

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

AGENDA

January 10, 2013
9:00 a.m.

*Chambers – Basement Level
1010 10th Street
Modesto, California*

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. 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 10th 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. December 13, 2012.

V. CORRESPONDENCE

- A. Letter dated December 15, 2012, from Steve Szalay, Local Government Consultant, Department of Finance, regarding Low and Moderate Income Housing Fund Due Diligence Review.
- B. Letter dated December 18, 2012, from Steve Szalay, Local Government Consultant, Department of Finance, regarding the Recognized Obligation Payment Schedule.
- C. Letter dated December 21, 2012, from Phoebe Seaton, California Rural Legal Assistance, regarding Department of Finance Determination Letter regarding Stanislaus County's DDR pertaining to the Low and Moderate Income Housing Fund.

VI. PUBLIC COMMENT

VII. AGENDA ITEMS

- A. Review and Approval of the All Other Funds, Excluding 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

December 13, 2012

- I. ROLL CALL:** Meeting called to order at 9:03 a.m.
- Present: Chairman, Terry Withrow; Dave Cogdill, Jr.; Linda Flores; Stephen Mayotte; Duane Wolterstorff; James Duval
- Absent: Brad Hawn
- Staff Present: Angela Freitas, Planning and Community Development Director; Marianne Rucker, Manager II; 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 Mayotte/Wolterstorff (4-0), Dave Cogdill, Jr. and Linda Flores abstained, the Board approved the minutes of the October 26, 2012 meeting.

V. CORRESPONDENCE

Director Freitas informed the Oversight Board members of various correspondence listed on the agenda:

- 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.

As an update to the correspondence items, Director Freitas informed the Board of the December 6, 2012 Meet and Confer with the State Department of Finance regarding the Low and Moderate Income Housing Fund Due Diligence Review.

VI. PUBLIC COMMENT

- A. No one spoke.

VII. AGENDA ITEMS (* - Consent Items)

- A. **All Other Funds, Excluding Low to Moderate Income Housing Fund, Due Diligence Review Public Comment Session**
Chairman opened the public comment session and no one spoke.

VIII. OTHER MATTERS (NOT PUBLIC HEARINGS)

- A. On the Horizon
Director Freitas informed the Board that approval for Item VII-A will be come before them at the next regular meeting on January 10, 2013. She asked that they inform the Clerk as soon as possible if unable to attend to ensure a quorum.

IX. ADJOURNMENT

The meeting was adjourned at 9:13 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.)



December 15, 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

This letter supersedes Finance's original LMIHF DDR determination letter dated November 9, 2012. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the Stanislaus County Successor Agency (Agency) submitted an oversight board approved Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) to the California Department of Finance (Finance) on October 26, 2012. Finance issued a LMIHF DDR determination letter on November 9, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer Session was held on December 6, 2012.

Based on a review of additional or clarifying information provided to Finance during the Meet and Confer process, Finance continues to believe the adjustments made to the DDR's stated balance of LMIHF available for distribution to the taxing entities is appropriate. HSC section 34179.6 (d) authorizes Finance to make these adjustments. We maintain the adjustments continue to be necessary for the following reasons:

- The former RDA signed an agreement with the California Rural Legal Assistance (CRLA) in 1991 to set aside 25% of the tax increment distribution. Within the agreement, it states there is a requirement for the RDA to use the deposited funds on affordable housing. The Agency believes in order to abide by the agreement, the unencumbered LMIHF needs to be used for low and moderate income housing. Finance disagrees and maintains that HSC section 34177 (d) requires all unencumbered balances in the LMIHF be remitted to the county auditor controller for distribution to the taxing entities.

HSC section 34163 (a) (5) prohibits the agency from transferring funds out of the LMIHF. In addition, HSC section 34163 (b) and (c) prohibit the Agency from entering into new contracts or to amend or modify existing contracts. Therefore, by state law, the Agency cannot use the accumulated funds for the purposes outlined in the 1991 CRLA agreement.

Furthermore, obligations associated with the former RDA's previous statutory housing obligations are not enforceable obligations. Upon the transfer of the former RDA's

housing functions to the new housing entity, Health & Safety Code section 34176 requires that, "all rights, powers, duties, obligations and housing assets, ...shall be transferred" to the new housing entity. This transfer of "duties and obligations" necessarily includes the transfer of statutory obligations; to the extent any continue to be applicable. To conclude that such costs should be on-going enforceable obligations of the successor agency could require a transfer of tax increment for life – directly contrary to the wind down directive in ABx1-26/AB1484.

- 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 Agency did not contest to this item.

The Agency's LMIHF balance available for distribution to the affected taxing entities continues to be \$10,052,753 (see table below).

LMIHF Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ -
Finance Adjustments	
Add:	
Requested retained balance not supported:	\$ 10,052,753
Denied HAT items:	53,216
Non-cash asset adjustment:	(53,216)
Total LMIHF available to be distributed:	\$ 10,052,753

This is Finance's final determination of the LMIHF balances available for distribution to the taxing entities. 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, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that 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.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable

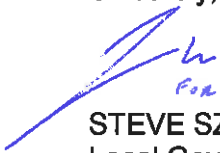
obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

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.

Please direct inquiries to Zachary Stacy, Manager or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

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



December 18, 2012

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

Dear Ms. Freitas:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated September 28, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the County of Stanislaus Successor Agency (Agency) submitted a ROPS to the California Department of Finance (Finance) on August 15, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on September 28, 2012. Subsequently, the Agency requested a Meet and Confer session for one or more of the items denied by Finance. The Meet and Confer session was held on October 10, 2012.

