

AGENDA

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

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



**THURSDAY, MARCH 28, 2013
8:00 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.

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

NOTICE: Members of the public shall have the opportunity to address the Board concerning any item listed on the agenda *before or during consideration of that item. No other items may be discussed at this special meeting.*

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. COMMUNITY FORUM**
- 4. APPROVAL OF THE MINUTES**
 - A. Approval of the Minutes from the March 21, 2013 Regular Meeting
- 5. OLD BUSINESS – None.**
- 6. NEW BUSINESS**
 - A. Public Session Review and Comment of the Due Diligence Review of all Other Fund and Account Balances of the Dissolved City of Vallejo Redevelopment Agency**

Recommendation: No action. Hold a public session and receive public comment

7. AGENDA ITEMS FOR FUTURE MEETINGS

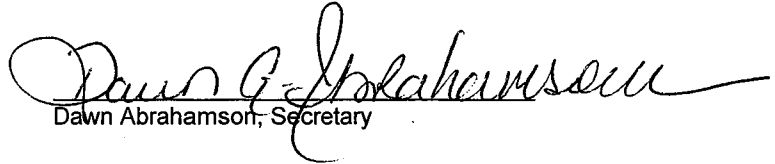
A. Discussion of Agenda Items for Future Meetings.

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 11:00 a.m., March 26, 2013.

Dated: March 26, 2013


Dawn Abrahamson, Secretary

**CITY OF VALLEJO
OVERSIGHT BOARD
FOR THE SUCCESSOR AGENCY TO THE VALLEJO REDEVELOPMENT AGENCY
REGULAR MEETING MINUTES
MARCH 21, 2013**

1. CALL TO ORDER

The meeting was called to order by Vice Chair Taylor at 8:30 a.m.

2. ROLL CALL

Boardmembers Present: Vice Chair Taylor (member representing Employees of Former Redevelopment Agency Appointee), Boardmembers Brown (Mayor of Vallejo Appointee), Hannigan (Solano County Board of Supervisors' Appointee), Jordan (County Superintendent of Education Appointee), and McAfee, (GVRD, Largest Special District)

Absent: Boardmembers da Silva (Solano County Board of Supervisors Public Member Appointee) and Lea (Chancellor of California Community College Appointee)

Staff Present: Economic Development Director Luna Reynosa and Secretary Abrahamson

3. COMMUNITY FORUM – None.

4. APPROVAL OF MINUTES

A. Approval of Minutes from February 27, 2013 Special Meeting

Action: Moved by Boardmember Hannigan, seconded by Boardmember McAfee and carried by members present to approve the minutes. (Absent- da Silva and Lea; Abstain – Jordan)

5. OLD BUSINESS – None.

6. NEW BUSINESS

Agenda items were taken out of order

A. Discussion Regarding Regular Board Meeting Dates and Times

Recommendation: Discussion regarding changing the date and time of regular Oversight Board meetings. Upon conclusion, take the appropriate action to officially change the date and time of the regular Oversight Board meetings.

Economic Development Director Luna Reynosa provided a recap of the Board's discussion at the February 27 meeting and recommended that the regular meetings of the Oversight Board be changed to the first Thursday of each month at 8:00 a.m.

Due to conflicting schedules amongst various Boardmembers, Boardmember Hannigan offered the third Thursday of each month at 8:00 a.m. as the new date and time for regular Oversight Board meetings.

Economic Development Director Luna Reynosa noted that there will need to be two successive meetings of the Oversight Board within in the next two weeks (March 28 and April 4) both of which will begin at 8:00 a.m. Staff anticipates that the regularly scheduled meeting on the third Thursday of April (April 18) will more than likely be canceled since there will be no business to bring forward to the Oversight Board.

Action: Based upon consensus of boardmembers present, the regular Oversight Board meetings were changed to be held on the third Thursday of each month starting at 8:00 a.m. (Absent – da Silva and Lea)

B. Transfer of Government Use Properties to the City of Vallejo

Recommendation: Adopt Resolution directing the Successor Agency to transfer ownership of certain real property from the Successor Agency to the City of Vallejo
Contact: Ursula Luna Reynosa, Economic Development Director

Economic Development Director Luna Reynosa provided an overview of the staff report and outlined the recommendation.

Staff responded to questions from Boardmembers. Boardmembers provided comment.

Action: Moved by Boardmember Hannigan, seconded by Boardmember Jordan and carried unanimously by members present, to adopt Resolution No. 13-2. (Absent- da Silva and Lea).

C. Election of Chair

Recommendation: By motion, election of a Chair

Boardmember Brown nominated Boardmember Hannigan to serve as the Chair of the Oversight Board. Boardmember Hannigan accepted the nomination.

