

**DUE TO LACK OF A  
QUORUM THE  
OCTOBER 19, 2012  
OVERSIGHT  
BOARD MEETING  
WAS CANCELED**

# OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE STANISLAUS COUNTY REDEVELOPMENT AGENCY

## SPECIAL MEETING AGENDA

October 19, 2012  
9:00 a.m.

*Chambers – Basement Level  
1010 10<sup>th</sup> Street  
Modesto, California*

[www.stancounty.com](http://www.stancounty.com)

The Oversight Board welcomes you to its meetings which are regularly scheduled the second Thursday of each month, and your interest is encouraged and appreciated.

The agenda is divided into two sections:

**CONSENT CALENDAR:** These matters include routine financial and administrative actions and are identified with an asterisk (\*). All items on the consent calendar will be voted on as a single action at the beginning of the meeting under the section titled "Consent Calendar" without discussion. If you wish to discuss an item on the Consent Calendar, please notify the Clerk prior to the beginning of the meeting or you may speak about the item during Public Comment Period.

**NON-CONSENT CALENDAR:** These items will be individually discussed and reviewed in detail.

**ANY MEMBER OF THE AUDIENCE DESIRING TO ADDRESS THE OVERSIGHT BOARD REGARDING A MATTER ON THE AGENDA:** Please raise your hand or step to the podium at the time the item is announced by the Oversight Board Chairperson. In order that interested parties have an opportunity to speak, any person addressing the Oversight Board will be limited to a maximum of 5 minutes unless the Chairperson of the Oversight Board grants a longer period of time.

**PUBLIC COMMENT PERIODS:** Matters under the jurisdiction of the Oversight Board and not on the posted agenda, may be addressed by the general public at the beginning of the regular agenda and any off-agenda matters before the Oversight Board for consideration; however, California law prohibits the Oversight Board from taking any action on any matter which is not on the posted agenda unless it is determined to be an emergency by the Oversight Board. Any member of the public wishing to address the Oversight Board during the "Citizen's Forum" period will be limited to a maximum of 5 minutes.

**OVERSIGHT BOARD AGENDAS AND MINUTES:** Agendas, Minutes, and copies of items to be considered by the Oversight Board are typically posted on the internet on Friday afternoons preceding the meeting at the following website: [www.stancounty.com](http://www.stancounty.com). All materials, including materials related to an item on this Agenda, submitted to the Oversight Board after distribution of the agenda packet are available for public inspection in the Planning and Community Development Department at 1010 10<sup>th</sup> Street, Suite 3400, Modesto, during normal business hours.

**NOTICE REGARDING NON-ENGLISH SPEAKERS:** Oversight Board meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

**REASONABLE ACCOMMODATIONS:** In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Oversight Board Clerk at (209) 525-6330. Notification 72 hours prior to the meeting will enable the Clerk to make arrangements to ensure accessibility to this meeting.

- I. **ROLL CALL:** Dave Cogdill Jr.; James Duval; Linda Flores; Brad Hawn; Stephen Mayotte; Terry Withrow; Duane Wolterstorff.
- II. **PLEDGE OF ALLEGIANCE**
- III. **CONSENT CALENDAR (Those items marked with an \*)**
- IV. **APPROVAL OF MINUTES**

\*A. October 11, 2012.

**V. CORRESPONDENCE**

A. None.

**VI. PUBLIC COMMENT**

**VII. AGENDA ITEMS**

A. Review and Approval of the Low and Moderate Income Housing Fund Due Diligence Review.

**VIII. OTHER MATTERS**

A. On the Horizon.

**IX. ADJOURNMENT**

# OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE STANISLAUS COUNTY REDEVELOPMENT AGENCY

## MINUTES

REGULAR MEETING

October 11, 2012

- I. ROLL CALL:** Meeting called to order at 9:00 a.m.
- Present: Dave Cogdill, Jr.; Brad Hawn; Stephen Mayotte; Duane Wolterstorff; James Duval
- Absent: Chairman Withrow; Linda Flores
- Staff Present: Angela Freitas, Planning and Community Development Director; Marianne Rucker, Manager II; Crystal Rein, Staff Services Technician
- II. PLEDGE OF ALLEGIANCE**
- III. CONSENT CALENDAR**
- A. None.
- IV. APPROVAL OF MINUTES**
- \*A. Upon motion of Oversight Board members Hawn/Wolterstorff (4-0), James Duval abstained, the Board approved the minutes of the August 9, 2012 meeting.
- V. CORRESPONDENCE**
- Director Freitas informed the Oversight Board members of various correspondence listed on the agenda:
- A. Letter dated August 16, 2012, from Denise Clark, Single Family Lending Program Manager, California Housing Finance Agency (Cal HFA) regarding Discount for Early Payoff of Existing HELP Loan(s).
- B. Letter dated August 30, 2012, from Phoebe Seaton, Attorney, California Rural Legal Assistance, Inc.
- C. Letter dated August 31, 2012, from Steve Szalay, Local Government Consultant, Department of Finance regarding Housing Assets Transfer.

- D. Independent Accountant's Report on Applying Agreed-Upon Procedures from Brown Armstrong Accountancy Corporation, July 2, 2012.
- E. Letter dated September 28, 2012, from Steve Szalay, Local Government Consultant, Department of Finance regarding Recognized Obligation Payment Schedule (ROPS III).
  - Director Freitas provided the Oversight Board with an update of the "meet and confer" meeting that took place with the Department of Finance (DOF) on October 10, 2012, in response to the DOF's September 28, 2012, ROPS III letter.

**VI. PUBLIC COMMENT**

- A. No one spoke.

**VII. AGENDA ITEMS ( \* - Consent Items )**

- A. **Low to Moderate Income Housing Fund Due Diligence Review Public Comment Session.**  
*Vice-Chairman opened the public comment session, and the following spoke: No one spoke.*  
*Vice-Chairman closed the public comment session.*  
*No action taken.*

**VIII. OTHER MATTERS (NOT PUBLIC HEARINGS)**

- A. None.

**IX. ADJOURNMENT**

The meeting was adjourned at 9:09 a.m.