The Agency requested to Meet and Confer on line items 9 and 10. Finance did not deny the line items because no amounts were requested. However, the Agency requested states the items are enforceable obligations with variable funding needs and requested an adjustment to total approved Redevelopment Property Tax Trust Fund (RPTTF). Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed. Finance has determined that the following line items do not qualify as enforceable obligations:

- Item 9 – 1991 CRLA Agreement totaling \$7.6 million for low and moderate housing. The Agency entered into a settlement agreement to set aside 25 percent of the tax increment for low to moderate income housing purposes, which is five percent more than the required 20 percent set aside. While the Agency acknowledges that the 20 percent set aside is no longer required, the Agency believes the additional 5 percent above the 20 percent set aside is an enforceable obligation. However, the requirement to set aside funds for all low and moderate housing purposes ended with the passing of the redevelopment dissolution legislation. This includes the additional 5 percent. In addition, HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution.
- Item 10 – Public Works Infrastructure Agreement totaling \$26.6 million. The contract between Stanislaus County and the Stanislaus County RDA is a “pay-as-you-go” reimbursement agreement and there are currently no contracts for work. HSC section

34163 (b) prohibits new contracts with any entity after June 27, 2011. In addition, HSC section 34171 (d) (2) states enforceable obligations do not include any agreements, contracts, or arrangements between the city, county, or city and county that created the former redevelopment agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$553,032 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 414,532
Less: Six-month total for item(s) denied or reclassified as administrative cost	0
Total approved RPTTF for enforceable obligations	\$ 414,532
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	138,500
Total RPTTF approved:	\$ 553,032

Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 647,526
Total RPTTF for the period January through June 2013	414,532
Total RPTTF for fiscal year 2012-13:	\$ 1,062,058
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	250,000
Administrative allowance for the period of July through December 2012	111,500
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 138,500

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Ms. Angela Freitas
December 18, 2012
Page 3

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor or Danielle Brandon, Analyst at (916) 445-1546.

Sincerely,



Steve Szalay
Local Government Consultant

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



CALIFORNIA RURAL LEGAL ASSISTANCE, INC.

FIGHTING FOR JUSTICE, CHANGING LIVES

December 21, 2012

[By Electronic Mail and Regular Mail]

Ana J. Matosantos
Director, California Department of Finance
Redevelopment Administration
915 L Street
Sacramento, CA 95814-3706
Sent via email at reddevelopment_administration@dof.ca.gov

Angela Freitas
Director, Planning and Community Development and
Staff, Successor Agency to the Stanislaus County Redevelopment Agency
Secretary, Oversight Board of the Successor Agency
the Stanislaus County Redevelopment Agency
1010 Tenth Street, Suite 3400
Modesto, CA 95354
Sent via e-mail at ANGELA@stancounty.com

Members of the Board of Supervisors as Successor Agency
to the Stanislaus County Redevelopment Agency
c/o Christine Ferraro Tallman, Clerk
Stanislaus County Board of Supervisors
1010 Tenth Street, Suite 3400
Modesto, CA 95354
Sent via e-mail at ctallman@mail.co.stanislaus.ca.us

Members of the Oversight Board of the Successor Agency
to the Stanislaus County Redevelopment Agency
c/o Brenda McCormick, Clerk, Oversight Board
1010 Tenth Street, Suite 3400
Modesto, CA 95354
Sent via e-mail at bmccormick@mail.co.stanislaus.ca.us

Lauren Klein
Auditor-Controller of Stanislaus County
1010 Tenth Street, Suite 5100
Modesto, CA 95354
Sent via e-mail at lklein@mail.co.stanislaus.ca.us



Re: Department of Finance Determination Letter regarding Stanislaus County's DDR pertaining to the Low and Moderate Income Housing Fund

Dear Ms. Matosantos, Ms. Freitas, Members of the Board of Supervisors, Members of the Oversight Board, and Ms. Klein:

California Rural Legal Assistance (CRLA) represents rural low-income Californians, farmworkers, and families, including Stanislaus County residents who are affected by the 1991 Settlement Agreement which is the subject of the Department of Finance's determination dated December 15, 2012 as to the Due Diligence Review (DDR) regarding Low and Moderate Income Housing Funds. We are writing to object to the Department's determination that over \$10 million in Low and Moderate Income Housing Funds are not encumbered by a 1991 agreement between the former redevelopment agency and lower income residents of Stanislaus County.

We were verbally informed on December 19, 2012 by Angela Freitas and Jennifer Gore, Counsel for the County, that over \$10 million of Low and Moderate Income Housing Funds were transferred to the Real Property Tax Trust Fund (RPTTF) administered by the County Auditor for distribution to other taxing entities pursuant to the Department's letter of December 15, 2012. An independent licensed accountant approved by the County Auditor-Controller determined as you know that the \$10,052,753 at issue is required to be used to increase, improve, and expand the supply of low and moderate income housing in the County pursuant to the former redevelopment agency's agreement in 1991 with CRLA's clients. The independent accountant consequently determined, pursuant to Health & Saf. C. §§34179.5 and 34179.6, that these funds are *not* available for disbursement to other taxing entities. Likewise, the Oversight Board for the Successor Agency approved the DDR, authorized the Successor Agency to *retain* the \$10+ million fund, instructed Successor Agency staff to submit the approved DDR to the Department and County Auditor-Controller, and instructed staff to request an opportunity to meet and confer with the Department to resolve any disputes regarding the amounts and sources of funds identified in the DDR. *See* Oversight Board Resolution No. 2012-08 dated October 26, 2012 (enclosed). Notably, the Oversight Board did *not* authorize Successor Agency staff to transfer these funds to the County Auditor for distribution to other taxing entities. Nonetheless, staff of the Successor Agency transferred over \$10 million of contractually restricted affordable housing funds to the County Auditor in response to the Department's letter of December 15th.

