that are considered to be legally restricted.

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.

Procedures Performed:

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:

   There are no assets of the Low and Moderate Income Housing Fund as of June 30, 2012 that are not liquid or otherwise available for distribution. Therefore, these procedures are not applicable.

   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:

   There are no assets of the Low and Moderate Income Housing Fund as of June 30, 2012 that are not liquid or otherwise available for distribution. Therefore, these procedures are not applicable.

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:

There are no assets of the Low and Moderate Income Housing Fund as of June 30, 2012 that are not liquid or otherwise available for distribution. Therefore, these procedures are not applicable.

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:

There are no assets of the Low and Moderate Income Housing Fund as of June 30, 2012 that are not liquid or otherwise available for distribution. Therefore, these procedures are not applicable.

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.

Procedures Performed:

8. Perform the following procedures:
   A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
      i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
      ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
      iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
      iv. Attached as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Results:

Obtained and reviewed Recognized Obligation Payment Schedules (ROPS) for the periods of July 1, 2012 to December 31, 2012 and January 1, 2013 to June 30, 2013. Noted no obligations listed in the ROPS related to Low & Moderate Income Housing Fund.

B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
   i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
   ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
      a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
   iii. For the forecasted annual revenues:
      a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Results:

The Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are sufficient to fund future obligation payments and thus retention of current balances is not required.

C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
   i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
   ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
   iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Results:

The Successor Agency does not believe that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments.

D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
   i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
   ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
   iii. Include the calculation in the AUP report.

Results:

Since procedures A, B, or C were not performed, this procedure is not applicable.

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.

Procedures Performed:

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:

Obtained and reviewed Recognized Obligation Payment Schedules (ROPS) for the periods of July 1, 2012 to December 31, 2012 and January 1, 2013 to June 30, 2013. Noted no obligations listed in the ROPS related to Low & Moderate Income Housing Fund.

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.

Procedures Performed:

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

Results:

See Exhibit H for schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities.

***

Management Representation Letter

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:

    See Exhibit I for Management Representation Letter.

Successor Agency to the Vallejo Redevelopment Agency
Low and Moderate Income Housing
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012

EXHIBITS

Exhibit A - Successor Agency Resolution 12.001 N.C.

Exhibit B - Low and Moderate Income Housing Asset Listing as of January 31, 2012

Exhibit C - Asset Transfer Assessment Form

Exhibit D - Housing Assets Transfer Form

Exhibit E - Department of Finance's Review of the Housing Assets Transfer Form

Exhibit F - Low and Moderate Income Housing Asset Listing as of June 30, 2012

Exhibit G - Restricted Asset Balance Listing

Exhibit H - Summary of Balances Available for Allocation

Exhibit I - Management Representation Letter

Successor Agency to the Vallejo Redevelopment Agency
Low and Moderate Income Housing
Agreed Upon Procedures – AB 1484
For the year ended June 30, 2012

EXHIBIT A
SUCCESSOR AGENCY RESOLUTION 12.001 N.C.

RESOLUTION NO.12-001 N.C.

(1) DETERMINING THE CITY WILL SERVE AS THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO; (2) ELECTING NOT TO RETAIN THE HOUSING ASSETS AND FUNCTIONS PREVIOUSLY PERFORMED BY THE REDEVELOPMENT AGENCY

WHEREAS, the Redevelopment Agency of the City of Vallejo ("Agency") is a redevelopment agency organized and existing under the California Community Redevelopment Law (Health & Safety Code § 33000 *et seq.*) ("CRL") and has been authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council of the City of Vallejo ("City Council" or "City," as applicable); and

WHEREAS, pursuant to the CRL, the City Council approved and adopted the Amended and Restated Redevelopment Plan for the Merged Downtown/Waterfront Redevelopment Project on November 28, 2006, by Ordinance No. 1576, and the Redevelopment Plan for Flosden Acres Subdivision Redevelopment Project on June 29, 1970, by Ordinance No.942, all as amended to date (collectively, the "Plans" and the "Projects"), and the Agency is vested with the responsibility for implementing and carrying out the Plans; and

WHEREAS, the Agency has been in the process of carrying out the goals and objectives of the Plans by continuing to: eliminate blight; increase, improve, and preserve the supply of affordable housing in the community; stimulate and expand economic growth and employment opportunities by revitalizing properties and businesses within the Projects; and alleviate deficiencies in public infrastructure; and

WHEREAS, in connection with approval and adoption of the State Budget for Fiscal Year 2011-12, the California Legislature approved and the Governor signed (i) AB 1X 26 (Stats. 2011, chap. 5, "AB 1X 26"), which immediately, and purportedly retroactively, suspended all otherwise legal redevelopment activities and incurrence of indebtedness, and provided for dissolution of California's redevelopment agencies effective October 1, 2011 (the "Dissolution Act"); and (ii) AB 1X 27 (Stats. 2011, chap. 6, "AB 1X 27"), which allowed a local community to avoid the consequences of the Dissolution Act and continue its redevelopment agency if the community enacted an ordinance agreeing to comply with the alternative voluntary redevelopment program described in Section 2 of AB 1X 27 adding Part 1.9 (commencing with section 34192) of Division 24 of the Health and Safety Code; and

