

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

## AGENDA

December 13, 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 26, 2012

**V. CORRESPONDENCE**

- A. Letter dated November 9, 2012, from Steve Szalay, Local Government Consultant, Department of Finance (DOF) regarding Low and Moderate Income Housing Fund Due Diligence Review.
- B. Letter dated December 5, 2012, from Phoebe Seaton, Attorney, California Rural Legal Assistance regarding Department of Finance's Adjustment of Due Diligence Review of Low and Moderate Income Housing fund of the Successor Agency for Stanislaus County Redevelopment Agency.

**VI. PUBLIC COMMENT**

**VII. AGENDA ITEMS**

- A. All Other Funds, Excluding Low to Moderate Income Housing Fund, Due Diligence Review Public Comment Session.

**VIII. OTHER MATTERS**

- A. On the Horizon

**IX. ADJOURNMENT**

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

## SPECIAL MEETING MINUTES

SPECIAL MEETING

October 26, 2012

- I. ROLL CALL:** Meeting called to order at 9:01 a.m.  
Present: Chairman Terry Withrow; Stephen Mayotte; Duane Wolterstorff; James Duval  
Absent: Dave Cogdill, Jr.; Linda Flores; Brad Hawn  
Staff Present: Angela Freitas, Planning and Community Development Director; Marianne Rucker, Manager II; Thomas Boze, Deputy County Counsel; Brenda McCormick, Oversight Board Clerk.
- II. PLEDGE OF ALLEGIANCE**
- III. CONSENT CALENDAR**
- A. None.
- IV. APPROVAL OF MINUTES**
- \*A. Upon motion of Oversight Board members Stephen Mayotte/Duane Wolterstorff (3-0), Chairman Terry Withrow abstained, the Board approved the minutes of the October 11, 2012 meeting.
- V. CORRESPONDENCE**
- A. None.
- VI. PUBLIC COMMENT**
- A. No one spoke.
- VII. AGENDA ITEMS ( \* - Consent Items )**
- A. **Review and Approval of the Low to Moderate Income Housing Fund Due Diligence Review.**  
*Chairman asked for public comment and no one spoke.*  
**Stephen Mayotte/James Duval (4-0)**

1. Reviewed the Low and Moderate Income Housing Fund Due Diligence Review;
2. Approved the attached Resolution No. 2012-08 to approve the Low and Moderate Income Housing Fund Due Diligence Review; and,
3. Directed 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.

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

- A. On the Horizon  
*Director Freitas informed the Board members she had nothing to report at this time.*

**IX. ADJOURNMENT**

The meeting was adjourned at 9:06 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.)



November 9, 2012

Ms. Angela Freitas, Deputy Director  
Stanislaus County Planning Department  
1010 10th Street, Suite 3400  
Modesto, CA 95354

Dear Ms. Freitas:

**Subject: Low and Moderate Income Housing Fund Due Diligence Review**

The Stanislaus County Successor Agency (Agency) submitted an oversight board approved Low and Moderate Income Housing Fund Due Diligence Review (DDR) to the California Department of Finance (Finance) on October 26, 2012. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Since the Agency did not meet the October 15, 2012 submittal deadline pursuant to HSC section 34179.6 (c), Finance is not bound to completing its review and making a determination by the November 9, 2012 deadline pursuant to HSC section 34179.6 (d). However, Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of Low and Moderate Income Housing Fund (LMIHF) available for distribution to the taxing entities. Based on our review of your DDR, the following adjustments were made:

- The Vacant Lot in the amount of \$53,216 (acquisition cost w/ LMIHF) reported on the Housing Asset Transfer was denied by Finance in our letter dated August 31, 2012. This item is not a cash equivalent; therefore the adjustment will not affect the amount remitted to the county for disbursement to taxing entities. However this item will need to be included in the long range management plan. Two adjustments were made regarding this item; an adjustment to add in the disallowed transfer and an adjustment to recognize it as an asset other than cash or cash equivalent.
- The California Rural Legal Assistance (CRLA) agreement in the amount of \$10,052,753 was denied by Finance in our letter dated April 26, 2012 and has not been approved for payment. Therefore, this obligation is not eligible for payment and the associated balances must be remitted to the county for disbursement to the taxing entities.

If you disagree with Finance's adjusted amount of LMIHF balances available for distribution to the taxing entities, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's LMIHF balance available for distribution to the affected taxing entities is \$10,052,753 (see table below). Pursuant to HSC 34179.6 (h) (1) (B), any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

<b>LMIHF Balances Available For Distribution To Taxing Entities</b>	
Available Balance per DDR:	\$ 0
<b>Add:</b>	
Denied ROPS items:	10,052,753
Denied HAT items:	53,216
Non-cash asset adjustment:	(53,216)
<b>Total LMIHF available to be distributed:</b>	<b>\$ 10,052,753</b>

Absent a Meet and Confer request, HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, that taxing entity's failure to remit those funds may result in offsets to its sales and use tax allocation or to its property tax allocation.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter and Finance's Housing Assets Transfer letter dated August 31, 2012 do not in any way eliminate the Controller's authority.

Finally, we note that failure to return assets that were deemed an unallowable transfer, and which were ordered returned to the Agency by the Controller or by Finance, would be a violation of Penal Code section 424.