The Department's position and the Successor Agency's transfer of these funds to the County Auditor violate the provisions of AB X1 26 and AB 1484 and amount to a breach and impairment of our clients' agreement. Our letter to the Department dated December 5, 2012 (a copy of which is enclosed and incorporated herein) explained that the Dissolution Act includes as an express enforceable obligation any "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 1991 CRLA Agreement constitutes just such an enforceable obligation. The funds deposited into the former agency's Low/Mod Fund pursuant to the 1991 agreement were properly transferred by the former agency to the Successor Agency as a "housing asset" pursuant to Health & Saf. C. § 34176(e). 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). The code expressly provides that 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).

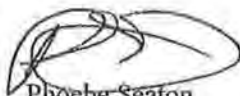
The Department acknowledges in its December 15th letter that Health & Saf. C. § 34177(d) requires only that *unencumbered* balances in the Low and Moderate Income Housing Fund are to

be remitted to the county auditor-controller for distribution to other taxing entities. The Department erroneously concluded that the balance of the Low/Mod Fund in Stanislaus County is not encumbered because the funds are associated with the former RDA's previous "statutory" housing obligations. The Department is wrong. The funds accumulated in the Low/Mod Fund stem from the former agency's *contractual* obligation to our clients – pursuant to a "third party" contract that preceded the enactment of ABx1 26 by 20 years. That contract was no more repudiated by ABx1 26 and AB 1484 than were contracts involving the issuance of bonds. The Department's determination to the contrary 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 Successor Agency's transfer of the funds to the County-Auditor similarly constitutes a breach of its agreement with our clients.

We demand that the Department of Finance rescind its letter of December 15, 2012 and issue a letter certifying and approving the DDR for Low and Moderate Income Housing Funds approved by the Oversight Board and submitted to the Department on October 26, 2012. We further demand that the County Auditor cease any steps to distribute the \$10,052,753 to other taxing entities and that it immediately transfer \$10,052,753 from the RPTTF to the Low and Moderate Income Housing Asset Fund administered by the Successor Agency. Finally, we urge the Oversight Board to direct the Successor Agency to use the \$10,052,753 exclusively pursuant to the terms of the 1991 Agreement with our clients.

Our clients appreciate all of the prior efforts of the Successor Agency, the Oversight Board and County staff to resolve this dispute with the Department of Finance, however, the Department, the Successor Agency, the Oversight Board and the County very well might leave our clients with no choice but to seek judicial relief against all responsible parties should the funds that they secured long ago be disbursed for any purpose other than to increase, improve, and expand affordable housing in Stanislaus County.

Sincerely,



Phoebe Seaton
California Rural Legal Assistance

Cc:

Kamala D. Harris, Attorney General of the State of California
Deborah Collins and Lauren Hansen, the Public Interest Law Project
Ilene J. Jacobs and Juan Carlos Cancino, California Rural Legal Assistance, Inc.
Jennifer Gore, Miller, Owen & Trost

Encl.

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

RESOLUTION NO. 2012-08

DATE: October 26, 2012

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

On the motion of Board Member Stephen Mayotte; seconded by Board Member James Duval; and approved by the following vote:

Ayes:	Stephen Mayotte; James Duval; Terry Withrow; Duane Wolterstorff
Noes:	None
Absent:	Dave Cogdill Jr.; Linda Flores; Brad Hawn
Abstained:	None

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.

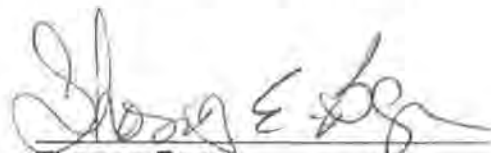
BE IT FURTHER RESOLVED that, in the event that Department of Finance overturns this Oversight Board's authorization to retain the funds identified, Successor Agency staff is directed to request an opportunity to meet and confer with the Department to resolve any disputes regarding the amounts or sources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

ATTEST:



Brenda McCormick
Oversight Board Clerk

APPROVED AS TO FORM:



Thomas Boze
Deputy County Counsel



CALIFORNIA RURAL LEGAL ASSISTANCE, INC.

FIGHTING FOR JUSTICE, CHANGING LIVES

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(c). 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.

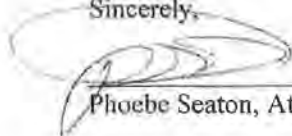
Ongoing dispute with respect to ROPS

We continue to oppose the Department's determination with respect to the prior ROPS submitted by the Successor Agency.¹ 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:

¹ 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)

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

STAFF REPORT

SUBJECT:

Review and Approval of the All Other Funds, Excluding Low and Moderate Income Housing Fund, Due Diligence Review

RECOMMENDATIONS:

- 1) Review the All Other Funds, Excluding Low and Moderate Income Housing Fund, Due Diligence Review.
- 2) Approve the attached Draft Resolution to approve the All Other Funds, Excluding 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 All Other Funds, Excluding Low and Moderate Income Housing Fund, Due Diligence Review 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 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 review for all other funds, excluding LMIHF, was provided to the Oversight Board (along with the County Auditor-Controller, State Controller, and DOF) on December 10, 2012. (See Attachment 1) The Oversight Board convened the required public comment session on December 13, 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.