WHEREAS, the California Redevelopment Association, et al. challenged the constitutionality of AB 1X 26 and AB 1X 27 in *California Redevelopment Association et al. v. Ana Matosantos et al.*, which was heard by the California Supreme Court; and

WHERAS, in a decision filed on December 29, 2011, the Supreme Court found the dissolution of redevelopment agencies effected by AB 1X 26 to be a proper exercise of the legislative power vested in the Legislature by the State Constitution, while the Court found the provisions of AB 1X 27 allowing communities to save their redevelopment agencies if they made the "voluntary" remittance payments under AB 1X 27 to violate Proposition 22; and that the two bills were severable, allowing the dissolution provisions of AB 1X 26 to survive even as it invalidated AB 1X 27; and

WHEREAS, the Supreme Court extended the timeframes set forth in AB 1X 26 for, among other things, determining whether a redevelopment agency desires to serve as a successor entity until January 13, 2012; and

WHEREAS, Health and Safety Code Section 34171(j) defines the "successor agency" as the "county, city, or city and county that authorized the creation of each redevelopment agency," unless such entity elects not to serve as a successor agency under Section 34173(d); and

WHEREAS, Health and Safety Code Section 34177 tasks each successor agency with the responsibility, among other things, for winding down the dissolved redevelopment agency's affairs, continuing to meet the former redevelopment agency's enforceable obligations, overseeing completion of redevelopment projects and disposing of the assets and properties of the former redevelopment agency, all as directed by the oversight board; and

WHEREAS, if a city opts out of serving as the successor agency by passing and filing a resolution to that effect with the county auditor-controller, Health and Safety Code Section 34173(d) provides that another local agency may elect to serve as the successor agency, or in the event no other local agency so elects, the Governor will appoint a successor agency to be comprised of three residents of the county; and

WHEREAS, the City desires to act as the successor agency to the Agency; and

WHEREAS, Health and Safety Code Section 34176(a) gives the city that authorized creation of a redevelopment agency the option of retaining its housing assets and functions, excluding amounts on deposit in the Low and Moderate Income Housing Fund; and

WHEREAS, as allowed under AB 1X 26, the City does not desire to retain the Agency's housing assets and functions and desires that they instead be assumed by the Housing Authority of the City of Vallejo ("Housing Authority"); and

WHEREAS, the City is the lead agency concerning this Resolution pursuant to the California Environmental Quality Act (codified as Public Resources Code Section 21000 *et seq*) ("CEQA") and the State CEQA Guidelines; and

WHEREAS, City staff has determined that this Resolution is exempt from CEQA, pursuant to CEQA Guidelines Section 15378(b)(4), because the resolution does not involve any commitment to any specific project that may result in a potentially significant environmental impact.

NOW THEREFORE BE IT RESOLVED, that the City Council hereby resolves as follows:

SECTION 1. Recitals. The Recitals set forth above are true and correct and incorporated herein.

SECTION 2. Determination to Serve as Successor Agency. In accordance with Health and Safety Code Section 34171(j), and based on the Recitals set forth above, the City Council hereby determines that the City shall serve as the successor agency to the Agency, directing staff to create a Redevelopment Obligation Retirement Fund, to be administered by the City as successor agency. .

SECTION 3. Housing Assets and Functions. In accordance with Health and Safety Code Section 34176, the City elects not to retain the housing assets and functions previously performed by the Agency and authorizes assumption by the Housing Authority of the rights, powers, assets, duties and obligations associated with the housing activities of the Agency.

SECTION 4. Implementation. The City Council hereby authorizes and directs the City Manager to take any action and execute any documents necessary to implement this Resolution.

SECTION 5. CEQA. The City Council finds, under Title 14 of the California Code of Regulations, Section 15378(b)(4), that this Resolution is exempt from the requirements of the California Environmental Quality Act ("CEQA") in that it is not a "project," and does not commit to any project or program that may result in a potentially significant environmental impact.

SECTION 6. Custodian of Records. The documents and materials that constitute the record of proceedings on which these findings are based are located at the City Clerk's office located at City Hall, 555 Santa Clara Street, Vallejo, California 94501. The custodian for these records is Dawn G. Abrahamson, City Clerk.

SECTION 7. Effective Date. This Resolution shall take effect and be in force immediately upon its adoption.

SECTION 8. Certification of Passage. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

Adopted by the City Council of the City of Vallejo at a special meeting held on January 10, 2012 by the following vote:

AYES:	Mayor Davis, Vice Mayor Hannigan, Councilmembers Brown, McConnell and Sampayan
NOES:	None
ABSTAIN:	None
ABSENT:	Councilmembers Gomes and Sunga

OSBY DAVIS, MAYOR

ATTEST:

DAWN G. ABRAHAMSON, CITY CLERK

Successor Agency to the Vallejo Redevelopment Agency
Low and Moderate Income Housing
Agreed Upon Procedures – AB 1484
For the year ended June 30, 2012

EXHIBIT B
Low and Moderate Income Housing Asset Listing as of January 31, 2012

	VRA Affordable Housing Fund	2001 Housing Revenue Bond Fund	Low and Moderate Income Housing Fund
ASSETS			
Cash	$ 148,354	$ -	$ 148,354
Cash with fiscal agent - bond reserves	-	470,620	470,620
Interest receivable	2,466,222	-	2,466,222
Loans receivable	10,168,012	-	10,168,012
Total assets	$ 12,782,588	$ 470,620	$ 13,253,208