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

Sincerely,

  
STEVE SZALAY  
Local Government Consultant

cc: Ms. Lauren Klein, CPA, Auditor-Controller, Stanislaus County  
Ms. Marianne Rucker, Manager, Stanislaus County  
CA State Controller's Office



# CALIFORNIA RURAL LEGAL ASSISTANCE, INC.

FIGHTING FOR JUSTICE, CHANGING LIVES

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December 5, 2012

**[By Electronic Mail and Regular Mail]**

Steve Szalay  
Local Government Consultant  
Department of Finance of the State  
of California  
Redevelopment Administration  
915 L Street  
Sacramento, CA 95814-3706

**Re: Department of Finance's Adjustment of Due Diligence Review of Low and Moderate Income Housing Fund of the Successor Agency for Stanislaus County Redevelopment Agency**

Dear Mr. Szalay and Department of Finance:

We are writing to support the Successor Agency of the Stanislaus County Redevelopment Agency's meet and confer request in response to the Department's August 9, 2012 demand that the County transmit housing asset funds for allocation to other taxing entities. California Rural Legal Assistance represents thousands of rural low-income Californians, farmworkers and families, and predominantly Latino Californians. We also represent Stanislaus County residents who are parties to the 1991 settlement agreement with the former redevelopment agency. CRLA strongly disputes the Department's adjustment of the Due Diligence Review submitted on October 26, 2012 and its demand that the Successor Agency turn over more than \$10 million of funds that are legally restricted for affordable housing purposes. For the reasons discussed below, the Department's position violates the provisions of the California Redevelopment Law as amended by ABx1 26 and AB 1484; it also interferes with our clients' Settlement Agreement with the former Stanislaus County Redevelopment Agency and deprives them of the benefit of that agreement. We respectfully request that the Department reconsider its determination to avoid further administrative action or litigation.

**Summary of Argument**

The CRLA Settlement Agreement requires the former Redevelopment Agency to deposit 25% of tax increment revenue into its Low and Moderate Income Housing Fund (Housing Fund) over the life of the project area governed by the agreement and to *use* those funds to increase, improve, and expand housing for very low, low, and moderate income households. The agreement was entered into in 1991 between the former agency and third parties, long before the enactment of

ABx1 26 and AB 1484. The balance in the Housing Fund as of June 30, 2012 was \$10,052,753 and is legally restricted as confirmed by an independent accountant in the Due Diligence Review (DDR) and approved by the Oversight Board.

The Department's determination that the 1991 Settlement Agreement does not constitute an enforceable obligation that requires the funds to be used for their intended purpose is wrong as a matter of law. Indeed, The Department's reasoning, that an obligation to "set aside tax increment" for the Low and Moderate Income Housing Fund no longer exists, is fundamentally flawed. Regardless of any *future* obligation to deposit tax increment into the Housing Fund, any balance of the *existing Housing Fund* that is legally restricted for other purposes may *not* be allocated to other taxing entities. Health & Saf. C. §34179.5. Our letter to the Department dated August 30, 2012 (enclosed and incorporated with this letter) explains that the 1991 Settlement Agreement creates both current and future obligations for the purpose of the Department's determinations on the ROPS. .

### **Legal Analysis**

The 1991 Settlement Agreement is an enforceable obligation as a "legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." Health & Saf. C. §34171(d)(1)(E). The funds that were contributed to the Housing Fund as required under the terms of the 1991 Agreement constitute a "housing asset" under Health & Saf. C. §34176(e). These are funds that are expressly "encumbered by an enforceable obligation to build or acquire low- and moderate-income housing, as defined by the Community Redevelopment Law. . . ." *Id.* at subd. (e)(2). Accordingly, the balance of the Housing Fund is "legally [and] 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." *Id.* at §34179.5(c)(5)(D). Only the net balance of a Housing Fund – *after* deducting the restricted amounts – "shall be available for allocation to affected taxing entities." *Id.* at §34179.5(c)(6). The Housing Fund of the former Stanislaus County Redevelopment Agency is legally restricted by the terms of the 1991 Agreement, thus there is no balance available for distribution to other taxing entities as a matter of law. The DDR properly concluded there is no balance available for distribution, and the Oversight Board approved the DDR. The balance of the Housing Fund therefore must be deposited into a Housing Asset Fund administered by the entity that assumes the housing assets and functions of the former agency (here the Successor Agency) and must be used "in accordance with applicable housing-related provisions of the Community Redevelopment Law. . . ." *Id.* at §34176. Those uses are entirely consistent with the terms of the Settlement Agreement.

The Department's position is untenable. Its rejection of a lawful, valid 21-year-old Settlement Agreement between the former agency and third parties violates the law, and substantially impairs the legal rights of our clients and other low-income families that stand to benefit from the Agreement. The Department's determination also threatens the matching contributions and other commitments made by the agency for State CalHOME and federal HOME funds. The Department's threats of imposing claw-back provisions, such as withholding of the County's sales tax, also are unwarranted under the circumstances; and, if carried out, they would likely be held unconstitutional.