**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

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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
Assets (modified accrual basis)				
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
Total Assets	\$ 10,768,745	\$ 8,446,469	\$ 9,376,416	\$ 10,716,475
Liabilities (modified accrual basis)				
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	-	-	-
Total Liabilities	824,106	176,867	2,219,857	2,001,457
Equity	9,944,639	8,269,602	7,156,559	8,715,018
Total Liabilities + Equity	\$ 10,768,745	\$ 8,446,469	\$ 9,376,416	\$ 10,716,475
Total Revenues:	4,616,282	4,974,687	406,856	1,673,712
Total Expenditures:	13,754,785	3,980,326	1,519,172	115,253
Total Transfers:	(4,645,503)	(2,669,398)	-	-
Net Change in Equity	(13,784,006)	(1,675,037)	(1,112,316)	1,558,459
Beginning Equity:	23,728,645	9,944,639	8,269,602	7,156,559
Prior period adjustment	-	-	(727)	-
Ending Equity:	\$ 9,944,639	\$ 8,269,602	\$ 7,156,559	\$ 8,715,018
Other Information (show year-end balances for all three years presented):				
Capital assets as of end of year	\$ -	\$ -	\$ -	\$ -
Long-term debt as of end of year	\$ 19,172,785	\$ 18,498,120	\$ 17,150,775	\$ 17,150,775

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>

Name of Redevelopment Agency: Stanislaus County Redevelopment Agency
 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 *							Total
								July 2012	August 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012		
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	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	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	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	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	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	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	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)															
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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	\$ 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
 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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Totals - This Page					\$ 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

	Total Outstanding Debt or Obligation
Outstanding Debt or Obligation	\$ 64,012,975
Current Period Outstanding Debt or Obligation	
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>	\$ 553,032
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>	\$ -
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (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
K Adjustment to RPTTF	\$ 523,820.00

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
	Grand Total						\$ 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															-
13															-
14															-
15															-
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17															-
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22															-
23															-
24															-

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
		Grand Total				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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 Harle 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.

COOPERATION AGREEMENT
BETWEEN STANISLAUS COUNTY AND THE STANISLAUS COUNTY
REDEVELOPMENT AGENCY

THIS COOPERATION AGREEMENT (“Agreement”), is made between Stanislaus County, through the Stanislaus County Department of Public Works, (hereinafter referred to as “County”), and the Stanislaus County Redevelopment Agency (hereinafter referred to as “Agency”).

RECITALS

WHEREAS, the Stanislaus County Redevelopment Agency adopted the Redevelopment Plan for Stanislaus County Redevelopment Project No. 1 (“Redevelopment Plan”) which has resulted, and will continue to result, in the allocation to the Agency of certain property-based taxes generated from the Project Area (“tax increment”) in accordance with California Community Redevelopment Law (Health & Safety Code, §§ 33000, *et seq.*) (“Community Redevelopment Law”).

WHEREAS, the Redevelopment Plan is intended, among other things, to: provide for the construction and installation of necessary public infrastructure and facilities; to facilitate the repair, restoration, and replacement of existing public facilities; to promote the redevelopment and economic revitalization; to increase, improve, and preserve the supply of low and moderate income housing; and to take all other necessary actions to implement the Redevelopment Plan, using tax increment to accomplish these goals and objectives.

WHEREAS, the Agency has adopted a five-year Implementation, as amended from time-to-time, with established goals to support infrastructure improvements, affordable housing, community revitalization, and economic development.

WHEREAS, pursuant to Community Redevelopment Law, section 33320, certain public bodies, including the County, may aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects. These projects include, but are not limited to the construction of the Airport Neighborhood Sewer, Empire Storm Drain, and Parklawn Neighborhood Sewer projects, and additional projects identified in the Agency’s Implementation Plan (“Projects”), as set forth in Exhibit A, attached hereto and made a part of this Agreement.

WHEREAS, on April 19, 2011, the Stanislaus County Redevelopment Agency Board adopted a resolution determining that the use of Agency redevelopment funding for the Projects is in accordance with Community Redevelopment Law, section 33445, and other applicable law, and authorized the Agency’s Executive Director to pledge \$32,000,000 to the County for the construction of the Projects.

WHEREAS, to carry out the Projects in accordance with the objectives and purposes of the Redevelopment Plan and the Implementation Plan, the Agency desires the County’s assistance and cooperation. The County agrees to aid the Agency and cooperate with the Agency

to implement the Projects expeditiously in accordance with the Redevelopment Plan and the Implementation Plan, and to undertake and complete all actions necessary or appropriate to ensure that the objectives of the Redevelopment Plan and Implementation Plan are fulfilled within the time effectiveness of the Redevelopment Plan.

WHEREAS, it is in the mutual interest of County and the Agency to work together to complete the Projects, and the Agency desires to utilize the County's resources and staff for this purpose.

WHEREAS, by approving and entering into this Agreement, the Agency has approved certain obligations, including the pledge of tax increment, to pay for the Projects. In the event that tax increment is insufficient and additional funds are required in order to make Agency payments to the County under this Agreement, Agency shall use its best efforts to find additional sources of funding to fund this Agreement, but is not obligated to secure such additional funding.