Action: Moved by Boardmember Brown, seconded by Boardmember McAfee and carried unanimously by members present, Boardmember Hannigan was elected as Chair of the Oversight Board. (Absent-da Silva and Lea)

7. Agenda Items for Future Meetings

A. Discussion of Agenda Items for Future Meetings

Economic Development Director Luna Reynosa noted that meetings of the Oversight Board would be held for the remainder of March and April as follows:

- 1) Special Meeting, Thursday, March 28 at 8:00 a.m. - public review and comment period related to the Due Diligence Report (DDR) and proposed revisions to the Administrative Budget

2) Special Meeting, Thursday, April 4 at 8:00 a.m. - approval of the DDR.

8. ADJOURNMENT

The meeting adjourned at 8:47 a.m.

ANNETTE TAYLOR, VICE CHAIR

ATTEST:

DAWN G. ABRAHAMSON, SECRETARY



VALLEJO OVERSIGHT BOARD

For the Successor Agency to the
Former Vallejo Redevelopment Agency

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

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

Date: March 28, 2013

TO: Chair and Members of the Board

FROM: Ursula Luna Reynosa, Economic Development Director for the Successor Agency

SUBJECT: PUBLIC SESSION REVIEW AND COMMENT OF THE DUE DILIGENCE REVIEW OF ALL OTHER FUND AND ACCOUNT BALANCES OF THE DISSOLVED CITY OF VALLEJO REDEVELOPMENT AGENCY

RECOMMENDATION

HOLD A PUBLIC SESSION AND RECEIVE PUBLIC COMMENT.

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 Low and Moderate Income Housing Fund (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. On November 15, 2013, the Oversight Board adopted 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.

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 ("Due Diligence Review") for all of the other fund and account balances and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities of a Dissolved Redevelopment Agency by December 15, 2012.

The Vallejo Successor Agency was not able to meet the December 15, 2012 due to similar circumstances as previously stated in the staff report. The Draft Due Diligence Review on all other fund and account balances is attached for your review and comment. The statute requires a public comment session at least five days prior to formal action on the Due Diligence Review by the Oversight Board.

Staff will bring the final Due Diligence Review back to the Oversight Board for consideration at its regularly scheduled meeting on March 7th at 8:30 a.m.

CONTACT

Ursula Luna-Reynosa, 707-648-4382, uluna@ci.vallejo.ca.us

DOCUMENTS ATTACHED

1. Attachment A - DRAFT DUE DILIGENCE REVIEW

**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 Successor Agency*

For the year ended June 30, 2012



PUN & McGEADY
LLP
Certified Public Accountants and Business Advisors

Draft 03.25.2013

**Successor Agency to the
Vallejo Redevelopment Agency**

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 Exhibit B Summary of Financial Transactions	
 Exhibit C Assets of all other funds of the Successor Agency as of June 30, 2012	
 Exhibit D Summary of Balances Available for Allocation	
 Exhibit E Management Representation Letter	

Draft 03.25.2013

Draft 03.25.2013



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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 ("Successor Agency") that the dissolved Vallejo 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 applied to all other remaining funds of the Successor Agency and not to the Successor Agency as a whole. The procedures applied to the Low and Moderate Income Housing Fund were completed and have issued our report thereon dated October 31, 2012.

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 Successor Agency, the City of Vallejo, the County of Solano Auditor-Controller, the California State Department of Finance, and the California State Controller's Office, 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.

Irvine, California
March 26, 2013

Draft 03.25.2013

ATTACHMENT A - AGREED-UPON PROCEDURES AND RESULTS

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:

Reviewed trial balance reports and journal entries and noted all assets were transferred from the former redevelopment agency to the Successor Agency effective February 1, 2012 as journal entries were posted after February 1, 2012 therefore made retroactive to February 1, 2012. Also noted new funds were created to account for assets and liabilities of the Successor Agency upon RDA dissolution.

See Exhibit A for the listing obtained from the Successor Agency of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012.

Draft 03.25.2013

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. Inquired of the City and reviewed capital assets and noted asset transfers from the former redevelopment agency to the city for the period from January 1, 2011 through June 30, 2012. The transferred assets consisted of the City Hall building and building improvements, which had book values of \$905,414 and \$21,951, respectively, as of June 30, 2012.

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:

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. However, there were no transfers from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 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:

See Exhibit B for the summary obtained from the Successor Agency 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.

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:

See Exhibit C for the listing obtained from the Successor Agency 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.