### Ongoing dispute with respect to ROPS

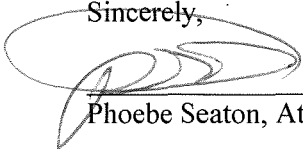
We continue to oppose the Department's determination with respect to the prior ROPS submitted by the Successor Agency.<sup>1</sup> The Department's interpretation that there is no more "tax increment"



for purposes of meeting enforceable obligations related to affordable housing cannot be reconciled with its interpretation that property tax revenue (formerly referred to as tax increment) remains available to pay off bonds that were secured with “future” tax increment. We continue to urge the Department to honor the pledges of the former Agency and the decisions of the Successor Agency to carry out its obligations with approval of its Oversight Board.

Thank you for your attention to this matter, and please contact me directly if you have any questions or would like any further information.

Sincerely,



Phoebe Seaton, Attorney, California Rural Legal Assistance

Cc:

Angela Freitas, Deputy Director, Stanislaus County Planning Department  
Deborah Collins and Lauren Hansen, The Public Interest Law Project  
Ilene J. Jacobs, Director of Litigation, Advocacy & Training, California Rural Legal Assistance, Inc.

Encl:

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<sup>1</sup> CRLA opposes the Department of Finance’s determination regarding both the 1991 CRLA Settlement Agreement and the Public Works Infrastructure Agreement which includes enforceable obligations of 36.5 million dollars. (See CRLA Letter to the Department dated August 30, 2012, attached hereto and incorporated herein)



# CALIFORNIA RURAL LEGAL ASSISTANCE, INC.

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August 30, 2012

VIA U.S. MAIL, ELECTRONIC TRANSMISSION and US MAIL

Robert Scott, CPA  
California Department of Finance  
915 L Street  
Sacramento, CA 95814-3706  
FAX: 916/327-0213  
EMAIL: [robert.scott@dof.ca.gov](mailto:robert.scott@dof.ca.gov)

Dear Mr. Scott,

We are writing again to advise the Department of Finance that two of the obligations submitted by Stanislaus County to your Department in their ROPS for the periods January 1, 2012 through June 30, 2012 (ROPS I, Items 9 & 10), July 1, 2012 through December 31, 2012 (ROPS II, Items 8 & 9) and now resubmitted for the period January 1, 2013 through June 30, 2013 (ROPS III, Items 9 & 10) qualify as enforceable obligations within the meaning of Health & Safety Code §34171. Both the successor agency for the former Stanislaus County Redevelopment Agency and its Oversight Board have approved the items as enforceable obligations, therefore, the Department of Finance is not authorized to reject them.

We previously informed your department by letter dated July 17, 2012, that California Rural Legal Assistance, Inc. (CRLA) represents thousands of rural low-income Californians, farmworkers and families, and predominantly Latino Californians, including residents of Parklawn and other unincorporated communities in Stanislaus County. It specifically represents plaintiffs in Committee Concerning Community Improvements (CCCI), et al. v. City of Modesto, et al., U.S. District Court, E. D., Case No. 1:04-cv0-06121, filed in 2004 to challenge the City of Modesto's and Stanislaus County's exclusionary annexation policies and failure to provide basic municipal services in low income, unincorporated, communities of color. That action resulted in a court-approved settlement agreement that was entered into contingent on the infrastructure agreement between the former RDA and the County Public Works Department at issue in this matter. The infrastructure agreement was entered into effective June 20, 2011 and provides for the former RDA to finance infrastructure projects necessary for affordable housing. CRLA also represents residents of Stanislaus County who are parties to a 1991 agreement with the former Stanislaus County Redevelopment Agency. The 1991 agreement settled a dispute regarding the 1991 redevelopment plan.

Our clients are directly and adversely affected by DOF's previous rejection of these enforceable obligations on ROPS I and ROPS II and will continue to be adversely affected should DOF again reject these obligations as resubmitted on ROPS III. CRLA has reviewed the Department's decisions of April and May 2012, rejecting these items on ROPS I and II, the successor agency's appeal of those decisions dated July 3, 2012 and the successor agency's ROPS III.

We write in support of Stanislaus County's submission pursuant to ROPS III, however, we believe the obligation imposed by the 1991 agreement imposes additional enforceable obligations, and specifically, that the County is obligated under the agreement to contribute 25% of its property tax revenues for the development of affordable housing. Any decision by DOF other than an acceptance of these enforceable obligations would be contrary to governing law for the reasons discussed below.



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## Public Works Infrastructure Agreement

### Stanislaus County Recognized Obligation Payment Schedule

The Public Works Infrastructure Agreement (Infrastructure Agreement) authorizes the use of property tax revenue to fund infrastructure improvement projects for the benefit of low and moderate income housing. The Infrastructure Agreement, entered into by Stanislaus County, the Stanislaus County Redevelopment Agency and the Stanislaus County Department of Public Works, as authorized by the former Redevelopment Agency on April 19, 2011, is a project that Stanislaus County is **obligated to fund** due to pre-existing **enforceable agreements**.

CRLA represented residents of unincorporated Stanislaus County in *CCCI, et. al. v City of Modesto, et al*, filed in federal court in 2004. The terms of the settlement agreement include a provision that the County of Stanislaus' Public Works Department enter in to a "pay as you go" arrangement with the Redevelopment Agency to obligate up to \$32 million<sup>1</sup> of tax increment for infrastructure projects.<sup>2</sup> The same provision requires the County and the Redevelopment Agency to enter in to an agreement prior to the effective date of ABX1 26. The County and the Redevelopment Agency complied with that obligation by entering into the Infrastructure Agreement, on June 20, 2011, prior to the effective date of ABX1 26. Complete documentation, including a copy of said contract was attached to Stanislaus County's letter of July 3, 2012.