	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance January 31, 2012
INTEREST RECEIVABLE				
Interest Receivable				
Affirmed Housing VFHP/Avian Glenn	$ 670,102	$ 54,670	$ -	$ 724,772
Citizens Housing I	190,504	10,603	-	201,107
Citizens Housing II	535,019	33,575	-	568,595
Marina Vista I	-	13,770	8,423	5,347
Marina Vista II	-	810	495	315
Marina Annex	10,156	3,458	-	13,614
Marina Towers Associates	133,089	13,253	-	146,342
Simpson/Builders/Bayview	508,190	50,068	-	558,258
Simpson/Builders/Solano Vista I	213,493	14,726	-	228,219
Temple Art Lofts Associates	10,196	9,456	-	19,652
Total interest receivable	$ 2,270,750	$ 204,390	$ 8,918	$ 2,466,222

Successor Agency to the Vallejo Redevelopment Agency
Low and Moderate Income Housing
Agreed Upon Procedures – AB 1484
For the year ended June 30, 2012

EXHIBIT B (CONTINUED)
Low and Moderate Income Housing Asset Listing as of January 31, 2012

	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance January 31, 2012
LOANS RECEIVABLE				
RESIDENTIAL REHAB				
Gamer, James	$ -	$ -	$ -	$ -
Chambers, Bessie	32,700	-	-	32,700
Hofer-Wonn, Janet	-	-	-	-
Sub-Total Residential Rehab	32,700	-	-	32,700
FIRST TIME HOME BUYERS				
Barma, Vincent	15,000	-	-	15,000
Bellosillo, Ceasar	15,000	-	-	15,000
Brown, Gwendolyn	15,000	-	-	15,000
Columbres, Melchor	15,000	-	-	15,000
Crumby, Price	5,000	-	-	5,000
Echon, Pacifico	15,000	-	-	15,000
Gano, George	15,000	-	-	15,000
Hernandez, Enrique	15,000	-	-	15,000
Jaramillo, David	15,000	-	-	15,000
Lapid, Lina	15,000	-	-	15,000
Loessberg, Shane	15,000	-	-	15,000
Thompson, John	15,000	-	-	15,000
Sub-Total Residential Rehab	170,000	-	-	170,000
RDA RESIDENTIAL - ACTIVE				
Affirmed Housing VFHP/Avian Glenn	3,093,750	-	-	3,093,750
Citizens Housing I	600,000	-	-	600,000
Citizens Housing II	1,900,000	-	-	1,900,000
Marina Vista I	240,648	-	11,479	229,169
Marina Vista II	14,156	-	675	13,481
Marina Annex	195,667	-	-	195,667
Marina Towers Associates	750,000	-	-	750,000
Simpson/Builders/Bayview	1,700,000	-	-	1,700,000
Simpson/Builders/Solano Vista I	500,000	-	-	500,000
Temple Art Lofts Associates	504,268	245,732	-	750,000
Sub-Total RDA Residential Active	9,498,490	245,732	12,154	9,732,067
AHF VHNS REHAB LOAN - DEFERRED				
Bernsten, Dennis	28,800	-	-	28,800
Blair, Frankie	72,280	-	-	72,280
Fredrickson, Mary	17,100	-	-	17,100
Grady, Sonia	43,333	-	-	43,333
Hayes, Myrna	53,100	-	-	53,100
Spineli, Vivian	18,632	-	-	18,632
Sub Total, Principal	233,245	-	-	233,245
Total loans receivable	$ 9,934,435	$ 245,732	$ 12,154	$ 10,168,012

Successor Agency to the Vallejo Redevelopment Agency
Low and Moderate Income Housing
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012

EXHIBIT C
Asset Transfer Assessment Form

Asset Transfer Assessment

Cover Page

Successor Agency City of Vallejo

Agency ID Number 13984894600

Successor Agency Officer Certification:

TO STATE CONTROLLER, I hereby certify, to the best of my knowledge and belief, that the information reported on the asset transfer assessment is accurate, accounted for, and fully disclosed.

Successor Agency Officer:

DLauchn — Finance Director

Signature — Title

Deborah Lauchner — 707-648-4592 — 4/16/12

Name (Printed) — Telephone No. — Date

STATE CONTROLLER'S OFFICE
ASSET TRANSFER ASSESSMENT
ASSEMBLY BILL X1 26

FORMER REDEVELOPMENT AGENCY NAME	Redevelopment Agency of the City of Vallejo	**11-DIGIT ID #**	13984894600
SUCCESSOR AGENCY	City of Vallejo	DATE PREPARED	16-Apr-12
CONTACT NAME:	Deborah Lauchner **PHONE:** (707) 648-4592 **TITLE:** Finance Director	**E-MAIL ADDRESS:**	Dlauchner@ci.vallejo.ca.us