WHEREAS, the obligations of the Agency under this Agreement shall constitute an indebtedness of the Agency for the purpose of carrying out the Redevelopment Plan, which indebtedness shall be payable out of tax increments levied by or for the benefit of taxing agencies in the Redevelopment Plan area, and allocated pursuant to Community Redevelopment Law.

NOW, THEREFORE, in consideration of the mutual and respective promises, and subject to the terms and conditions hereinafter set forth, the Parties agree as follows:

AGREEMENT

1. **TERM.** This Agreement shall remain in effect until June 25, 2042, unless terminated as set forth below, or extended pursuant to Community Redevelopment Law.
2. **PROJECT MANAGERS.** County and Agency shall each designate a Project Manager, who shall coordinate all services provided under this Agreement and shall have the authority to act for County and the Agency with respect to the services provided under this Agreement.
3. **COUNTY OBLIGATIONS.**
 - a. County shall use the funds pledged under this Agreement to pay for the work required to carry out and complete the Projects, as set forth in Exhibit "A." This includes all predevelopment work, environmental, design, architectural, engineering, administrative, construction, legal, insurance, financing costs, and other costs to complete the Projects. County may provide the required services using County staff, or it may subcontract for those services. All subcontracts shall be approved by the Agency's Project Manager, and all work shall be completed in the most efficient, cost-effective, and timely manner. All employee and contractual services of the County proposed to be funded pursuant to this Agreement shall be directly related to redevelopment purposes set forth in Community Redevelopment Law.

- b. Prior to the release of any net tax increment funds from the restricted account (Section 4.c.), County shall submit invoices to Agency. All invoices shall include a general description of the services performed, the hours worked by County staff, and itemized reimbursable costs (including invoices from third-party contractors) incurred to the date of the invoice, if any. All invoices shall be accompanied by evidence, reasonably satisfactory to the Agency's Executive Director or designee, substantiating that County's progress on the Projects is commensurate with expenditures, and that all expenditures are consistent with Community Redevelopment Law and the purposes of this Agreement.
 - (1) County staff time shall be compensated at the weighted hourly labor rates applicable at the time the work is completed, and shall include direct salary costs, employee benefits, and overhead expenses. The basis for the calculation of the weighted hourly labor rate shall be included in each report, and shall be consistent with the restrictions set forth in Exhibit B.
 - (2) Agency shall notify County of concerns regarding the services and expenditures described in any invoice within seven (7) days of receipt. If the Agency disapproves an expenditure, the parties agree to meet and confer to resolve the dispute.
- c. No Project construction shall be commenced until the Project conditions, as set forth in Exhibit A, are satisfied and sufficient funds are available to complete construction. Construction can be phased to allow for project construction as sufficient funding becomes available for each Project phase. County's obligations hereunder are expressly contingent on timely receipt of sufficient funds from the Agency to complete the Projects. This Agreement does not obligate the County to expend any funds other than Agency funds toward completion of the Projects.
- d. County shall provide services under this Agreement consistent with the requirements and standards established by applicable federal law, state law, ordinances, regulations and resolutions, including the obligation to comply with Community Redevelopment Law, applicable environmental laws, competitive bidding requirements, and prevailing wage laws.
- e. The County will perform its work in accordance with generally accepted industry standards and practices for the professionals that will be used in performance of this Agreement.

4. AGENCY OBLIGATIONS.

- a. In addition to Six Million, Thirteen Thousand, One-hundred Eight dollars (\$6,013,108) in tax increment funds currently held by Agency, Agency shall pay annually to County one-hundred percent (100%) of the Net Tax Increment received for the construction of these public improvement projects. The total increment paid to County under this Agreement shall not exceed Thirty-Two Million Dollars (\$32,000,000). "Net Tax Increment" shall

mean the full amount of increment received, less Agency annual costs for indebtedness, payments to other governmental entities pursuant to statute, bond payments, administration, planning design and engineering, permitting, site testing, environmental review, remediation of hazardous material, acquisition and disposition of interests in real property and personal property, development, bidding, construction, construction management, legal fees, rehabilitation, and monitoring and enforcement of affordable housing covenants and other requirements pursuant to applicable law in connection with existing Projects.

- b. The Agency's obligations under this Agreement shall constitute an indebtedness of the Agency for the purpose of carrying out the Redevelopment Plan, which indebtedness shall be payable out of tax increments levied by or for the benefit of taxing agencies in the Redevelopment Plan area, and allocated pursuant to Community Redevelopment Law.
 - c. The Agency will annually transfer the Net Tax Increment funds, which shall be held in a restricted County account and expended only for the Projects. The Agency shall only deposit the amount of funds available after all of the Agency's debt service and operation and maintenance costs have been fully covered at the end of the Agency's fiscal year. These funds shall be deposited no later than ninety (90) days following the close of the Agency's fiscal year.
 - d. The indebtedness of Agency under this Agreement shall be subordinate to the rights of the holder or holders of any existing bonds, notes, or other instruments of indebtedness of the Agency incurred or issued to finance redevelopment activities and projects pursuant to the Redevelopment Plan and Implementation Plan, including without limitation any pledge of tax increment to pay any portion of the principal and interest (or otherwise comply with the obligations and covenants) of any bond or bonds issued or sold by the Agency with respect to the Redevelopment Plan.
5. **PERIODIC CONSULTATION.** County and Agency shall confer periodically with each other to establish priorities for completion of the Projects and to evaluate whether Projects are being initiated and completed as contemplated by this Agreement.
6. **TERMINATION.** Either party may terminate this Agreement, upon sixty (60) days written notice of intent to terminate, in the event of: (1) default by the other party; (2) the initiation of litigation concerning this Agreement; (3) the unavailability of funding as contemplated under this Agreement; (4) the occurrence of any event making performance of this Agreement impossible; or (5) upon the mutual agreement of the parties. All unused funds held by the County shall be transferred back to the Agency within ninety (90) days of notification of termination. In ascertaining the services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress.