DOF's refusal to approve this item in the County's ROPS is contrary to Health and Safety Code section 34171 and related law and unlawfully prevents enforcement of ongoing Enforceable Obligations.

## LMI Housing Fund / 1991 CRLA Agreement

### Stanislaus County Recognized Obligation Payment Schedule

The LMI Housing Fund / 1991 CRLA agreement, entered into between the RDA and California Rural Legal Assistance, Inc. (CRLA) on November 15, 1991, requires the RDA to set aside and expend at least twenty-five percent (25%) of gross tax increment revenue generated from property within the redevelopment area to expand and improve the supply of affordable housing. This agreement, entered into well before the effective date of the applicable statute is an **enforceable obligation**.

As the County explained in its letter to DOF of July 3, 2012, even though property tax increment is no longer referred to as "tax increment," the successor agency will continue to receive property tax revenues necessary to meet its enforceable obligations. Those funds must be allocated to successor agencies to make payments on indebtedness incurred by the dissolved RDA. The settlement reached between CRLA and the RDA is an enforceable obligation under Health and Safety Code section 34171(d)(1). Just as bonds that were secured by "tax increment" remain enforceable obligations to be paid with property tax revenues, the obligation to contribute 25% of property tax revenue must be allocated to the successor agency to perform this obligation, and such funds must be expended for affordable housing purposes pursuant to the settlement agreement.

A refusal by the Department of Finance to approve items identified on Stanislaus County's ROPS I, II and III submissions as identified in this letter would be contrary to Health and Safety Code section 34171 and would interfere with implementation of enforceable obligations, and particularly, implementation of two settlement agreements, one already approved by a federal court. DOF's continued failure to recognize these obligations

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<sup>1</sup> Stanislaus County inexplicably reduced the amount of this "pay as you go" obligation from \$32 million to \$26.5 million in ROPS III. The enforceable obligation remains at \$32 million pursuant to the terms of the contract.

<sup>2</sup> The CCCI settlement agreement also includes an allocation of \$4.5 million for sewer-to-home connections, and plaintiffs in that action reserve their right to ensure this obligation (not reflected on the ROPS) also is met.



# CALIFORNIA RURAL LEGAL ASSISTANCE, INC.


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undermines both the language and intent of ABx1 26 as amended by AB 1484. DOF, therefore, must reverse its previous decisions and approve those items identified in ROPS III to ensure compliance with California Law and avoid any unnecessary costs of litigation.

Sincerely

CALIFORNIA RURAL LEGAL ASSISTANCE, INC.



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Phoebe Seaton, Attorney

CC: Angela Freitas, Interim Planning and Community Development Director, Stanislaus County  
Ilene J. Jacobs, CRLA Director of Litigation, Training, and Advocacy  
S. Lynn Martinez, Western Center on Law & Poverty  
Deborah Collins, Public Interest Law Project

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

**STAFF REPORT**

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**SUBJECT:**

All Other Funds, Excluding Low to Moderate Income Housing Fund, Due Diligence Review Public Comment Session.

**RECOMMENDATION:**

That the Oversight Board Conduct a Public Comment Session in Accordance with Health and Safety Code Section 34179.6(b).

**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 disbursement 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 all other funds, excluding LMIHF, is required to be provided to the Oversight Board (in addition to the County Auditor-Controller, the State Controller, and DOF) by December 15, 2012; and reviewed, approved, and transmitted to the DOF by January 15, 2013.

The Successor Agency has contracted with Brown Armstrong to prepare the required reviews. The review of all other funds, excluding LMIHF, is provided as Attachment 1 to this report.

Upon receipt of a review, the Oversight Board is required to convene a public comment session to take place at least five days before the Oversight Board holds the approval vote. The review of all other funds, excluding LMIHF, reflects the entire asset balance of \$10,716,475, held by the agency as of June 30, 2012, as being unavailable for disbursement to taxing entities.

The review of all other funds, excluding LMIHF, will be considered for approval by the Oversight Board at the January 10, 2013 regular meeting.

**ATTACHMENTS:**

1. December 6, 2012, All Other Funds, Excluding Low and Moderate Income Housing Fund, Due Diligence Report Prepared by Brown Armstrong

**BROWN  
ARMSTRONG**

CERTIFIED  
PUBLIC  
ACCOUNTANTS

**BROWN ARMSTRONG**

*Certified Public Accountants*

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

**ALL OTHER FUNDS, EXCLUDING THE LOW AND  
MODERATE INCOME HOUSING FUND**

Oversight Board of the Successor Agency  
Stanislaus County Redevelopment Agency  
Modesto, California

**MAIN OFFICE**

**4200 TRUXTON AVENUE**

SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL info@bacpas.com

**560 CENTRAL AVENUE**

SHAFTER, CALIFORNIA 93263  
TEL 661.746.2145  
FAX 661.746.1218

**8050 N. PALM AVENUE**

SUITE 300  
FRESNO, CALIFORNIA 93711  
TEL 559.476.3592  
FAX 559.476.3593

**790 E. COLORADO BLVD.**

SUITE 908B  
PASADENA, CALIFORNIA 91101  
TEL 626.240.0920  
FAX 626.240.0922

**5250 CLAREMENT AVENUE**

SUITE 237  
STOCKTON, CA 95207  
TEL 209.451.4833

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  
December 6, 2012



## 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 \$7,156,559. 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 above.