A	B		C		D		E
	CARRYING VALUE AS OF		IF THE ASSET WAS TRANSFERRED TO A CITY, COUNTY, OR OTHER PUBLIC AGENCY BETWEEN JANUARY 1, 2011 AND JANUARY 31, 2012 (EXCLUDE HOUSING ASSETS):		WAS THE ASSET CONTRACTUALLY COMMITTED OR ENCUMBERED TO A THIRD PARTY AFTER JUNE 29, 2011?		WAS THE TRANSFER REVERSED?
ASSET DESCRIPTION	DECEMBER 31, 2010	JANUARY 31, 2012	TRANSFER DATE	PUBLIC AGENCY	YES/NO	IF YES, DATE	YES/NO
LAND							
0055-180-040	167,649.00	167,649.00	Land assets listed here were acquired by the former redevelopment agency. However, they were not acquired with the 20% set-aside from property tax increment revenues for affordable housing projects.				
0055-160-130	114,600.00	114,600.00					
0055-160-170	131,052.00	131,052.00					
0055-160-190	7,375.00	7,375.00					
0055-160-240	13,616.00	13,616.00					
0055-160-310	8,510.00	8,510.00					
0055-160-450	55,598.00	55,598.00					
0055-170-200	2,904.00	2,904.00					
0055-170-220	8,738.00	8,738.00					
0055-170-280	54,528.00	54,528.00					
0055-170-360	56,106.00	56,106.00					
0055-160-160	54,302.00	54,302.00					
0055-160-470	87,946.00	87,946.00					
0055-160-030	76,761.00	76,761.00					
0055-160-040	66,321.00	66,321.00					
0055-160-050	92,727.00	92,727.00					
0055-160-060	82,288.00	82,288.00					
0055-160-360	15,966.00	15,966.00					
0055-160-410	321,168.00	321,168.00					
0055-160-420	17,194.00	17,194.00					
0055-170-010	37,459.00	37,459.00					
0055-170-020	42,986.00	42,986.00					
0055-170-030	36,845.00	36,845.00					
0055-170-050	49,127.00	49,127.00					
0055-170-060	23,949.00	23,949.00					
0055-170-080	32,547.00	32,547.00					
0055-170-100	82,902.00	82,902.00					
0055-170-170	16,120.00	16,120.00					
0055-170-400	30,090.00	30,090.00					
0055-170-410	25,178.00	25,178.00					
0055-170-460	299,060.00	299,060.00					
0055-170-470	87,200.00	87,200.00					
0055-180-010	98,254.00	98,254.00					
0055-180-020	183,612.00	183,612.00					
0055-180-030	7,369.00	7,369.00					
0055-180-050	7,983.00	7,983.00					
0055-180-060	17,808.00	17,808.00					
0055-180-070	23,949.00	23,949.00					
0072-044-100	41,744.00	41,744.00					

STATE CONTROLLER'S OFFICE
ASSET TRANSFER ASSESSMENT
ASSEMBLY BILL X1 26

FORMER REDEVELOPMENT AGENCY NAME: Redevelopment Agency of the City of Vallejo **11-DIGIT ID #** 13984894600

A	B		C		D		E
	CARRYING VALUE AS OF		IF THE ASSET WAS TRANSFERRED TO A CITY, COUNTY, OR OTHER PUBLIC AGENCY BETWEEN JANUARY 1, 2011 AND JANUARY 31, 2012 (EXCLUDE HOUSING ASSETS):		WAS THE ASSET CONTRACTUALLY COMMITTED OR ENCUMBERED TO A THIRD PARTY AFTER JUNE 29, 2011?		WAS THE TRANSFER REVERSED?
ASSET DESCRIPTION	DECEMBER 31, 2010	JANUARY 31, 2012	TRANSFER DATE	PUBLIC AGENCY	YES/NO	IF YES, DATE	YES/NO
0058-050-040	6,376.00	6,376.00					
0058-050-050	99,988.00	99,988.00					
0058-050-070	46,148.00	46,148.00					
0058-050-090	108,107.00	108,107.00					
0058-090-040	262,364.00	262,364.00					
0058-090-070	88,452.00	88,452.00					
0058-090-090	129,472.00	129,472.00					
0058-090-130	10,006.00	10,006.00					
0058-090-190	125,199.00	125,199.00					
0058-090-200	1,866.00	1,866.00					
0058-090-210	38,457.00	38,457.00					
0058-100-300	9,957.00	9,957.00					
0058-100-320	3,099.00	3,099.00					
0058-100-450	12,819.00	12,819.00					
0058-110-130	19,229.00	19,229.00					
0055-160-550	348,818.00	348,818.00					
0055-170-530	15,554.49	15,554.49					
BUILDINGS							
HUMANE SOCIETY OFFICE	16,333.40	14,700.07					
COTTAGE	17,735.58	16,964.47					
HOUSE	78,711.16	75,288.94					
BIBETT (LEASED)	0.00	0.00					
OTHER							
CASH ACCOUNTS	-226,434.28	6,418,120.97					
INVESTMENTS	7,675,367.79	0.00					
CASH WITH F/A - BOND RESERVES	1,158,210.79	1,163,355.29					
LEASE RECEIVABLE	0.00	11,430.00					
TAXES RECEIVABLE	4,710.55	30,726.49					
DUE FROM OTHER FUNDS	0.00	184,494.63					
NOTES RECEIVABLE	6,531,374.20	6,987,221.90					
LOANS RECEIVABLE	32,700.00	32,700.00					
LOANS RECEIVABLE - FIRST TIME HOME BUYER	170,000.00	170,000.00					
LOANS RECEIVABLE - RESIDENTIAL	9,510,323.14	9,732,067.46					
LOANS RECEIVABLE - DEFERRED LOANS	233,245.03	233,245.03					
ADVANCES FROM OTHER FUNDS	1,233,288.00	1,233,288.00					
LAND HELD FOR REDEVELOPMENT	1,343,595.00	1,343,595.00					

Note: No Assets have been transferred to the City between 1/1/2011 to 1/31/2012.