Signature on File \_\_\_\_\_  
Angela Freitas, Secretary

(The above is a summary of the minutes of the Oversight Board meeting. Complete tape(s) of the meeting are available from the Planning and Community Development Department.)

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE  
STANISLAUS COUNTY REDEVELOPMENT AGENCY**

**STAFF REPORT**

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**SUBJECT:**

Review and Approval of the Low and Moderate Income Housing Fund Due Diligence Review

**RECOMMENDATIONS:**

- 1) Review the Low and Moderate Income Housing Fund Due Diligence Review.
- 2) Approve the attached Draft Resolution to approve the Low and Moderate Income Housing Fund Due Diligence Review.
- 3) Direct the Successor Agency staff to take all actions required under law including, but not limited to, transmitting the approved Low and Moderate Income Housing Fund to the State Department of Finance (DOF) and the County Auditor-Controller.

**DISCUSSION:**

The Redevelopment Agency Dissolution Act (the "Dissolution Act") (ABx1 26), as amended by AB 1484, requires successor agencies employ a licensed accountant, approved by the County Auditor-Controller, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities. Reviews of the Low and Moderate Income Housing Fund (LMIHF) and all other funds are required to be provided to the Oversight Board for review and approval and then transmitted to the State Department of Finance (DOF) and the County Auditor-Controller.

By statute the review of the LMIHF is required to be provided to the Oversight Board by October 1, 2012; and reviewed, approved, and transmitted to the DOF by October 15, 2012. The inability for some successor agencies to meet these deadlines due to time limitations has been recognized by the DOF and notice that the Successor Agency would be unable to meet these deadlines was provided to the DOF on September 28, 2012. A review of other funds is required to be provided to the Oversight Board by December 15, 2012.

The LMIHF review was provided to the Oversight Board (along with the County Auditor-Controller, State Controller, and DOF) on October 8, 2012. (See Attachment 1) The Oversight Board convened the required public comment session on October 11, 2012. No public comment was received during the public comment session. Prior to approval, the Oversight Board may adjust any amount provided in the review to reflect additional information and analysis.

The LMIHF review reflects the entire asset balance of \$10,052,753 as being legally restricted for uses specified in the 1991 California Rural Legal Assistance Agreement. (See Attachment 2) As such, there is no amount of the LMIHF available to be remitted to the County for disbursement to taxing entities.

The DOF may adjust the amounts determined to be available for allocation to the taxing entities in the review based on its analysis and information provided by the Successor Agency and others. The DOF is to complete its review no later than November 9, 2012. The DOF must provide the Oversight Board and the Successor Agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the Oversight Board. The Successor Agency may request a meet and confer with the DOF within five business days of receipt of the DOF's determination. The DOF is required to meet and confer and either confirm or modify its determinations and decisions within 30 days of the request to meet and confer.

The Successor Agency is required to transmit the funds determined to be available for allocation to the taxing entities within five business days of receipt of the notification of the amount determined by the DOF (within five business days of the meet and confer determination, if one is requested). If the Successor Agency fails to transmit the funds determined to be available for allocation to the taxing entities, there are penalties for noncompliance that may be imposed on the Sponsoring Community (in this case Stanislaus County). Those penalties include, but are not limited to, offset of sales and use tax by the Board of Equalization and offset of property tax by the County Auditor-Controller.

**ATTACHMENTS:**

1. October 8, 2012, Low and Moderate Income Housing Fund Due Diligence Report Prepared by Brown Armstrong
2. November 5, 1991, California Rural Legal Assistance Agreement
3. Draft Resolution No. 2012-08

**BROWN  
ARMSTRONG**

CERTIFIED  
PUBLIC  
ACCOUNTANTS

**BROWN ARMSTRONG**

*Certified Public Accountants*

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

**LOW AND MODERATE INCOME HOUSING FUND**

Oversight Board of the Successor Agency  
Stanislaus County Redevelopment Agency  
Modesto, 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 Department of Finance solely to assist you in ensuring that the Successor Agency of Stanislaus County Redevelopment Agency (the Agency) is complying with its statutory requirements with respect to Assembly Bill (AB) 1484. Management of the Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the required agreed-upon procedures as set forth in Attachment A. The results of the procedures performed are listed under each related testing step in Attachment A.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Agency and applicable State agencies, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

**BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION**

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
October 8, 2012

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Accounting Oversight Board and  
MEMBER of the American Institute of  
Certified Public Accountants



## ATTACHMENT A

### List of Procedures for Due Diligence Review

#### General information regarding these procedures:

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

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

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

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

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

#### Citation:

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

#### Suggested Procedure(s):

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

#### Result:

We found no exceptions as a result of the procedures performed. The amount transferred was \$9,914,239. See Attachment B.

*Purpose: To review 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 (Section 34179.5(c)(2)).*

**Suggested Procedure(s):**

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
  - A) Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011, through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
  - B) Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012, through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
  - C) For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

**Result:**

We found no exceptions as a result of the procedures performed. See Attachment E for letter from the Department of Finance.

*Purpose: To review 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 (Section 34179.5(c)(3)).*

**Suggested Procedure(s):**

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
  - A) Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011, through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
  - B) Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012, through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

- C) For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

We found no exceptions as a result of the procedures performed. See Attachment E for letter from the Department of Finance.

*Purpose: The review the 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 State Controller for the 2009–10 fiscal year (Section 34179.5(c)(4)).*

**Suggested Procedure(s):**

4. Perform the following procedures:
  - A) Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term debt (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 ending 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.

Result:

We found no exceptions as a result of the procedures performed. See Attachment C.

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

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

**Suggested Procedure(s):**

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012, for the report that is due October 1, 2012, and a listing of the 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.

Result:

We found no exceptions as a result of the procedures performed for the Low and Moderate Income Housing Fund. Please see Attachment C for detail.

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

**Suggested Procedure(s):**

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012, that are restricted for the following purposes:

A) Unspent bond proceeds:

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.

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

1. Obtain Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
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 grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

C) Other assets considered to be legally restricted:

1. Obtain Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
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 Successor the Agency as restricted.

D) Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report.

Result:

Please see attachment C for detail of asset balances held on June 30, 2012, that are restricted for Step 6(C) above. Also see Attachment D for detail regarding the breakout of the Step 6 balances.

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

**Suggested Procedure(s):**

7. Perform the following procedures:

- A) Obtain from the Successor Agency a listing of assets as of June 30, 2012, that are not liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.
- B) If the assets listed at 7(A) are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
- C) For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.
- D) If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Result:

These procedures are not applicable for the Successor Agency's Low and Moderate Income Housing Fund since there are no assets that are not liquid for the Successor Agency's Low and Moderate Income Housing Fund on June 30, 2012. The only assets in the Successor Agency's Low and Moderate Income Housing Fund on June 30, 2012, were cash and interest receivable. Please see Attachment C for detail.

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

**Suggested Procedure(s):**

8. Perform the following procedures:

- A) If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012, that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
  - a. 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.

- b. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
  - c. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
  - d. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.
- B) If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- a. 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.
  - b. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
    - i. 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.
  - c. For the forecasted annual revenues:
    - i. Obtain the assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.
- C) If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
- a. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
  - b. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
  - c. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.
- D) If procedures, A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
- a. 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.

- b. 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.
- c. Include the calculation in the AUP report

Result:

These procedures are not applicable for the Successor Agency's Low and Moderate Income Housing Fund. Please see Attachment C for detail.

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

**Suggested Procedure(s):**

9. If the Successor Agency believes that cash balances as of June 30, 2012, need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012, through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012, through December 31, 2012, and a copy of the final ROPS for the period January 1, 2013, through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Result:

These procedures are not applicable for the Successor Agency's Low and Moderate Income Housing Fund. Please see Attachment C for detail.

*Purpose: 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 (Section 34179.5(c)(6)).*

**Suggested Procedure(s):**

10. Obtain 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 summary schedule (Attachment B) to 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).

Result:

Please see Attachment C for detail regarding the summary of balances available for allocation to affected taxing entities of the Agency's Low and Moderate Income Housing Fund.

**Suggested Procedure(s):**

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011, through June 30, 2012, that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Result:

We obtained the Successor Agency management's representation letter dated October 8, 2012.



## Attachment B—Summary of Financial Transactions

**Successor Agency to the Stanislaus County  
Redevelopment Agency**

	Low and Moderate Income Housing Fund 12 Months Ended 6/30/2010	Low and Moderate Income Housing Fund 12 Months Ended 6/30/2011	Low and Moderate Income Housing Fund 7 Months Ended 1/31/2012	Low and Moderate Income Housing Fund 5 Months Ended 6/30/2012
<b>Assets (modified accrual basis)</b>				
Cash and cash equivalents	\$ 8,304,539	\$ 10,014,414	\$ 9,885,808	\$ 10,014,258
Interest Receivable	25,507	28,430	28,431	38,495
Interfund receivable	158,446	-	-	-
Due from other funds	-	155,285	-	-
<b>Total Assets</b>	<b>8,488,492</b>	<b>10,198,129</b>	<b>9,914,239</b>	<b>10,052,753</b>
<b>Liabilities (modified accrual basis)</b>				
Accounts payable	7,271	1,060	19,424	8,165
<b>Total Liabilities</b>	<b>7,271</b>	<b>1,060</b>	<b>19,424</b>	<b>8,165</b>
<b>Equity</b>	<b>8,481,221</b>	<b>10,197,069</b>	<b>9,894,815</b>	<b>10,044,588</b>
<b>Total Liabilities and Equity</b>	<b>8,488,492</b>	<b>10,198,129</b>	<b>9,914,239</b>	<b>10,052,753</b>
<b>Total Revenues</b>	<b>486,561</b>	<b>168,794</b>	<b>(31,881)</b>	<b>158,588</b>
<b>Total Expenditures</b>	<b>418,063</b>	<b>542,117</b>	<b>270,373</b>	<b>8,815</b>
<b>Total Transfers</b>	<b>1,827,258</b>	<b>2,089,171</b>	<b>-</b>	<b>-</b>
<b>Net change in equity</b>	<b>1,895,756</b>	<b>1,715,848</b>	<b>(302,254)</b>	<b>149,773</b>
<b>Beginning Equity</b>	<b>6,585,465</b>	<b>8,481,221</b>	<b>10,197,069</b>	<b>9,894,815</b>
<b>Ending Equity</b>	<b>\$ 8,481,221</b>	<b>\$ 10,197,069</b>	<b>\$ 9,894,815</b>	<b>\$ 10,044,588</b>
<b>Other Information (show year end balances for all three years presented):</b>				
Capital assets as of end of year	N/A	N/A	N/A	N/A
Long-term debt as of end of year	N/A	N/A	N/A	N/A

**Attachment C—List of Assets**

**Successor Agency to the Stanislaus County Redevelopment Agency  
Low and Moderate Income Housing Fund**

**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)	\$ 10,052,753
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)	10,052,753
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	<u>-</u>
Amount to be remitted to county for disbursement to taxing entities	<u>\$ -</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.*

**Attachment D—Summary of Step 6 balances**

		<u>Low and Moderate Income Housing Fund</u>
Step 6 A	Unspent Bond Proceeds	\$ -
Step 6 B	Grant proceeds and program income that are restricted by third parties	-
Step 6 C	Other Housing Fund Assets restricted per the California Rural Legal Assistance (CRLA) agreement dated November 5, 1991	<u>10,052,753</u>
	Total	<u>\$ 10,052,753</u>

Attachment E - Housing Assets Transfer Form



EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

August 31, 2012

Ms. Angela Freitas, Interim Executive Director  
Stanislaus County  
1010 10<sup>th</sup> Street, Suite 3400  
Modesto, CA 95354

Dear Ms. Freitas:

Subject: Housing Assets Transfer Form

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

HSC section 34176 (e) defines a housing asset. Assets transferred deemed not to be a housing asset shall be returned to the successor agency. Finance has completed its review of your Form, which included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is objecting to Exhibit A, Item 1 – Vacant Lot. It is our understanding the vacant lot will be used to build a water well and not for low and moderate income housing purposes.