*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 above.

*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 B.

*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 all other funds excluding the Low and Moderate Income Housing Fund. Please see Attachment B for detail of assets.

*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:

No non-liquid assets that meet the criteria above have been identified. Please see Attachment B for a detail of all assets.

*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 to all other funds of the Successor Agency excluding the 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:**

Please see Attachments E, F, and G for the ROPS for the period of July 1, 2012, through December 31, 2012, and the period January 1, 2013, through June 30, 2013, and an explanation of the projects on the ROPS, respectively.

*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 all other funds of the Agency excluding the 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 December 6, 2012.

**Attachment B—Summary of Financial Transactions**

	All Other Funds 12 Months Ended 6/30/2010	All Other Funds 12 Months Ended 6/30/2011	All Other Funds 7 Months Ended 1/31/2012	All Other Funds 5 Months Ended 6/30/2012
<b>Assets (modified accrual basis)</b>				
Cash and cash equivalents	\$ 9,507,836	\$ 7,208,944	\$ 8,140,333	\$ 7,259,841
Receivables:				
Accounts	9,365	-	-	-
Other	-	1,515	-	-
Interest	35,380	21,063	21,851	25,124
Note	22,424	21,207	-	-
Interfund receivable	-	-	-	-
Due from other funds	-	-	-	2,217,791
Due from other governments	-	-	20,492	19,979
Restricted assets:				
Cash with fiscal agent	1,193,740	1,193,740	1,193,740	1,193,740
<b>Total Assets</b>	<b>\$ 10,768,745</b>	<b>\$ 8,446,469</b>	<b>\$ 9,376,416</b>	<b>\$ 10,716,475</b>
<b>Liabilities (modified accrual basis)</b>				
Accounts payable	\$ 262,630	\$ 14,884	\$ 2,066	\$ -
Due to other funds	-	155,285	2,217,791	2,001,457
Accrued payroll and benefits	3,030	6,698	-	-
Interfund payable	158,446	-	-	-
Due to Stanislaus County	400,000	-	-	-
<b>Total Liabilities</b>	<b>824,106</b>	<b>176,867</b>	<b>2,219,857</b>	<b>2,001,457</b>
<b>Equity</b>	<b>9,944,639</b>	<b>8,269,602</b>	<b>7,156,559</b>	<b>8,715,018</b>
<b>Total Liabilities + Equity</b>	<b>\$ 10,768,745</b>	<b>\$ 8,446,469</b>	<b>\$ 9,376,416</b>	<b>\$ 10,716,475</b>
<b>Total Revenues:</b>	<b>4,616,282</b>	<b>4,974,687</b>	<b>406,856</b>	<b>1,673,712</b>
<b>Total Expenditures:</b>	<b>13,754,785</b>	<b>3,980,326</b>	<b>1,519,172</b>	<b>115,253</b>
<b>Total Transfers:</b>	<b>(4,645,503)</b>	<b>(2,669,398)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Equity</b>	<b>(13,784,006)</b>	<b>(1,675,037)</b>	<b>(1,112,316)</b>	<b>1,558,459</b>
<b>Beginning Equity:</b>	<b>23,728,645</b>	<b>9,944,639</b>	<b>8,269,602</b>	<b>7,156,559</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>-</b>	<b>(727)</b>	<b>-</b>
<b>Ending Equity:</b>	<b>\$ 9,944,639</b>	<b>\$ 8,269,602</b>	<b>\$ 7,156,559</b>	<b>\$ 8,715,018</b>
<b>Other Information (show year-end balances for all three years presented):</b>				
<b>Capital assets as of end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Long-term debt as of end of year</b>	<b>\$ 19,172,785</b>	<b>\$ 18,498,120</b>	<b>\$ 17,150,775</b>	<b>\$ 17,150,775</b>



**Attachment C—List of Assets**

**Successor Agency to the Stanislaus County Redevelopment Agency  
All Other Funds**

**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)	\$ 10,716,475
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)	6,858,153
Less assets that are not considered to be liquid assets (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)	1,856,865
Less the amount of payments made on July 12, 2012, to the County Auditor-Controller as directed by the California Department of Finance	<u>2,001,457</u>
Amount to be remitted to county for disbursement to taxing entities	<u><u>\$ -</u></u>

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

	<u>All Other Funds</u>
Step 6 A Cash With Fiscal Agent	\$ 1,193,740
Step 6 B None	-
Step 6 C Interfund Receivables	19,979
USDA Loan Debt Reserve	268,508
Other Assets Restricted per Stanislaus County Department of Public Works Agreement Dated June 20, 2011	<u>5,375,926</u>
Total	<u>\$ 6,858,153</u>



Project Area(s) All (Project No. 1)

AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
Per AB 26 - Section 34177 (\*)