Successor Agency to the Vallejo Redevelopment Agency
Low and Moderate Income Housing
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012

EXHIBIT D
Housing Assets Transfer Form

DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)

Former Redevelopment Agency: Redevelopment Agency of the City of Vallejo

Successor Agency to the Former Redevelopment Agency: City of Vallejo

Entity Assuming the Housing Functions of the former Redevelopment Agency: Housing Authority of the City of Vallejo

Entity Assuming the Housing Functions Contact Name: Melinda Nestlerode Title Housing/CD Manager Phone (707) 648-4408 E-Mail Address mnestlerode@ci.vallejo.ca.us

Entity Assuming the Housing Functions Contact Name: Guy Ricca Title Sr. CD Analyst Phone (707) 648-4395 E-Mail Address gricca@ci.vallejo.ca.us

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list.
The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property	
Exhibit B- Personal Property	
Exhibit C - Low-Mod Encumbrances	
Exhibit D - Loans/Grants Receivables	X
Exhibit E - Rents/Operations	
Exhibit F- Rents	
Exhibit G - Deferrals	

Prepared By: **Melinda Nestlerode**

Date Prepared: **31-Jul-12**

Exhibit A - Real Property

City Vallejo
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of Asset a/	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant b/	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition by the former RDA	Interest in real property (option to purchase, easement, etc.)
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a/ Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit B - Personal Property

City of Vallejo
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of Asset a/	Description	Carrying Value of Asset	Date of transfer to Housing Successor Agency	Acquisition cost funded with Low-Mod Housing Fund monies	Acquisition costs funded with other RDA funds	Acquisition costs funded with non-RDA funds	Date of acquisition by the former RDA
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a/ Asset types any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low and moderate income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

Exhibit C - Low-Mod Encumbrances

City of Vallejo
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of housing built or acquired with enforceably obligated funds a/	Date contract for Enforceable Obligation was executed	Contractual counterparty	Total amount currently owed for the Enforceable Obligation	Is the property encumbered by a low-mod housing covenant?	Source of low mod housing covenant b/	Current owner of the property	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition of the property
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a/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit D - Loans/Grants Receivables

City of Vallejo
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Was the Low-Mod Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance (a), (b)
1	Loan	$ 750,000	March 7, 2001	Vallejo Family Housing Partners	New Construction	Yes	March 7, 2031	3%	$ 750,000
2	Loan	$ 2,343,750	August 12, 2004	Vallejo Family Housing Partners	New Construction	Yes	August 12, 2034	3%	$ 2,343,750
3	Loan	$ 1,700,000	January 11, 2005	Solano Vista II Housing	New Construction	Yes	January 11, 2035	3%	$ 1,700,000
4	Loan	$ 25,000	October 1, 1998	Vallejo Maine I Partners	Rehabilitation	Yes	April 1, 2039	7%	$ 217,289
5	Loan	$ 425,000	October 1, 1998	Vallejo Maine II Partners	Rehabilitation	Yes	April 1, 2039	7%	$ 12,781
6	Loan	$ 750,000	August 31, 2005	Marina Tower Asso.	Rehabilitation	Yes	August 31, 2060	3%	$ 750,000
7	Loan	$ 420,000	December 4, 2001	Marina Annex Asso.	Rehabilitation	Yes	December 4, 2041	3%	$ 174,394
8	Loan	$ 2,500,000	July 28, 2003	Sereno Village Asso.	New Construction	Yes	July 28, 2073	1.50%	$ 2,500,000
9	Loan	$ 500,000	December 3, 2002	Builders Alliance for Affordable Housing II	New Construction	Yes	December 2032	3%	$ 500,000
10	Loan	$ 750,000	October 7, 2010	Temple Art Lofts Asso., LP.	Rehabilitation	Yes	October 2067	3%	$ 750,000
11	Loan	$ 15,000	October 10, 1991	Vincent Barma	Down Payment Assistance	Yes	December 1, 2021	3%	$ 15,000
12	Loan	$ 28,800	January 28, 1992	Dennis Bernsten	Rehabilitation	Yes	January 28, 2007	3%	$ 28,800
13	Loan	$ 75,500	March 26, 1992	Frankie Blair	Rehabilitation	Yes	March 26, 2007	3%	$ 73,280
14	Loan	$ 15,000	March 30, 1999	Gwendolyn Brown	Down Payment Assistance	Yes	August 1, 2020	3%	$ 15,000
15	Loan	$ 17,100	September 6, 1991	Mary Frederickson	Rehabilitation	Yes	September 6, 2021	3%	$ 17,100
16	Loan	$ 42,333	January 6, 2000	Sonia Grady	Down Payment Assistance	Yes	January 6, 2020	3%	$ 42,333
17	Loan	$ 53,100	January 31, 1995	Myrna Hayes	Rehabilitation	Yes	February 28, 2010	3%	$ 53,100
18	Loan	$ 34,000	March 22, 1990	Vivian Spinelli	Rehabilitation	Yes	March 22, 2005	3%	$ 18,631
19	Loan	$ 15,000	unknown	Ceasar Bellosillo	Deferred 2nd Mortgage	Yes	unknown	unknown	$ 15,000
20	Loan	$ 15,000	July 17, 1990	Melchor Columbres	Deferred 2nd Mortgage	Yes	August 1, 2020	0%	$ 15,000
21	Loan	$ 5,000	unknown	Ismael/Anama Deharo	Deferred 2nd Mortgage	Yes	unknown	unknown	$ 5,000