Except for the item disallowed as noted above, Finance is not objecting to the remaining items, if any, listed on your Form. If you disagree with our determination with respect to any items on the Form, you may request a Meet and Confer within five business days of receiving this letter.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Szalay", is written over a horizontal line. The signature is slanted and includes a small flourish at the end.

STEVE SZALAY  
Local Government Consultant

cc: Mr. Aaron Farnon, Community Development Manager, Stanislaus County  
Ms. Lauren Klein, CPA, Auditor-Controller, Stanislaus County  
California State Controller's Office

THE BOARD SUPERVISORS OF THE COUNTY OF SANISLAUS  
ACTION AGENDA SUMMARY

23

DEPT: Planning/Redevelopment

BOARD AGENDA # 9:30 a.m. -\*VI-A

Urgent \_\_\_\_\_ Routine X

AGENDA DATE November 5, 1991

CAO Concurs with Recommendation YES \_\_\_\_\_ NO \_\_\_\_\_  
(Information Attached)

4/5 Vote Required YES \_\_\_\_\_ NO \_\_\_\_\_

SUBJECT: AGREEMENT BETWEEN AGENCY AND CALIFORNIA RURAL LEGAL ASSISTANCE

STAFF  
RECOMMEN-  
DATIONS:

1. APPROVE AGREEMENT AND DIRECT AGENCY CHAIR TO SIGN SAME.

FISCAL  
IMPACT: None.

BOARD ACTION

No. 91-1517

On motion of Supervisor Paul, Seconded by Supervisor Caruso,  
and approved by the following vote,

Ayes: Supervisors: Paul, Starn, Blom, Caruso and Chairman Simon

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

Motion:

ATTEST: CLAUDIA KRAUSNICK, Clerk By: Patricia A. Minton  
PATRICIA A. MINTON, Assistant Clerk

File No. M-54-C-23  
1010-08

PAGE 2

SUBJECT: AGREEMENT BETWEEN AGENCY AND CALIFORNIA RURAL LEGAL ASSISTANCE

DISCUSSION: Prior to the adoption of the Stanislaus County Redevelopment Plan, the California Rural Legal Assistance (CRLA) became active in the redevelopment process as representatives of residents within the Project Area. The CRLA is concerned about the impact of the Plan upon the availability and supply of low and moderate income housing within the Plan's boundary. Therefore, this agreement (Exhibit A) has been prepared to mitigate the concerns of the CRLA. Below are the main points of the Agreement.

1. The Agency shall prepare a Community Plan for:
  - a) Airport
  - b) Shackelford
  - c) South 7th Street
  - d) Butte-Glenn-Imperial
2. Replacement Housing and Relocation
3. Agency shall set aside and expend twenty-five percent (25%) of the gross tax increment revenue
4. Reports required by law shall be made available to CRLA
5. Affordability and Occupancy Restrictions

POLICY ISSUES: None.

STAFFING IMPACT: None.

## AGREEMENT

This Agreement is entered into this 5<sup>th</sup> day of November 1991 by and among the Stanislaus County Redevelopment Agency, a public body, corporate and politic (the "Agency"), and Roberta Northcutt, Alice Kay Ussery, Maria Pulido, Diane Moyer, Andrew Barrington, June M. Mendes, Richard A. Furr, Sr., Sylvia E. Cowan (the "Residents") (collectively, the Agency and the Residents shall be referred to as the "Parties").

WHEREAS, the Agency has adopted the Stanislaus County Redevelopment Plan No. 1 on July 9, 1991 ("Plan");

WHEREAS, redevelopment of the Project Area pursuant to the Plan may affect the availability and supply of low and moderate income housing within its boundaries;

WHEREAS, the Residents are low income residents within the Plan's boundaries;

WHEREAS, the Parties enter into this Agreement in consideration of the mutual promises and covenants contained herein and for good and valuable consideration, receipt of which is hereby acknowledged.

NOW, THEREFORE, the Parties agree as follows:

### 1. Purposes of Agreement

The purposes of this Agreement are: (i) to protect against, and to compensate for, displacement of Very Low Income, Low Income, and Moderate Income Households by Public Development Activity and Private Development Activity within the Two Subareas; (ii) to prevent homelessness due to displacement of Very Low Income Households and Low Income Households; (iii) to expand the supply of housing available within the Project Area, at Affordable Housing Cost to Very Low Income, Low Income and Moderate Income Households. The Parties agree to work cooperatively to complete plans, programs and studies to effectuate the purposes of this Agreement and to jointly develop methods, in addition to those set forth in this Agreement, to effectuate the purposes of this Agreement.

2. Definitions. Capitalized terms in this Agreement shall have the meanings set forth in Sections 2.1 to 2.22, inclusive.

2.1 "Affordable Housing Cost" shall mean Affordable Rent for a rental unit and Affordable Ownership Cost for an ownership unit.

2.2 "Affordable Rent" shall mean a monthly rent, including Utilities, equal to: (i) for a Very Low Income Household, one twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of County Median Income; (ii) for a Lower Income Household, one twelfth (1/12) of thirty percent (30%) of sixty percent (60%) of County Median Income; and (iii) for a Moderate Income Household, one twelfth (1/12) of thirty percent (30%) of ninety percent (90%) of County Median Income.

2.3 "Affordable Ownership Cost" shall mean a monthly cost of the items listed in 25 California Code of Regulations Section 6920 equal to: (i) for a Very Low Income Household, one twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of County Median Income; (ii) for a Lower Income Household, the greater of (A) one twelfth (1/12) of thirty percent (30%) of seventy percent (70%) of County Median Income or (B) one twelfth (1/12) of thirty percent (30%) of Annual Gross Income; and (iii) for a Moderate Income Household, one twelfth (1/12) of thirty percent (30%) of ninety percent (90%) of County Median Income. For the purpose of determining whether an housing unit is available for purchase at Affordable Ownership Cost, the downpayment shall not exceed ten percent (10%) of the total purchase price.