Draft 03.25.13

Citation:

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

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:
 - A. Unspent bond proceeds:
 1. 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:

The listing included cash and investments of \$692,729 restricted as bond reserves for 1989 Tax Allocation Bonds (\$273,912 in the Waterfront Debt Service Fund) and 1990 Tax Allocation Bonds (\$152,006 in the Vallejo Central Debt Service Fund and \$266,811 in the Marina Vista Debt Service Fund). Reviewed bond worksheets maintained by the Agency and trust accounts with the Bank of New York (trust accounts 10611400 and 11864400) and noted no exceptions.

- B. Grant proceeds and program income that are restricted by third parties:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Results:

There were no grant proceeds or program income that is restricted by third parties at June 30, 2012. Therefore, these procedures are not applicable.

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

Results:

There are no other assets considered to be legally restricted at June 30, 2012. Therefore, these procedures are not applicable.

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

Results:

See below for the listing obtained from the Successor Agency of asset balances held on June 30, 2012 that are restricted for the purposes specified above.

Restricted cash and investments held with fiscal agent

Bond reserves	
1989 Tax Allocation Bonds	
Waterfront Debt Service Fund	\$ 273,912
1990 Tax Allocation Bonds	
Vallejo Central Debt Service Fund	152,006
Marina Vista Debt Service Fund	266,811
	692,729
Assets legally restricted as to purpose and cannot be provided to taxing entities	\$ 692,729

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.

Draft 03.25.2013

Results:

The listing included notes receivable of \$4,521,000 and land held for redevelopment of \$5,036,678. Reviewed supporting documentation and noted they are not available for distribution as they are not due within a reasonable period of time therefore not deemed liquid within the meaning of California Health and Safety Code section 34179.5(c)(5)(C).

See below for the listing obtained from the Successor Agency of assets as of June 30, 2012 that are not liquid or otherwise available for distribution.

Notes receivable	
Promissory note - Empress Theatre	\$ 4,296,000
Promissory note - Meyer Cookware	225,000
Total notes receivable	<u><u>\$ 4,521,000</u></u>
Land held for redevelopment	
Land parcels 0055	\$ 2,238,286
Land parcels 0058	2,756,648
Land parcels 0072	41,744
Total land held for redevelopment	<u><u>\$ 5,036,678</u></u>

- 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:

Noted no differences.

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

Results:

Noted no differences.

- 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:

The assets listed at 7(A) are listed at actual cost.

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:

The Successor Agency does not believe that asset balances need to be retained to satisfy enforceable obligations.

- 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 insufficient to fund future obligation payments and thus retention of current balances in the amount of \$733,873 is required. A separate schedule has been prepared to show the amounts that should be reserved for this purpose. The following assumptions were made in the schedule:

- The amount of RPTF collections are based on the actual amount distributed for ROPS periods II and III from Solano County. Future annual revenues for ROPS 13-14 A were based on an estimate of remaining 2012-13 revenue to come from the June 2013 distribution. Revenues for ROPS 2013-14 B and ROPS 14-15 A were calculated based on a 2 percent increase in revenues from the 2012-13 levels. County fees and pass through payments were based either on actual amounts reported by the County or have been estimated with a 2 percent increase.
- ROPS II expenditure amounts are from the actual payments made during this period, as reported on the ROPS 13-14 A true up schedule.
- Bond debt service numbers for ROPS III and ROPS 13-14 A, B and ROPS 14-15 A are from the actual debt service schedules rather than from the filed ROPS. The ROPS that have been filed so far have included some front loading of debt service in order to smooth the uneven debt service payments between ROPS periods, but overall the annual amounts will equal the amount on the actual schedules.
- All other obligation payments are based on DOF approved ROPS obligations and reflects either amounts shown on those ROPS, or estimated prepared by staff.

- 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 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 and to meet other enforceable obligations, as described above.

- 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:

Procedure B has been utilized and shows that Successor Agency needs to retain \$733,873 in cash balances in order to meet future enforceable obligations in future fiscal years.

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:

Reviewed Recognized Obligation Payment Schedules (ROPS) for periods of July 1, 2012 to December 31, 2012 and January 1, 2013 to June 30, 2013 and noted enforceable obligations to be satisfied by cash balances as of June 30, 2012. ROPS for periods of July 1, 2012 to December 31, 2012 and January 1, 2013 to June 30, 2013 included enforceable obligations disqualified by the Department of Finance (DOF). A Meet and Confer with DOF was held to appeal the ruling and the dispute is currently in progress.