Exhibit D - Loans/Grants Receivables

City of Vallejo
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Was the Low-Mod Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance (a), (b)
22	Loan	$ 15,000	October 12, 1990	Pacifico Echon	Deferred 2nd	Yes	November 20, 2020	0%	$ 15,000
23	Loan	$ 15,000	unknown	George Gano	Deferred 2nd Mortgage	Yes	unknown	0%	$ 15,000
24	Loan	$ 15,000	July 19, 2991	Enrique Herdandez	Deferred 2nd Mortgage	Yes	August 1, 2021	15%	$ 15,000
25	Loan	$ 15,000	May 1991	David Jaramillo	Deferred 2nd Mortgage	Yes	June 1, 2021	15%	$ 15,000
26	Loan	$ 15,000	May 23, 2991	Lina Lapid	Deferred 2nd Mortgage	Yes	June 1, 2021	15%	$ 15,000
27	Loan	$ 15,000	December 12, 1990	Shane Loessberg	Deferred 2nd Mortgage	Yes	January 1, 2021	0%	$ 15,000
28	Loan	$ 15,000	unknown	John Thompson	Deferred 2nd Mortgage	Yes	unknown	unknown	$ 15,000
29	Loan	$ 32,700	unknown	Bessie Chambers	Rehabilitation	Yes	unknown	unknown	$ 32,700

(a) Outstanding Loan balances are as of June 30, 2012.
(b) Outstanding Loan balances do not include accrued interest, which as of 6/30/12 cumulatevely adds up to $2,736,849.

Exhibit E - Rents/Operations

City of Vallejo
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of payment a/	Type of property with which they payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant c/	Item # from Exhibit A the rent/operation is associated with (if applicable)
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a/ May include revenues from rents, operation of properties, residual receipt payments from developers, conditional grant repayments, costs savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit F - Rents

City of Vallejo
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of payment a/	Type of property with which the payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant c/	Item # from Exhibit A the rent is associated with (if applicable)
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a/ May include rents or home loan payments.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit G - Deferrals

City of Vallejo
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Purpose for which funds were deferred	Fiscal year in which funds were deferred	Amount deferred	Interest rate at which funds were to be repaid	Current amount owed	Date upon which funds were to be repaid
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Successor Agency to the Vallejo Redevelopment Agency
Low and Moderate Income Housing
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012

EXHIBIT E

Department of Finance's Review of the Housing Assets Transfer Form

DEPARTMENT OF FINANCE
EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

August 29, 2012

Ms. Melinda Nestlerode, Housing Manager
City of Vallejo
200 Georgia Street
Vallejo, CA 94590

Dear Ms. Nestlerode:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Vallejo submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on July 31, 2012 for the period February 1, 2012 through July 31, 2012.

Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is not objecting to any assets or transfers of assets identified on your Form.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

for

STEVE SZALAY
Local Government Consultant

cc: Mr. Guy Ricca, Senior CD Analyst, Vallejo
Ms. Simona Padilla-Scholtens, Auditor-Controller, Solano County
Ms. Jun Adeva, Deputy Auditor-Controller, Solano County
California State Controller's Office

Successor Agency to the Vallejo Redevelopment Agency
Low and Moderate Income Housing
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012

EXHIBIT F
Low and Moderate Income Housing Asset Listing as of June 30, 2012

	Redevelopment Obligation Retirement Fund
ASSETS	
Cash	$ 24
Restricted cash	148,354
Cash with fiscal agent - bond reserves	470,616
Total assets	$ 618,994

Successor Agency to the Vallejo Redevelopment Agency
Low and Moderate Income Housing
Agreed Upon Procedures – AB 1484
For the year ended June 30, 2012

EXHIBIT G
Restricted Asset Balance Listing

		Redevelopment Obligation Retirement Fund	
RESTRICTED ASSETS			
Cash with fiscal agent - bond reserves	$	470,616	
Less: Reserve requirement		(426,500)	
Total unrestricted assets	$	44,116	*
Total restricted assets	$	(426,500)	

		Amount	Payee	Description	Period of Restriction
Cash with fiscal agent - bond reserves	$	(426,500)	Wells Fargo Bank	Reserve account required with respect to Tax Allocation Bonds, 2001 Series A (Housing Set-Aside Revenues)	Restriction lapses upon repayment of remaining debt service scheduled to occcur in 2032
	$	(426,500)			

*The City can make a request to reduce the reserve fund by April 1, 2013 and have the money transferred to another trustee account or the interest fund. Therefore, for the period of July 1, 2012 through June 30, 2013, the amount in excess of the reserve requirement of $426,500, which is $44,116, is unrestricted for the purpose of calculating the balances available for allocation but will remain restricted for the rest of fiscal year 2012-2013 according to the City.