2.4. "County Median Income" shall mean the median annual gross income, adjusted for household size, for Stanislaus County, California, as periodically published by the California Department of Housing and Community Development, and currently found at 25 California Code of Regulations Section 6932. In the event that such income determinations are no longer published by HCD, the Agency shall determine the Median Income using standards and methods reasonably similar to those standards and methods used by HCD which it last published a Median Income calculation.

2.5 "Development Activity" shall include, but is not limited to, acquisition, demolition, rehabilitation (including substantial rehabilitation) new construction, or other improvements to or clearance of real property located in any of the Two Subareas.

2.6 "Four Subareas" shall mean Subarea 5 (South Seventh Street), Subarea 6 (Shackleford Neighborhood), Subarea 9 (Airport Industrial District), and Subarea 14 (Butte/Glenn/Imperial Neighborhood), as such Subareas are described in the Report to the Board of Supervisors on the Redevelopment Plan for the Stanislaus County Redevelopment Project Area No. 1, prepared by Claire Associates, June, 1991.

2.7 "Gross Annual Income" shall mean "Gross Income" as defined in 25 California Code of Regulations Section 6914.



2.8 "Housing Unit" shall mean any housing unit, whether occupied or unoccupied, located in any of the Two Subareas, including, but not limited to, a rental unit, an ownership unit, or a Mobilehome.

2.9 "Low Income Household" shall mean a household with a Gross Annual Income which exceeds fifty percent (50%) but does not exceed eighty percent (80%) percent of County Median Income;

2.10 "Low Income Housing Unit" shall mean a rental or ownership unit which is occupied by a Low Income Household, or which is available or occupied at Affordable Housing Cost for Low Income Households.

2.11 "Mobilehome" shall have the meaning set forth in Civil Code Section 798 et seq., but also includes recreational vehicles, as defined in Civil Code Section 799.24 and Health and Safety Code Section 18010, commercial coaches as defined in Health and Safety Code Section 18001.8, or manufactured housing as defined in Health and Safety Code Section 18007, as they currently exist or are amended in the future.

2.12 "Moderate Income Household" shall mean a household with a Gross Annual Income which exceeds eighty percent (80%) does not exceed ninety percent (90%) of County Median Income.

2.13 "Moderate Income Housing Unit" shall mean a rental or ownership unit which is occupied by a Moderate Income Household, or which is available or occupied at Affordable Housing Cost for Moderate Income Households.

2.14 "Plan" shall mean the Redevelopment Plan for Stanislaus County Redevelopment Project Area No. 1.

2.15 "Project Area" shall mean the Redevelopment Project Area covered by the Redevelopment Plan for the Stanislaus County Redevelopment Project No. 1.

2.16 "Private Development Activity" shall mean any Development Activity, as defined in Section 2.5, carried out without assistance or involvement of a Public Entity. The involvement of a Public Entity in Development Activity in its capacity as a permitting authority only shall not constitute assistance or involvement within the meaning of this Section 2.16.

2.17 "Public Development Activity" is defined as any Development Activity carried out or financially assisted by any Public Entity within the Project Area. The involvement of a Public Entity in Development Activity in its capacity as a permitting authority only shall not constitute Public Development

undertaken pursuant to an agreement with the Agency shall constitute Public Development Activity.

2.18 "Public Entity" is defined as set forth in Health and Safety Code Section 50079, but also includes any agency of the United States.

2.19 "Replacement Dwelling Unit" shall mean a housing unit which is: (i) decent, safe, sanitary, with a quality of construction conforming to current building codes, and containing at least as many rooms and as much living space as the unit being replaced; (ii) is located in an area not subjected to unreasonably adverse environmental conditions from either natural or personmade sources; (iii) not generally less desirable than the unit being replaced with respect to public utilities, public and commercial facilities and neighborhood conditions, including schools and municipal services; (iv) reasonably accessible to the present or potential places of employment of the members of the displaced household; and (v) available for occupancy at Affordable Housing Cost.

2.20 "Two Subareas" shall mean Subarea 5 (South Seventh Street) and Subarea 9 (Airport Industrial District) as such Subareas are described in the Report to the Board of Supervisors on the Redevelopment Plan for the Stanislaus County Redevelopment Project Area No. 1, prepared by Claire Associates, June, 1991.

2.21 "Very Low Income Household" shall mean shall mean a household with a Gross Annual Income which does not exceed fifty percent (50%) of County Median Income.

2.22 "Very Low Income Housing Unit" shall mean a rental or ownership unit occupied by a Very Low Income Household, or which is available or occupied at Affordable Housing Cost for Very Low Income Households.

### 3. Specific Community Plans for the Four Subareas.

3.1 No later than eighteen (18) months from the date that this Agreement is executed, the Agency shall prepare a Community Plan for each of the Four Subareas. The Community Plan shall include at least the following items:

(a) a descriptive list of activities to be undertaken by the Agency during the term of the Plan, including an estimate of the cost of such activity and an identification of the source of funds for such activity;

(b) a list of the priority for expenditure of Agency funds on each activity;

(c) a projected timetable for commencement and completion of each activity; and

(d) an analysis of the housing needs for Very Low Income Households and Low Income Households, including, but not limited to, the following:

(1) the number of Very Low Income and Low Income Households currently residing within each subarea; and

(2) the number of ownership and rental housing units available at Affordable Rent and Affordable Ownership Cost to Very Low Income Households and Low Income Households.

3.2 The Agency shall notify CRLA in writing of the Agency meetings for the formation and development of the Community Plans of the Four Subareas at least sixty (60) days prior to each meeting ("Notice");

3.3 Agency shall provide CRLA with a draft Community Plan as soon as such Plan is available for public review, but in any event no later than sixty (60) days prior to adoption of the Community Plan. Agency shall also make copies of the draft Community Plan available for public review and shall provide a copy of the draft Community Plan to any person who requests a copy in writing for a fee which is limited to the cost of photocopying.

3.4 CRLA may make written comments, objections, and recommendations to the Agency on the draft Community Plan within fifteen (15) days of CRLA's receipt of the draft Community Plan.