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation (See Note No. 1)	Total Due During Fiscal Year 2012-2013**	** Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)							
								Payments by month *							
								July 2012	August 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Total	
1) Salida Storm Drain Loan	August 19, 2003	USDA - Rural Development	Loan for public infrastructure project.	No. 1	4,070,000.00	241,350.00	RPTTF	156,251.00	0.00	0.00	0.00	0.00	0.00	\$ 156,251.00	
2) Keyes Tax Allocation Bond	December 8, 2005	Bank of New York	Loan for public infrastructure project.	No. 1	13,070,000.00	1,163,893.00	RPTTF	834,970.00	0.00	0.00	0.00	0.00	0.00	\$ 834,970.00	
3) Bret-Harte Sewer Loan	April 12, 1995	CA Water Quality Control Bd.	Loan for public infrastructure project.	No. 1	654,215.00	179,151.00	RPTTF	0.00	0.00	0.00	0.00	0.00	179,151.00	\$ 179,151.00	
4) Cal HFA	April 12, 2005	CA Housing Finance Agency	Down payment assistance - LMI	No. 1	756,065.00	0.00	RPTTF	0.00	0.00	0.00	0.00	0.00	0.00	\$ -	
5) Keyes Bond Administration	December 8, 2005	Bank of New York	Annual Bond Administration	No. 1	38,400.00	1,600.00	RPTTF	0.00	0.00	0.00	0.00	0.00	1,600.00	\$ 1,600.00	
6) Keyes Bond Arbitrage	December 8, 2005	Bank of New York	5-Year Bond Arbitrage	No. 1	20,000.00	0.00	RPTTF	0.00	0.00	0.00	0.00	0.00	0.00	\$ -	
7) Housing Rehabilitation	October 1, 2010	Housing Authority	Housing rehabilitation program contract	No. 1	47,361.00	47,361.00	RPTTF	Reimbursement Based Contract - Monthly Payments Vary						\$ 47,361.00	
8) 1991 CLRA Agreement	November 5, 1991	Successor Housing Agency	Affordable housing programs	No. 1	7,544,850.00	See Note No. 2	RPTTF	0.00	0.00	0.00	0.00	0.00	0.00	\$ -	
9) Public Works Infrast. Agree.	June 20, 2011	Stanislaus Co. Public Works	Public Infrastructure Projects	No. 1	32,000,000.00	See Note No. 2	NA	Reimbursement Based Agreement - Monthly Payments Vary						\$ -	
10)															
11)															
12)															
13)															
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Totals - This Page (RPTTF Funding - Not Including Other Obligations)					\$ 58,210,901.00	\$ 1,633,865.00	RPTTF	\$ 991,221.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,751.00	\$ 1,219,333.00
Totals - Page 2 (Administrative Cost Allowance)					\$ 223,000.00	\$ 223,000.00	RPTTF	\$ 18,583.33	\$ 18,583.33	\$ 18,583.33	\$ 18,583.33	\$ 18,583.33	\$ 18,583.33	\$ 111,499.68	
Grand total - All Pages					\$ 58,433,901.00	\$ 1,856,865.00		\$ 1,009,804.33	\$ 18,583.33	\$ 18,583.33	\$ 18,583.33	\$ 18,583.33	\$ 18,583.33	\$ 199,334.33	\$ 1,330,832.68

\* All "Total Due During Fiscal Year" and "Payments by Month" amounts are estimated and include both principal and interest.  
 \*\* Funding sources from the successor agency:  
 RPTTF - Redevelopment Property Tax Trust Fund  
 LMIHF - Low and Moderate Income Housing Fund  
 Admin - Successor Agency Administrative Allowance  
 Bonds - Bond proceeds  
 Other - reserves, rents, interest earnings, etc

Note No. 1: "Total Outstanding Debt or Obligation" figures for the Salida Storm Drain Loan, Keyes Storm Drain Tax Allocation Bond, and Bret-Harte Sewer Loan reflect only principal (interest is reflected in the monthly payment amounts (See \*\*)). Figures for the CalHFA Loan reflect principal and interest. Figures reflect the January 2012 totals and have not been updated since payments reflected on the January to June, 2012 ROPS were still pending at the time this ROPS was prepared.

Note No. 2: Actual "Total Due During Fiscal Year" is the actual net Fiscal Year Gross Property Tax Revenue, in accordance with ABx1 26, that is generated by Project No. 1. As of Fiscal Year 2010-2011 there is \$5,403,296 in collected funding available for use under this agreement.

Note No. 3: Actual "Total Due During Fiscal Year" is 5% of the Gross Property Tax Revenue, in accordance with ABx1 26, that would have been generated by Project No. 1.

**AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE**  
 Per AB 26 - Section 34177 (\*)

	Project Name / Debt Obligation	Payee (See Note No. 1)	Description	Project Area	Total Outstanding Debt or Obligation (See Note No.2)	Total Due During Fiscal Year 2012-2013*	** Funding Source	Payable from the Administrative Allowance Allocation						Total
								Payments by month*						
								July 2012	August 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	
1)	Staffing Costs	Stanislaus County	Salaries and benefits of Success Agency and Successor Housing Agency staff.	No. 1	175,000.00	175,000.00	RPTTF	14,583.33	14,583.33	14,583.33	14,583.33	14,583.33	14,583.33	\$ 87,499.98
2)	Operational Costs	Stanislaus County	Services, supplies, property maintenance, and annual audit.	No. 1	18,000.00	18,000.00	RPTTF	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	\$ 9,000.00
3)	Legal Service Costs	Stanislaus County	Outside legal service for both the Success Agency and Successor Housing Agency.	No. 1	30,000.00	30,000.00	RPTTF	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	\$ 15,000.00
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5)														
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27)														
28)														
<b>Totals - This Page</b>					\$ 223,000.00	\$ 223,000.00	RPTTF	\$ 18,583.33	\$ 18,583.33	\$ 18,583.33	\$ 18,583.33	\$ 18,583.33	\$ 18,583.33	\$111,499.98

\* All "Totals Due During Fiscal Year" and "Payments by Month" are estimated.  
 \*\* Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)  
 RPTTF - Redevelopment Property Tax Trust Fund      Bonds - Bond proceeds      Other - reserves, rents, interest earnings, etc  
 LMIHF - Low and Moderate Income Housing Fund      Admin - Successor Agency Administrative Allowance  
 Note No. 1: All Administrative Costs are initially covered by Stanislaus County and reimbursed by the Successor Agency.  
 Note No. 2: "Total Outstanding Debt or Obligation" reflects only the current Fiscal Year totals. Totals to be updated annually.

### Successor Agency Contact Information

Name of Successor Agency: Stanislaus County  
County: Stanislaus County

Primary Contact Name: Angela Freitas, Interim Planning  
Primary Contact Title: Director, 1010 10th. St., Suite 3400  
Address: Modesto, CA 95354  
Contact Phone Number: 209-525-6330  
Contact E-Mail Address: angela@stancounty.com

Secondary Contact Name: Marianne Rucker  
Secondary Contact Title: Manager II  
Secondary Contact Phone Number: 209-525-6330  
Secondary Contact E-Mail Address: ruckerm@stancounty.com

**SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

Filed for the January 1, 2013 to June 30, 2013 Period

**Name of Successor Agency:** Stanislaus County Successor Agency

	<b>Total Outstanding Debt or Obligation</b>
<b>Outstanding Debt or Obligation</b>	<b>\$ 64,012,975</b>
<b>Current Period Outstanding Debt or Obligation</b>	
A Available Revenues Other Than Anticipated RPTTF Funding	0
B Enforceable Obligations Funded with RPTTF	414532
C Administrative Allowance Funded with RPTTF	138500
D Total RPTTF Funded (B + C = D)	553032
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	<b>\$ 553,032</b>
E Enter Total Six-Month Anticipated RPTTF Funding	553,032
F Variance (D - E = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	<b>\$ -</b>
<b>Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments</b> (as required in HSC section 34186 (a))	
G Enter Estimated Obligations Funded by RPTTF <i>(Should be the same amount as RPTTF approved by Finance, including admin allowance)</i>	647,526
H Enter Actual Obligations Paid with RPTTF	506,180
I Enter Actual Administrative Expenses Paid with RPTTF	112,134
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	29212
<b>K Adjustment to RPTTF</b>	<b>\$ 523,820.00</b>

Certification of Oversight Board Chairman:  
Pursuant to Section 34177(m) of the Health and Safety code,  
I hereby certify that the above is a true and accurate Recognized  
Obligation Payment Schedule for the above named agency.

Terry Withrow  
Name  
  
Signature

Oversight Board Chariman  
Title  
August 9, 2012  
Date



Name of Successor Agency: Stanislaus County  
 County: Stanislaus County

Oversight Board Approval Date: August 9, 2012

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)  
 January 1, 2013 through June 30, 2013

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	Funding Source						
									LMIHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	Six-Month Total
	<b>Grand Total</b>						\$ 64,012,075	\$ 1,836,504	\$ -	\$ -	\$ -	\$ 138,500	\$ 414,532	\$ -	\$ 553,032
1	Salida Storm Drain Loan	8/19/2003	8/1/2041	USDA-Rural Development	Loan for public infrastructure	No. 1	7,036,833.41	241,950.00					85,696		85,696
2	Keyes Tax Allocation Bond	12/8/2005	8/1/2038	Bank of New York	Loan for public infrastructure	No. 1	21,345,953.75	1,163,803.00						328,833	328,833
3	Bret Harte Sewer Loan	4/12/1995	12/12/2015	CA Water Quality Control Board	Loan for public infrastructure	No. 1	537,259.13	179,151.00							-
4	Cal HFA	4/13/2005	4/1/2015	CA Housing Finance Agency	Down Payment Assistance - LMI	No. 1	756,065.00	0.00							-
5	Employee Retirement Obligation	12/2/2005	3/2012	Stanislaus County	Staff Retirement Expenses	No. 1	0.00	0.00							-
6	Keyes Bond Administration	12/8/2005	8/1/2036	Bank of New York	Annual Bond Administration	No. 1	30,000.00	1,600.00							-
7	Keyes Bond Arbitrage	12/8/2005	8/1/2036	Bank of New York	\$ year Bond Arbitrage	No. 1	20,000.00	0.00							-
8	Housing Rehabilitation	10/1/2010	See Notes	Housing Authority	Housing rehabilitation program contract	No. 1	0.00	0.00							-
9	1991 CLRA Agreement	1/15/1991	6/25/2042	Successor Housing Agency	Affordable housing programs	No. 1	7,544,980.00	See Notes					See Notes		-
10	Public Works Infrast. Agreement	6/20/2011	6/25/2042	Stan. County Public Works	Public infrastructure projects	No. 1	26,896,704.00	See Notes					See Notes		-
11	Administrative allowance	NA	NA	Stanislaus County	Successor Agency administration	No. 1	138,500.02	250,000				138,500			138,500
12															-
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Name of Successor Agency: Stanislaus County  
 County: Stanislaus County