A schedule has been prepared to show that \$585,933 is needed from reserves to meet obligations during 2012-13. In addition, the RPTTF payment received in June 2012 of \$463,800, which is a part of the June 30, 2012 cash balance, must be reserved to meet obligations for the July to December 2012 time period. The following assumptions were made in the schedule:

- The amount of RPTTF collections are based on the actual amount distributed for ROPS periods II and III from Solano County. Future annual revenues for ROPS 13-14 A were based on an estimate of remaining 2012-13 revenue to come from the June 2013 distribution. Revenues for ROPS 2013-14 B and ROPS 14-15 A were calculated based on a 2 percent increase in revenues from the 2012-13 levels. County fees and pass through payments were based either on actual amounts reported by the County or have been estimated with a 2 percent increase.
- ROPS II expenditure amounts are from the actual payments made during this period, as reported on the ROPS 13-14 A true up schedule.
- Bond debt service numbers for ROPS III and ROPS 13-14 A, B and ROPS 14-15 A are from the actual debt service schedules rather than from the filed ROPS. The ROPS that have been filed so far have included some front loading of debt service in order to smooth the uneven debt service payments between ROPS periods, but overall the annual amounts will equal the amount on the actual schedules.
- All other obligation payments are based on DOF approved ROPS obligations and reflects either amounts shown on those ROPS, or estimated prepared by staff.

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:

The payment received for ROPS for the period of January 1, 2012 to June 30, 2012 had a remaining balance of \$444,665 as of June 30, 2012, which will be applied towards ROPS for the period of January 1, 2013 to June 30, 2013. The payment received for ROPS I has been transferred to capital project funds for individual project areas and was part of cash and investments as of June 30, 2012. This amount needs to be retained in order to meet future ROPS obligations. In addition, the Agency needs to retain \$192,747 in funds that were paid to the County as part of the July 2012 true up process. In total, the Successor Agency needs to retain the following amounts based on Procedures 8, 9 and the amounts described in this paragraph:

Summary of Need:

Procedure 8 Amount - Deficit after 12-13	\$ 733,873
Procedure 9 Amount - Deficit in 12-13	585,933
Total Cash Flow Deficit	<u>1,319,806</u>
Procedure 9 Amount - June 2012 RPTTF	463,800
ROPS I True Up Payment (3)	192,747
Balance on ROPS I applied to ROPS III	444,665
Total amount needed	<u><u>\$ 2,421,018</u></u>

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

Draft 08.25.2013

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 E for Management Representation Letter.

Draft 03.25.2019

EXHIBITS

Exhibit A

All assets transferred from the former redevelopment agency
to the Successor Agency on February 1, 2012

Exhibit B

Summary of Financial Transactions

Exhibit C

Assets of all other funds of the Successor Agency
as of June 30, 2012

Exhibit D

Summary of Balances Available for Allocation

Exhibit E

Management Representation Letter

**Successor Agency to the Vallejo Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures – AB 1484
For the year ended June 30, 2012**

EXHIBIT A

**All assets transferred from the former redevelopment agency
to the Successor Agency on February 1, 2012**

	Successor Agency 2/1/2012
ASSETS	
Cash and investments	\$ 6,269,658
Restricted cash and investments held with fiscal agent	692,735
Accounts receivable	11,430
Notes receivable	4,521,000
Land held for redevelopment	5,036,678
Total Assets	\$ 16,531,501
Restricted cash and investments held with fiscal agent	
Bond reserves	
1989 Tax Allocation Bonds	
Waterfront Debt Service Fund	\$ 273,914
1990 Tax Allocation Bonds	
Vallejo Central Debt Service Fund	152,008
Marina Vista Debt Service Fund	266,813
Total restricted cash and investments held with fiscal agent	\$ 692,735
Accounts receivable	
Lease receivable	\$ 11,430
Total accounts receivable	\$ 11,430
Notes receivable	
Promissory note - Empress Theatre	\$ 4,296,000
Promissory note - Meyer Cookware	225,000
Total notes receivable	\$ 4,521,000
Land held for redevelopment	
Land parcels 0055	\$ 2,238,286
Land parcels 0058	2,756,648
Land parcels 0072	41,744
Total land held for redevelopment	\$ 5,036,678

Note: The Low and Moderate Income Housing Fund is not included in the schedule.