3.5 Agency shall respond in writing to each of CRLA's written comments, objections, and recommendations within fifteen (15) days of their receipt by Agency; and

3.6 Agency shall prepare in English accurate and detailed summaries of the draft Community Plans for each of the Four Subareas. In addition, Agency shall prepare and make available these summaries translated into Spanish, Cambodian, Laotian, Hmong and any other language necessary to adequately give a majority of the property owner and residents a reasonable opportunity to review the specific community plan affecting their sub-area. The English versions of the summaries shall each contain a statement in Spanish, Cambodian, Laotian, Hmong and any other language necessary to adequately give a majority of the property owner and residents of the Subarea notice that a summary in that language is available for review at the office of the Agency. No later than sixty (60) days prior to adopting such Community Plan, Agency shall mail such a copy of the English version of the summaries to all property owners and residents within the Subarea for which the Community Plan is prepared.

3.7 Agency shall not adopt any Community Plan unless the Agency has complied with all the provisions of Sections 3.1 through 3.5, inclusive, of this Agreement. Prior to adoption of the Community Plans for the Two Subareas, Agency and County shall not grant a land use plan amendment, zoning change, or permit for any Development Activity which would likely result in the displacement of Very Low Income Households or Low Income Households from either of the Two Subareas. Prior to the adoption of the Community Plans, Agency shall not undertake any redevelopment activities in the Four Subareas except for the following activities: construction, installation and hook-up of sewer lines in the Butte/Glen/Imperial subarea.

4. Modification of Plan. The Agency may not initiate and pursue to completion an amendment or otherwise modification of the Plan without first giving notice to CRLA of the proposed changes. Such notice must include, but not be limited to, a description of the proposed changes, an evaluation of the effects such changes will have upon the availability of Very Low Income, Low Income and Moderate Income Housing Units, and an assessment of the effects such changes will have upon the displacement of all persons or families within the Project Area. Such notice shall be provided to CRLA no later than ninety (90) days prior to adoption of such amendment, or at an earlier time if mandated by any provision of law.

5. Replacement Housing and Relocation.

5.1 For each Low Income Housing Unit or Very Low Income Housing Unit which is destroyed or removed within the Two Subareas by either Public or Private Development Activity, Agency agrees to provide, or cause to be provided, a Replacement Dwelling Unit. Such Replacement Dwelling Unit shall be made available no later than thirty (30) days prior to the displacement for occupancy by the household displaced at Affordable Housing Cost, or, in the event that the household displaced either chooses to occupy other housing, or is not a Low Income Household or a Very Low Income Household, by another Low Income Household or a Very Low Income Household at Affordable Housing Cost.

5.2 For every household displaced by Public Development Activity or Private Development Activity within the two Subareas, the Agency agrees to provide, or cause to be provided, relocation assistance payments in the amount stated in Government Code Section 7260 et seq. and the regulations implementing those provisions. Eligibility for relocation assistance shall be determined according to the provisions of Government Code Sections 7260 et seq., and the regulations implementing those provisions, except that the definition of "Displaced Person" contained in 25 Code of California Regulations section 6008, or any successor provision, shall be modified to

include Low Income Households and Very Low Income Households displaced as a result of Private Development Activity. The Low Income Households and Very Low Income Households which are owners of mobilehomes and rent space in mobilehome parks, and who are displaced as a result of Private Development Activity or Public Development Activity, shall be eligible for the relocation assistance specified under both Government Code Section 7263 and Government Code Section 7264.

5.3 Whenever an application is filed with Agency or Stanislaus County (the "County") for approval of Development Activity within the Two Subareas subject to a public hearing which would cause any Low Income Housing Unit or Very Low Income Housing Unit to be destroyed, rendered uninhabitable, or otherwise removed from the housing supply, the applicant shall be required at the time of filing such application to provide a list of names and addresses of the occupants of such housing units. At the time notice is given of the public hearing, the Agency, shall inform CRLA and the occupants in writing, of the proposed project and the time, date, and place of the hearing. The notice shall summarize the relocation rights of the occupants and shall provide the name, address and telephone number of the person to contact to answer questions or provide assistance regarding relocation eligibility requirements and procedures. Notices shall be in English, Spanish, Cambodian, Laotian, Hmong and in any other language determined necessary to adequately give notice to a majority of the occupants.

5.4 Whenever an application is filed with Agency or the County for approval of Development Activity within the Two Subareas not subject to a public hearing which would cause any Low Income Housing Unit or Very Low Income Housing Unit to be destroyed, rendered uninhabitable or otherwise removed from the housing supply, the applicant shall be required at the time of filing such application to provide a list of names and addresses of the occupants of such housing. No such Development Activity shall be approved unless the permitting authority, has given the notice required in Section 5.3 above (excluding the information concerning the date, time and place of a public hearing) no later than sixty (60) days prior to the date of approval.

## 6. Housing Set Aside

6.1 The Agency shall set aside, deposit into the Agency's Low and Moderate Income Housing Fund, and expend to increase, improve and expand the supply of housing available at Affordable Housing Cost to persons and families of very low, low and moderate income, and in conformity with this Agreement, at least twenty-five percent (25%) of the Gross Tax Increment Revenue generated from property within the Project Area (the "Housing Set-Aside"). For the purpose of calculating the Housing Set-Aside pursuant to this Section 6.1, Gross Tax Increment

Revenue shall mean all revenue allocated to the Agency pursuant to Health and Safety Code Section 33670 and shall include any such revenue paid to any taxing agency pursuant to Health and Safety Code Section 33401, whether paid by the Agency or by another public entity.

6.2 In the aggregate, the Housing Set-Aside shall be spent to improve and expand the supply of housing available at Affordable Rent or Affordable Ownership Cost for each of the following income groups in the following proportions: No less than 40% for units to be occupied by Low Income Households at Affordable Rent or Affordable Ownership Cost; and no less than 40% for units to be occupied by Very Low Income Households at Affordable Rent or Affordable Ownership Cost; provided, however, that if the targeting of Housing Set-Aside expenditure required by Health and Safety Code Section 33334.4 requires a greater percentage for Very Low Income Housing Units, or for Low Income Housing Units, such greater percentage shall apply.