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III) – Notes (Optional)  
 January 1, 2013 through June 30, 2013

Item #	Notes/Comments
5	The Employee Retirement Obligation has been paid-off.
8	The Housing Rehabilitation obligation has been paid-off. The "Contract/Agreement Termination Date" was until project complete or all funds expended.
9	The 1991 CRLA Agreement was determined by Department of Finance (DOF) on April 26, 2012 and May 25, 2012 not to be an enforceable obligation. Amended ROPS and support information to clarify that this item is an enforceable obligation were provided to the DOF by the Successor Agency on July 6, 2012 and resubmitted to the DOF with this January to June, 2013 ROPS. "Total Due During Fiscal Year 2012-2013" is 5% of the Gross Property Tax Revenue, in accordance with ABx1 26, that is generated by Project No. 1.
10	The Public Works Infrastructure Agreement was determined by Department of Finance (DOF) on April 26, 2012 and May 25, 2012 not to be an enforceable obligation. Amended ROPS and support information to clarify that this item is an enforceable obligation were provided to the DOF by the Successor Agency on July 6, 2012 and resubmitted to the DOF with this January to June, 2013 ROPS. "Total Due During Fiscal Year 2012-2013" is the actual net Fiscal Year Gross Property Tax Revenue, in accordance with ABx1 26, that is generated by Project No. 1.
11	"Total Outstanding Debt or Obligation" for this line item reflects only the current Fiscal Year total and will be updated annually.

Name of Successor Agency: Stanislaus County  
 County: Stanislaus County

Pursuant to Health and Safety Code section 34186 (a)  
 PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS  
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS I)  
 January 1, 2012 through June 30, 2012

Page/Form	Line	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	LMIHF		Bond Proceeds		Reserve Balance		Admin Allowance		RPTTF		Other	
						Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
		<b>Grand Total</b>				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	1	Salida Storm Drain Loan	USDA Rural Development	Loan for public infrastructure project	No. 1									647,528	618,914		
1	2	Keyes Tax Allocation Bond	Bank of New York	Loan for public infrastructure project	No. 1									86,455	86,487.55		
1	3	Bret Harte Sewer Loan	CA Water Quality Control	Loan for public infrastructure project	No. 1									339,970	339,970.02		
1	4	Cal HFA	CA Housing Finance Agen	Down payment assistance - LMI	No. 1												
1	5	Employee Retirement Obligation	Stanislaus County	Staff retirement expense	No. 1									30,761	30,761		
1	6	Keyes Bond Administration	Bank of New York	Annual bond administration	No. 1									1,500	1,500		
1	7	Keyes Bond Arbitrage	Bank of New York	5 year bond arbitrage	No. 1												
1	8	Housing Rehabilitation	Housing Authority	Housing rehabilitation program contract	No. 1									47,361	47,361		
1	9	Housing Set Aside Fund	Successor Housing Agy	LMI Housing Fund/1991 CRLA Contract	No. 1												
1	10	Public Works Infrast. Agreement	Stanislaus Co. Public Wk	Public infrastructure projects	No. 1												
2	1-3	Administrative Allowance	Stanislaus County	Administration	No. 1									141,346	112,134		

**ROPS - January 2012 thru December 2012:**

1. USDA loan - original amount \$4,525,000 for construction of storm drain infrastructure in the Salida area.
2. Keyes bond - original amount \$15,615,000 for construction of storm drain infrastructure in the Keyes area.
3. Bret Harte loan - original amount \$2,636,549 for construction of sewer infrastructure in the Bret Harte area.
4. Cal HFA loan - original amount \$562,500 plus 3% simple interest for 10 years payable in 2015, funds were used for down payment assistance.
5. Employee retirement - 1/3 cost of Department Head/RDA Executive Director retirement cash out, debt is paid.
6. Keyes bond administration - \$1,600 annual cost for administration and maintenance of bond debt service.
7. Keyes bond arbitrage - bond arbitrage calculation must be prepared once every 5 years, next calculation must be prepared by May 2015, estimated cost of \$4,000 per preparation.
8. Housing rehabilitation - contract with Housing Authority of Stanislaus County.
9. Affordable housing program - 1991 agreement with CRLA, as part of the redevelopment plan to set aside an additional 5% of tax increment funds for housing programs.
10. Public Works Agreement - to construct infrastructure projects in certain areas identified in the agreement to mitigate health and safety concerns. Estimated total cost of appx. \$32,000,000. Funds would include available funds plus remaining funds through the life of the Agency. Projects would commence and be completed as funds were available, a pay-as-you-go project.