Successor Agency to the Vallejo Redevelopment Agency
Low and Moderate Income Housing
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012

EXHIBIT H
Summary of Balances Available for Allocation

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	$	618,994
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)		(426,500)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)		-
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		-
Amount to be remitted to county for disbursement to taxing entities	$	192,494

Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

Successor Agency to the Vallejo Redevelopment Agency
Low and Moderate Income Housing
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012

EXHIBIT I
Management Representation Letter

CITY OF VALLEJO

OFFICE OF THE FINANCE DIRECTOR

555 SANTA CLARA STREET • P.O. BOX 3068 • VALLEJO • CALIFORNIA • 94590-5934 • (707) 648-4592
FAX (707) 649-5406

Pun & McGeady LLP
9 Corporate Park, Suite 130
Irvine, California 92606

In connection with your engagement to apply agreed-upon procedures relating to the Low and Moderate Income Housing Fund Due Diligence Review as of June 30, 2012, which were agreed to by the California State Controller's Office and the California State Department of Finance, solely to assist the Oversight Board of the Successor Agency to the Vallejo Redevelopment Agency ("Successor Agency") that our dissolved redevelopment agency is complying with its statutory requirements with respect to Assembly Bill ("AB") 1484 and we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. The City of Vallejo is responsible for compliance with California Health and Safety Code (HSC) Section 34179.5.

2. We are responsible for adherence to the requirements of AB 1484 as applicable to the successor agency and the sponsoring organization of the dissolved redevelopment agency.

3. We are responsible for the presentation of the exhibits in the low and Moderate Income Housing Fund Due Diligence agreed-upon procedures report in accordance with the California Health and Safety Code (HSC) Section 34179.5

4. As of June 30, 2012, we are not aware of any modifications that need to be made to the Low and Moderate Income Housing Fund Due Diligence Review exhibits for them to be presented in accordance with California Health and Safety Code Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5(c)(6).

5. The City of Vallejo approves the acceptability of the procedures that have been developed by the California Department of Finance in accordance with California Health and Safety Code (HSC) Section 34179.5.

6. We have disclosed to you any known matters contradicting the information contained in the Low and Moderate Income Housing Fund Due Diligence Review AUP report.

7. There have been no communications from regulatory agencies, internal auditors, and other independent practitioners or consultants relating to Low and Moderate Income Housing Fund Due Diligence Review, including communications received between June 30, 2012 and October 31, 2012.

8. We have made available to you all information that we believe is relevant to Low and Moderate Income Housing Fund Due Diligence Review.
9. We have responded fully to all inquiries made to us by you during the engagement.
10. No events have occurred subsequent to June 30, 2012 that would require adjustment to or modification of the information contained in the Low and Moderate Income Housing Fund Due Diligence Review AUP report and its related exhibits.
11. 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.
12. Your report is intended solely for the information and use of the City of Shafter, the California Department of Finance, the California State Controller's Office, and the County of Solano's Auditor-Controller's Office and is not intended to be and should not be used by anyone other than those specified parties.

To the best of our knowledge and belief, no events have occurred subsequent to the date of your report that would have a significant impact upon the agreed upon procedures that you performed.

City of Vallejo, as the sponsoring organization and as representatives of the Successor Agency for the Vallejo Redevelopment Agency:

Daniel E. Keen, City Manager	10/31/12 Date
Deborah Lauchner, Finance Director	10/31/12 Date

"Pride in Service"

NEW BUSINESS 6B

MEMO: OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER VALLEJO REDEVELOPMENT AGENCY

Date: November 15, 2012

TO: Chair and Members of the Board

FROM: Deborah Lauchner, Finance Director

SUBJECT: RECEIVE REPORT ON MEET & CONFER ISSUES WITH THE STATE REGARDING THE OPERATING PARKING ENFORCEMENT AGREEMENT BETWEEN THE CITY AND MARINE WORLD

RECOMMENDATION

No action. This is an informational item only.

BACKGROUND

On May 30, 2012 the Department of Finance (DOF) sent a letter (Attachment A) in response to the submitted Recognized Obligation Payment Schedules covering the period of January 1 – June 30, 2012 (ROPS 1) and July 1 – December 31, 2012 (ROPS II) disallowing the Six Flags Parking Obligation as an enforceable obligation. On June 18, 2012 the City of Vallejo on behalf of the Vallejo Successor Agency sent a letter (Attachment B) disputing the DOF's determination. The City on behalf of the Successor Agency verbally requested a meet and confer process with the DOF to discuss the disagreement regarding the Six Flags Parking Obligation among other issues.

The DOF responded to the request for a meet and confer process by indicating that AB 1484 which established the meet and confer process didn't become statute until June 27, 2012 which occurred after the City submitted ROPS I and ROPS II for approval and therefore the meet and confer process was not available to resolve disputes on the ROPS I or ROPS II. The DOF suggested that the Vallejo Successor Agency add any disputed items to the Recognized Obligation Payment Schedule covering the period of January 1 – June 30, 2013 (ROPS III) so that the DOF could formally object to those disputed items and the Successor Agency could request the meet and confer process.