6.3 The Agency shall use seventy-five percent (75%) of the Housing Set Aside to increase the net supply of housing units available at Affordable Rent or Affordable Housing Cost to Low Income Households and Very Low Income Households. The Agency shall not use the Housing Set-Aside to provide Replacement Dwelling Units or Relocation Assistance. The Agency shall use no more than ten percent (10%) of the Housing Set-Aside for expenditures authorized by Health and Safety Code Section 33334.2(e)(8). The Agency shall not use the Housing Set-Aside to pay for administrative or development fees to the County associated with the development of housing by any person or entity.

## 7. Reports.

7.1 Beginning on April 15, 1992, and continuing on every April 15 thereafter during the term of the Plan, Agency shall provide to CRLA a copy of all reports required by law for the preceding Agency fiscal year, including, but not limited to, the reports required by Health and Safety Code Section 33080.4 and 33418, and a statement of the estimated amount of funds to be placed in the Housing Set-Aside analyzed by the projected amount of expenditures to benefit Very Low Income Households, to benefit Low Income Households and to benefit Moderate Income Households during the five year period to be covered by the County Housing Element.

7.2 The report required of Agency by Health and Safety Code Section 33080.4 pertaining to a description of Agency's activities affecting housing and displacement, shall include the same information specified in Section 33080.4 for the housing and displacement activities resulting from Private Development Activity within all subareas.

8. Affordability and Occupancy Restrictions

8.1 Where Agency is required under Health and Safety code Section 33413 or Section:33334.3(e), this Agreement, or any other provision of law to restrict occupancy of housing to persons or families of very low, low or moderate income, as those terms are defined pursuant to Health and Safety Code section 50093, Agency shall ensure by deed, deed of trust, contract, declaration of restrictive covenants, condition of approval, or other appropriate restrictions that all such housing units will remain available for occupancy by persons or families within these respective income groups at the applicable affordable housing cost level for the longest feasible time, but in any event not less than forty (40) years. Agency shall verify compliance with these restrictions as required by Health and Safety Code Section 33418.

9. Effect of Agreement.

9.1 This Agreement is intended to impose upon the Agency obligations which exceed the minimum currently required by law. This Agreement shall not exempt the Agency from complying with any requirements of federal of California laws with respect to housing for persons and families with very low, low and moderate incomes that are imposed by existing law or any law hereafter enacted. This Agreement shall not exempt the Agency from complying with any requirements of federal or California laws with respect to mobilehome, mobilehome parks, recreational vehicles, commercial coaches or manufactured homes that are imposed by existing law or any law hereinafter enacted.

10. Mobilehomes.

10.1 Except as otherwise provided in this Agreement, any and all provisions, including, but not limited to those provisions providing for replacement housing and relocation, relating to rental or owner-occupied dwellings within the Project Area shall also appertain to rental or owner-occupied mobilehomes.

11. Annexation or Incorporation.

11.1 In the event that any portion of the Project Area is annexed to a city or a county other than the County, or is separately incorporated, the obligations of the Agency pursuant to this Agreement shall continue in full force and effect unless (i) the annexing or incorporating entity agrees to assume and assumes in writing all obligations of the Agency pursuant to this Agreement for the area being incorporated and annexed, and (ii) the Agency and the annexing or incorporating entity demonstrates, to the reasonable satisfaction of CRLA or other counsel for any of the Residents, that the annexing or incorporating entity is

capable, both financially and administratively, of meeting the obligations to be assumed.

12. Miscellaneous.

12.1 Enforceability. This Agreement may be enforced by any property owner or resident of any of the Four Subareas.

12.2 Consideration. The consideration for the obligations and covenants of Agency contained in this Agreement is the agreement by the Residents to release their claims against the Agency contesting the validity of the adoption of the Plan and the adequacy of the Environmental Impact Report on the Plan. The Agency acknowledges that this is good and sufficient consideration for each and every obligation and covenant of the Agency contained in this Agreement.

12.3 Benefit and Burden. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective representatives, agents, employees, servants, successors and assign.

12.4 Waiver and Amendment. No breach of any provision of this Agreement can be waived unless in writing. Waiver of one breach shall not be deemed to be a waiver of any other breach of the same or any other provision hereof. This Agreement may be amended only by a written agreement executed by the Parties in interest at the time of the modification.

12.5 Counterparts. This Agreement may be executed in counterparts by the Parties and will become effective and binding upon the Parties at such time as all of the signatories have signed a counterpart of this Agreement. All counterparts so executed shall constitute one agreement binding on all Parties notwithstanding that all Parties are not signatory to the original or the same counterpart. Each of the Parties shall sign a sufficient number of counterparts so that each Party will receive a fully executed original of this Agreement.

12.6 Caption and Interpretation. Paragraph titles or captions are inserted as a matter of convenience and for references, and in no way define, limit, extend or describe the scope of this Agreement or any provision hereof. No provision in this agreement is to be interpreted for or against any Part because that Party of his legal representative drafted such provision. This Agreement shall be deemed mutually drafted by the Parties.

12.7 Entire Agreement. This Agreement constitutes the entire Agreement between the Parties pertaining to the subject matter hereof, and may be modified only by written agreement by



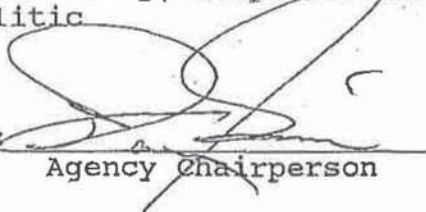
all Parties. This Agreement supersedes and replaces all prior negotiations and agreements, written or oral, proposed or final.

12.8 Further Assurances. The Parties hereby agree to execute such other documents or to take such other action as may reasonably be necessary to effectuate the purposes of this Agreement.