**Successor Agency to the Vallejo Redevelopment Agency
All Other Funds of the Successor Agency
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**EXHIBIT B
Summary of Financial Transactions**

	Redevelopment Agency			Successor Agency
	12 Months Ended	12 Months Ended	7 Months Ended	5 Months Ended
	6/30/2010	6/30/2011	1/31/2012	6/30/2012
ASSETS				
Cash and investments	\$ 7,388,001	\$ 6,880,996	\$ 6,418,012	\$ 5,697,750
Restricted cash and investments held with fiscal agent	1,157,305	1,158,220	1,163,355	1,163,345
Receivables:				
Accounts	16,187	13,632	11,430	-
Notes	16,009,630	16,751,185	17,155,234	4,521,000
Due from other funds	-	4,955	-	-
Due from other governments	4,711	30,727	-	-
Advance to other funds	1,233,288	1,233,288	-	-
Land held for redevelopment	5,036,678	5,036,678	5,036,678	5,036,678
Total Assets	30,845,800	31,109,681	29,784,709	16,418,773
LIABILITIES				
Accounts payable and accrued liabilities	215,673	129,295	58,211	235,251
Deferred revenue	2,218,662	2,504,038	2,466,222	-
Due to other funds	-	4,955	-	-
Advance from other funds	1,233,288	1,233,288	-	-
Advances from the City of Vallejo	5,297,618	5,157,618	-	-
Deposits payable	70,008	70,008	70,008	70,008
Total Liabilities	9,035,249	9,099,202	2,594,441	305,259
Total Fund Balances	21,810,551	22,010,479	27,190,272	16,113,514
Total Liabilities and Fund Balances	\$ 30,845,800	\$ 31,109,681	\$ 29,784,713	\$ 16,418,773
Total Revenues	\$ 3,646,868	\$ 3,641,283	\$ 2,006,501	\$ 29,928
Total Expenditures	(5,055,199)	(3,191,355)	(1,817,615)	(938,689)
OTHER FINANCING SOURCES (USES)	(250,000)	(250,000)	4,990,907	(10,167,997) *
NET CHANGE IN FUND BALANCES	(1,658,331)	199,928	5,179,793	(11,076,758)
BEGINNING FUND BALANCES (DEFICIT)	23,468,882	21,810,551	22,010,479	27,190,272
ENDING FUND BALANCES (DEFICIT)	\$ 21,810,551	\$ 22,010,479	\$ 27,190,272	\$ 16,113,514
Other Information (show year end balances for all four periods presented):				
Capital assets as of end of year	\$ 2,671,712	\$ 2,665,885	\$ 2,665,885	\$ 2,665,885
Long-term debt as of end of year	\$ 12,616,042	\$ 12,041,431	\$ 11,505,493	\$ 11,505,493

* The amount represents a transfer out to the Housing Successor Agency.

Note: The Successor Agency includes the previously reported assets of the Low and Moderate Income Housing Fund.

**Successor Agency to the Vallejo Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures – AB 1484
For the year ended June 30, 2012**

**EXHIBIT C
Assets of all other funds of the Successor Agency**

	<u>Successor Agency 6/30/2012</u>
ASSETS	
Cash and investments	\$ 5,549,372
Restricted cash and investments held with fiscal agent	692,729
Notes receivable	4,521,000
Land held for redevelopment	<u>5,036,678</u>
Total Assets	<u>\$ 15,799,779</u>
Restricted cash and investments held with fiscal agent	
Bond reserves	
1989 Tax Allocation Bonds	
Waterfront Debt Service Fund	\$ 273,912
1990 Tax Allocation Bonds	
Vallejo Central Debt Service Fund	152,006
Marina Vista Debt Service Fund	<u>266,811</u>
Total restricted cash and investments held with fiscal agent	<u>\$ 692,729</u>
Notes receivable	
Promissory note - Empress Theatre	\$ 4,296,000
Promissory note - Meyer Cookware	<u>225,000</u>
Total notes receivable	<u>\$ 4,521,000</u>
Land held for redevelopment	
Land parcels 0055	\$ 2,238,286
Land parcels 0058	2,756,648
Land parcels 0072	<u>41,744</u>
Total land held for redevelopment	<u>\$ 5,036,678</u>

**Successor Agency to the Vallejo Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures – AB 1484
For the year ended June 30, 2012**

**EXHIBIT D
Summary of Balances Available for Allocation**

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$	15,799,779
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)		927,365
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)		(692,729)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)		(9,557,678)
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)		(733,873)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)		(1,049,733)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance		(192,747)
Remaining balance on payment received for ROPS I to be applied towards ROPS III		<u>(444,665)</u>
Amount to be remitted to county for disbursement to taxing entities	\$	<u>4,055,719</u>

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.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule, which is attached.

**Successor Agency to the Vallejo Redevelopment Agency
All Other Funds of the Successor Agency
Agreed Upon Procedures - AB 1484
For the year ended June 30, 2012**

**EXHIBIT E
Management Representation Letter**

Draft 03.25.2013