7. DEFAULT.

- a. If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days after receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder; provided, however, that if such obligation cannot reasonably be performed within said 30 day period, no default shall have occurred if the nonperforming party commences to cure within said 30-day period and thereafter diligently pursues the cure to completion. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity, including the right to terminate this Agreement or require specific performance. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative, and shall not limit the non-defaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party. All notices of default shall clearly describe the nature of the alleged failure to perform any obligation under this Agreement.
- b. In the event the performance of any obligation is delayed due to causes which are outside the control of both parties, and could not be avoided by the exercise of due care, which causes may include, but are not limited to, delays by regulatory agencies, wars, terrorism, floods, adverse weather conditions, labor disputes, earthquakes, fires, incidence of disease or pandemic, riots, civil commotion, or other unavoidable casualties, both Parties will be entitled to an extension in time for performance equivalent to the length of delay. Neither Party is entitled to compensation from the delay arising from such events.

8. INDEMNIFICATION.

- a. County: Neither Agency and its officers, directors, officials, agents, employees, volunteers and representatives thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by County under or in connection with any work or activity under this Agreement. It is understood and agreed that, pursuant to Government Code Section 895.4, County shall fully indemnify and hold Agency harmless from any liability arising out of the performance of the Agreement or injury of such nature that it would be actionable if inflicted by a private person, (as defined by Government Code Section 810.8) occurring by reason of anything done or omitted to be done by County under or in connection with any work or activity under this Agreement. The provisions of this Section shall survive the expiration, termination, or assignment of this Agreement.
- b. Agency: Neither County and its officers, directors, officials, agents, employees, volunteers and representatives thereof shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by Agency under or in connection with any work or activity under this Agreement. It is understood and agreed that, pursuant to Government Code Section 895.4, Agency shall fully indemnify and hold County harmless from any liability arising out of the performance of the Agreement or

injury of such nature that it would be actionable if inflicted by a private person, (as defined by Government Code Section 810.8) occurring by reason of anything done or omitted to be done by Agency under or in connection with any work or activity under this Agreement. The provisions of this Section shall survive the expiration, termination, or assignment of this Agreement.

9. **NOTICES:** Notices and correspondence in connection with this Agreement shall be addressed as set forth below or as either party may hereinafter designate by written notice to the other. All notices, demands, requests or approvals to be given under this Agreement must be given in writing and will be deemed served when delivered personally or on the second business day after the deposit thereof in the United States mail, postage prepaid, registered or certified, addressed as hereinafter provided.

a. To County: Matt Machado, Director
Stanislaus County Public Works
1716 Morgan Road
Modesto, CA 95358

b. To Agency: Kirk Ford, Executive Director
Stanislaus County Redevelopment Agency
1010 10th Street – Suite 3400
Modesto, CA 95354

10. **RECORDS AND AUDITS.** Records of County's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to Agency for inspection and/or audit at mutually convenient times during performance and for a period of five (5) years from the termination of this Agreement.

11. **AMENDMENTS.** This Agreement is the sole and only agreement between the Parties regarding the subject matter hereof, and other agreements on this subject matter either oral or written are void. Any amendments to this Agreement shall be in writing and shall be properly executed by both Parties and approved as to form by the County's County Counsel and Agency's Attorney.

12. **ATTORNEY'S FEES.** If any legal action is necessary to enforce any provision of this Agreement or for damages by reason for an alleged breach of any provisions of this Agreement, the Parties agree that attorney's fees shall not be recoverable by the prevailing party.

13. **ENTIRE AGREEMENT.** This Agreement contains the entire Agreement of the Parties, and no representations, inducements, promises, or agreements otherwise between the parties, not embodied herein, or incorporated herein by reference shall be of any force or effect.

14. **SEVERABILITY.** If any portion of this Agreement or application thereof to any person or circumstances shall be declared invalid by a court of competent jurisdiction, or if it is found in contravention of any federal, state or county statute, ordinance, or regulation the


remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of the Agreement are severable.

15. SUCCESSORS AND ASSIGNS. This Agreement shall be binding on and enforceable by and against the Parties to it and their respective heirs, legal representatives, successors and assigns.
16. DUPLICATE COUNTERPARTS. This Agreement may be executed in any number of counterparts, and each such counterpart, executed telecopy, fax or photocopy shall be deemed to be an original instrument, but all of which together shall constitute one or the same Agreement.
17. AGREEMENT TO PERFORM NECESSARY ACTS. Each party to this Agreement agrees to perform any further acts and execute and deliver any documents that may be necessary to carry out the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers:

COUNTY OF STANISLAUS

STANISLAUS COUNTY
REDEVELOPMENT AGENCY

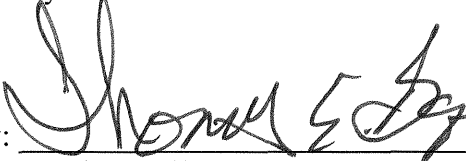
By: 
MATTHEW MACHADO, Director
Department of Public Works

By: 
KIRK FORD, Executive Director

APPROVED AS TO FORM:

APPROVED AS TO FORM:

John P. Doering
County Counsel

By: 
Thomas E. Boze
Deputy County Counsel

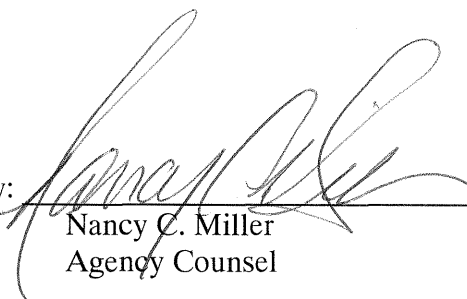
By: 
Nancy C. Miller
Agency Counsel

EXHIBIT A

SCOPE OF WORK

1. Projects

County shall aid and cooperate with the Agency to implement the following projects, as set forth in detail below, and identified in the Agency's Implementation Plan, Project No. 1:

- a. Airport Neighborhood Sewer Project
- b. Empire Storm Drain Project
- c. Parklawn Neighborhood Sewer Project

2. Additional Projects

Additional projects identified in the Agency's Implementation Plan, as it may be adopted from time to time, may be added, provided funding is available and such projects are consistent with Community Redevelopment Law.

3. Authorized Costs

County's costs to implement such projects may include those activities identified in paragraph 3.a. of the agreement, including, administration, planning design and engineering, permitting, site testing, environmental review, remediation of hazardous material, acquisition and disposition of interests in real property and personal property, development, bidding, construction, construction management, legal fees, rehabilitation, and monitoring and enforcement of affordable housing covenants and other requirements pursuant to applicable law in connection with the Projects.

4. Project Conditions

With the exception of preparing and processing the necessary environmental reviews and Agency authorized pre-construction work, the County may not begin any Project identified above until the following conditions have been satisfied:

- a. For any Project: all required environmental documentation must be adopted, or the project must otherwise comply with the California Environmental Quality Act of 1970 (Public Resources Code 21000 *et seq.*) and the National Environmental Policy Act.
- b. For the Airport Neighborhood Sewer Project:
 - 1) A positive Measure M (advisory) vote; and
 - 2) Local Agency Formation Commission authorization, if necessary, to approve new sewer service.
- c. For the Empire Storm Drain project:
 - 1) Provision for payment of the project's ongoing operations and maintenance costs by the formation of a County Service Area pursuant to the County Service Area Law (Government Code §25210.1 *et seq.*) or other appropriate means.

- d. For the Parklawn Neighborhood Sewer Project:
 - 1) Inclusion in the County's Capital Improvement Project (including the required findings of consistency by the Stanislaus County Planning Commission).
 - 2) The City of Modesto makes the findings required pursuant to Health and Safety Code §33445.
 - 3) Local Agency Formation Commission authorization, if necessary, to approve new sewer service extensions.

5. Limitations on County Expenses Reimbursable with Tax Increment

Administrative and project delivery costs, for this agreement as a whole and individual projects, shall not exceed the limits set forth in Exhibit B.

6. Additional Project Descriptions:

- a. Empire Storm Drain Project – This project includes installation of curb, gutter, handicap returns, new street sections, and a positive storm drain collection system for the entire Empire sub-area. Phase 1A of the project has been completed and includes a self-contained French drain in the area generally bounded by “A” Street to the West, McCoy Avenue to the north, North & South Avenue to the east, and South Avenue to the south. The remainder of the project is proposed to be completed in the following three phases:

- (1) Phase 1B – This portion of the project, located south of State Route 132 (Yosemite Boulevard) consists of the installation and connection of storm drain facilities, Phase 1A and 1B, to the Modesto Irrigation District's (MID) river outfall. The scope of work includes the installation of about 8000 linear feet of underground storm drainage, catch basins and a Storm Drain separator/filtration unit. This project phase is contingent upon the ability to utilize the existing MID outfall lateral and the MID river outfall. The utility company is currently completing environmental review for necessary repairs to the lateral and outfall. Phase 1B will require a formal agreement between the County and the utility company to use the same pipeline and the outfall. Additionally, through a Proposition 218 vote, the community will have to approve an operations and maintenance agreement and benefit assessment district to offset related infrastructure improvement and maintenance costs over the life of the improvement. Total cost for completion of Phase 1B is estimated at \$5,500,000.
- (2) Phase 2 – This portion of the project is located west of the Santa Fe railroad and north of State Route 132 (Yosemite Boulevard). Preliminary engineer for this phase has been completed. The scope of work includes the installation of about 12,500 linear feet of underground storm drain and 31 catch basins. Environmental review and a Proposition 218 vote to establish a benefit assessment district are still needed. Total cost for completion of Phase 2 is estimated at \$2,700,000.

- (3) Phase 3 – This portion of the project is located east of the Santa Fe railroad and north of Phase 1A. Preliminary engineering for this phase has been completed. The scope of work includes the installation of about 17,390 linear feet of underground storm drain and 42 catch basins. Environmental review and a Proposition 218 vote to establish a benefit assessment district are still needed. Total cost for completion of Phase 3 is estimated at \$3,500,000.