12.9 Voluntary Agreement. Each Party represents and declares that they have carefully read this Agreement and know the contents thereof and they signed the same freely and voluntarily. No party has relied upon any statement, representation or promise or any other party or of any of the attorneys or any other representative of the other Parties in executing this Agreement or making this settlement provided for herein, except for such representations as are expressing set forth in this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

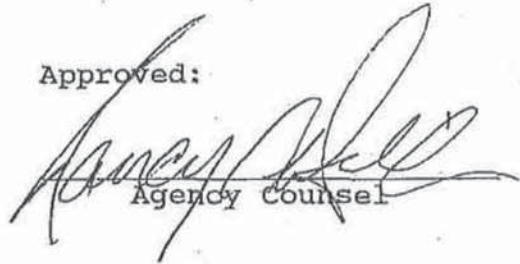
THE STANISLAUS COUNTY  
REDEVELOPMENT AGENCY, a  
public body, corporate and  
politic


By:   
Agency Chairperson

Attest:

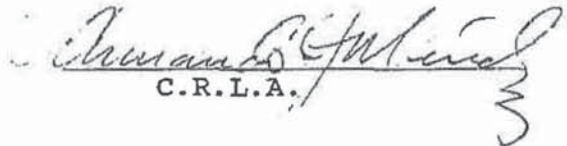
  
Agency Secretary

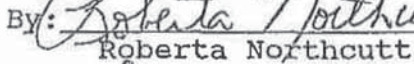
Approved:

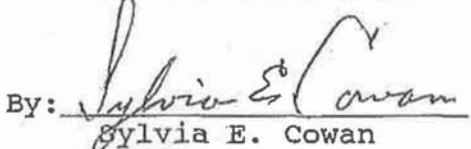
  
Agency Counsel

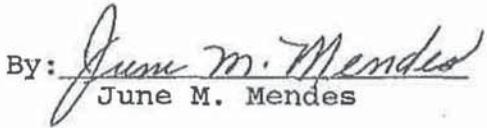
By:   
Diane Moyer

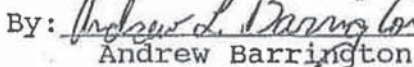
Approved:

  
C.R.L.A.

By:   
Roberta Northcutt

By:   
Sylvia E. Cowan

By:   
June M. Mendes

By:   
Andrew Barrington

By: Maria G Pulido  
Maria Pulido

By: Alice Kay Ussery  
Alice Kay Ussery

By: Richard A Furr, Sr.  
Richard A. Furr, Sr.

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE  
STANISLAUS COUNTY REDEVELOPMENT AGENCY**

**RESOLUTION NO. 2012-08**

**DATE:** October 19, 2012

**SUBJECT: Review and Approval of the Low and Moderate Income Housing Fund Due Diligence Review**

On the motion of Board Member \_\_\_\_\_, seconded by Board Member \_\_\_\_\_, and approved by the following vote:

Ayes:

Noes:

Absent:

Abstained:

**THE FOLLOWING RESOLUTION WAS ADOPTED:**

**WHEREAS**, the Redevelopment Agency Dissolution Act (ABx1 26), requires that the Successor Agency transfer all unobligated redevelopment agency funds, including the unencumbered balance of the former Redevelopment Agency's Low and Moderate Income Housing Fund ("LMIHF"), to the County Auditor-Controller for distribution to the taxing entities; and

**WHEREAS**, the Redevelopment Agency Dissolution Act, as amended by AB 1484, requires successor agencies to employ a licensed accountant, approved by the County Auditor-Controller, to conduct a "Due Diligence" review to determine the unobligated balance available for transfer to the taxing entities; and

**WHEREAS**, on October 8, 2012, the required Due Diligence review was completed by the independent licensed accountant and provided to the Oversight Board, County Auditor-Controller, the State Controller, and the Department of Finance; and

**WHEREAS**, on October 11, 2012, following its receipt of the Due Diligence review, the Oversight Board convened a public comment session at which no public comment was received; and

**WHEREAS**, the Due Diligence review reflects that the entire balance of the LMIHF, totaling \$10,052,753, is legally restricted for uses specified in the 1991 settlement agreement between the former Redevelopment Agency of Stanislaus County and the California Rural Legal Assistance ("1991 CRLA Settlement Agreement"), and no unobligated balance is to be returned for distribution to the taxing entities; and

**WHEREAS**, the Oversight Board has considered the Due Diligence review during public session.

**NOW, THEREFORE, BE IT RESOLVED** that the Oversight Board to the Successor Agency to the Stanislaus County Redevelopment Agency:

1. Has convened the required public comment session on the Due Diligence review, held on October 11, 2012.
2. Has reviewed, and hereby approves the Due Diligence review prepared by the independent licensed accountant approved by the County Auditor-Controller.
3. Has determined, consistent with the findings in the Due Diligence review, that there are no funds available for disbursement to taxing entities.
4. Has identified \$10,052,753, consistent with the findings in the Due Diligence review, to be retained by the Successor Agency, to be used to increase, improve, and expand the supply of low- and moderate-income housing available at affordable housing cost to persons and families of low or moderate income, consistent with the 1991 CRLA Settlement Agreement.
5. Has determined that the \$10,052,753 balance to be retained includes funds deposited pursuant to the 1991 CRLA Settlement Agreement, which required that not less than twenty-five percent (25%) of all tax increment collected by the former Redevelopment Agency be deposited in the former Redevelopment Agency's LMIHF.

**BE IT FURTHER RESOLVED** that this Oversight Board directs Successor Agency staff to take all actions required by the Redevelopment Agency Dissolution Act (ABx1 26), as amended by AB 1484, including but not limited to, transmitting the approved Due Diligence review to the Stanislaus County Auditor-Controller and the California Department of Finance, for certification and approval.

**BE IT FURTHER RESOLVED** that, in the event that Department of Finance overturns this Oversight Board's authorization to retain the funds identified, Successor Agency staff is directed to request an opportunity to meet and confer with the Department to resolve any disputes regarding the amounts or sources of funds identified.

**ATTEST:**

**APPROVED AS TO FORM:**

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Brenda McCormick  
Oversight Board Clerk

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Thomas Boze  
Deputy County Counsel