The above described scenario has transpired and the Successor Agency has a scheduled meet and confer meeting scheduled on November 27, 2012. Staff will provide a summary of the meet and confer meeting to the Oversight Board at earliest available opportunity after the meeting.

CONTACT

Deborah Lauchner, 707-648-4486, dlauchner@ci.vallejo.ca.us

ATTACHMENTS

Attachment A – May 30, 2012 DOF Letter
Attachment B – June 18, 2012 City Response Letter

May 30, 2012

Elena Adair, Assistant Finance Director
City of Vallejo
555 Santa Clara Street
Vallejo, CA 94590

Dear Ms. Adair:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Vallejo Successor Agency (Agency) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 16, 2012 for the periods January to June 2012 and July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

Except for items disallowed in whole or in part as EOs noted below, Finance is approving the remaining items listed in your ROPS:

January through June 2012 ROPS:

- Page 1, Item 3 – Six Flags Parking Obligation in the amount of $7 million. It is our understanding that no contracts are in place for the project. HSC section 34163 (b) prohibits the Agency from entering into a contract with any entity after June 27, 2011.

- Administrative cost exceeds allowance by $62,783. HSC Section 34171 (b) limits administrative expenses for fiscal year 2011-12 to five percent of property tax allocated to the successor agency or $250,000, whichever is greater. Five percent of the property tax allocated is $50,635. Therefore, $62,783 of the claimed $312,783 is not an EO. The following items are administrative expenses: Page 1, items 4 through 16 and page 3, item 66.

July through December 2012 ROPS:

- Page 1, Item 2 – Six Flags Parking Obligation in the amount of $7 million. It is our understanding that no contracts are in place for the project. HSC section 34163 (b) prohibits the Agency from entering into a contract with any entity after June 27, 2011.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of Redevelopment Property Tax Trust Fund (RPTTF) that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is and never was an unlimited funding source. Therefore as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available in the RPTTF.

Please direct inquiries to Evelyn Suess, Supervisor or Brian Dunham, Lead Analyst at (916) 322-2985.

Sincerely,

Mark Hill

MARK HILL
Program Budget Manager

cc: Ms. Simona Padilla-Scholtens, Auditor Controller, County of Solano
Mr. Jun Aveda, Deputy Auditor Controller, County of Solano

CITY OF VALLEJO

OFFICE OF THE CITY MANAGER

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June 18, 2012

Mark Hill, Program Budget Manager
Department of Finance
915 L Street, Floor 8
Sacramento, CA 95814-3706
redevelopment_administration@dof.ca.gov

Dear Mr. Hill:

This letter is in response to your Recognized Obligation Payment Schedule Approval Letter dated May 30, 2012. Among other things, your letter states that the Department of Finance ("DOF") has determined that the "Six Flags Parking Obligation," listed as Item 3 on Page 1 of the City of Vallejo's Recognized Obligation Payment Schedule ("ROPS") for the January through June 2012 period and Item 2 on Page 1 of the ROPS for the July through December 2012 period, cannot properly be treated as an "enforceable obligation" under AB 1X 26 and included on the ROPS.

The City respectfully but strenuously disputes this determination. Your letter states: "It is our understanding that no contracts are in place for this project. HSC Section 34163(b) prohibits the Agency from entering into a contract with any entity after June 27, 2011." This statement is factually incorrect. In fact the former Redevelopment Agency of the City of Vallejo ("Redevelopment Agency") entered into the contract creating this obligation, namely the Owner Participation and Cooperation Agreement ("OPA") by and between the Redevelopment Agency and Park Management Corp. ("Owner"), as of July 31, 2007, almost four years prior to June 27, 2011. A copy of the OPA is enclosed for your review.

Section 1.a. of the OPA clearly establishes the obligation of the Redevelopment Agency, in the event that Owner constructs a parking structure or surface parking lot with approximately 2,450 parking spaces as further described in the OPA ("Eligible Improvements"), to pay to Owner "the lesser of: 1) the total cost of the Eligible Improvements; or 2) seven million dollars

($7,000,000) (the "Participation Payment") to reimburse Owner for a portion of the hard and soft construction costs of the Eligible Improvements . . . ."

The Redevelopment Agency's obligation to make the Participation Payment is indeed subject to Owner meeting various conditions set forth in Section 2 of the OPA, but it is not in any way contingent on the Redevelopment Agency entering into additional contracts, as seems to be suggested by your letter.

Health and Safety Code Section 34171(d)(1)(E) defines "enforceable obligation" to include any "legally binding and enforceable obligation or contract that is not otherwise void as violating the debt limit or public policy." The OPA is precisely such an agreement, and we do not believe there is any basis in AB 1X 26 for DOF not to recognize it as such.

We urge you to reconsider your prior determination regarding the Six Flags Parking Obligation and are of course available to discuss the matter further with you at your convenience.

We note that submission of this letter regarding the Six Flags Parking Obligation does not indicate City agreement to or acceptance of any other DOF determinations adverse to the City that may have already been made or may be made in the future regarding any ROPS, and the City reserves the right to challenge such determinations in the future.

Sincerely,

Daniel E. Keen
City Manager

Enc.