 - b. Parklawn Neighborhood Sewer Project – The Parklawn Neighborhood consists of the southern portion of the Shackelford Sub-Area located south of Hatch Road. The neighborhood is comprised of two areas: the Olympia Track area and the Hatch/Olivero area. The Parklawn Neighborhood Sewer project is a continuation of the Shackelford area sewer project completed in 2004.
 - (1) Olympia Tract -- Preliminary engineering design for this area has been completed with the input of the City of Modesto which will be the service provider. The project includes construction of approximately 14,000 linear feet of sewer main, a pump station, reconstruction of the roadways and connections to 328 residential lots. In November 2010, the voters of the City of Modesto approved an advisory ballot measure regarding extending sewer to this area. LAFCO approval of an out-of-boundary agreement is still required. Total estimated cost of construction including all offsite and onsite work (including septic abandonment and sewer connection plumbing) and City sewer connection fees is approximately \$6,909,000.
 - (2) Hatch/Olivero – No preliminary engineering or advisory vote has been conducted for this area. The area consists of approximately 71 residential lots. Total estimated cost of construction including all offsite and onsite work (including septic abandonment and sewer connection plumbing) and City sewer connection fees is approximately \$1,500,000.

 - c. Airport Neighborhood Sewer Project – This project would provide sewer hookups for approximately 481 residential lots. The project also includes construction of approximately 23,000 linear feet of sewer main, a pump station, and reconstruction of the roadways. There has been no Measure M vote for the Airport area yet, and this would be required before the City of Modesto would agree to extend sewer service to the neighborhood. LAFCO approval of an out-of-boundary agreement is also still required. Total estimated cost of construction including all offsite and onsite work and City sewer connection fees is approximately \$11,644,000.
7. Project Schedule – The County and the Agency will evaluate programs/projects and how those needs compare with the needs of other programs/projects (i.e. high per capita septic system failures), to develop the Project Schedule. The Project Schedule shall be subject to final approval by the Agency’s Executive Director or designee.

EXHIBIT B

ADMINISTRATION AND PROJECT DELIVERY COST CAPS

1. Limits on Administrative Costs
 - a. Administration costs shall not exceed ten percent (10%).
2. Administration activities (Pre-Construction & Construction) include:
 - a. Review and authorization of invoices, management of consultants & subcontractors, scheduled progress meetings with consultants & subcontractors, site visits, public interaction (including any contracts for public relation services), account/journal voucher processing, meetings with any governmental entities, verification of compliance with state and federal wage requirements (including interviews and payroll inspections), filing, copying, mailing, and other similar administration activities.
3. Non-Administrative Pre-Construction Activities include:
 - a. Design and engineering, the Request for Proposal process (RFP) (including RFP development & selection process), plan reviews, Rights of Way negotiations/clearance, geotechnical work, utility relocation, and other similar non-administration pre-construction activities.
 - b. All pre-construction activities contracted to an outside firm are considered non-administrative activities.
 - c. Design and engineering work performed in-house by a County employee may be viewed as administrative activities, if proper documentation of work performed is not maintained as part of the project records. In order to insure proper documentation, the following must be provided:
 - (1) Prior to any design or engineering work being performed by a County employee, Public Works shall provide the Agency with the following information:
 - (a) The names and titles of all employees and their weighted labor rates.
 - (b) An outline of the work tasks to be performed by each employee along with the total hours of work and overall cost for each task.

The information required above shall be provided in a form approved by the Agency to ensure efficient monitoring of the program.

4. Non-Administrative Construction Activities include:

- a. Engineering, construction work, on-site inspections of construction work, and other non-administration construction activities.
- b. Engineering work performed in-house by a County employee may be viewed as administrative activities, if proper documentation of work performed is not maintained as part of the project records. In order to insure proper documentation, the following must be provided:
- c. Prior to any design or engineering work being performed by a County employee, Public Works shall provide the Agency with the following information:
 - (1) The names and titles of all employees and their weighted labor rates.
 - (2) An outline of the work tasks to be performed by each employee along with the total hours of work and overall cost for each task.

The information required above shall be provided in a form approved by the Agency to ensure efficient monitoring of the program.

- d. All construction activities contracted to an outside firm are considered non-administrative activities.



Stanislaus County Redevelopment Agency

1010 10th Street, Suite 3400
Modesto, CA 95354

Tele: (209) 525-6330
Fax: (209) 525-5911

September 15, 2011

Matthew Machado
Director of Public Works, Stanislaus County
1716 Morgan Road
Modesto, CA 95358

RE: *Confirmation of June 20, 2011, Effective Date for Cooperation Agreement between Stanislaus County and the Stanislaus County Redevelopment Agency*

Dear Mr. Machado:

This letter is to confirm that the effective date of the Cooperation Agreement between Stanislaus County and the Stanislaus County Redevelopment Agency ("Agreement") is June 20, 2011, as noted in the footer of the Agreement. Please sign below to indicate your agreement.

Sincerely,

Kirk Ford
Executive Director

Effective Date of Agreement

By my signature below, I confirm that the effective date of the Cooperation Agreement between Stanislaus County and the Stanislaus County Redevelopment Agency is June 20, 2011.

Stanislaus County
Department of Public Works

Matthew Machado
Director

AFFIDAVIT

Before me, the undersigned Notary, Melissa A Parith, on this 5th day of July, 2012, personally appeared Matthew Machado, know to me to be a credible person and of lawful age, and who deposes and says:


1. I, Matthew Machado, submit this Affidavit in support of the Successor Agency to the Stanislaus County Redevelopment Agency's request for reconsideration, to be submitted to the Department of Finance, regarding the inclusion of the Cooperation Agreement between the Stanislaus County and the Stanislaus County Redevelopment Agency in the Recognized Obligation Payment Schedule. I have personal knowledge of all of the matters set forth herein, except those matters stated on the basis of information and belief and as to such matters I believe them to be true, and if called to testify as a witness I could and would do so competently.

My current business address is:

Matthew Machado
Director of Public Works, Stanislaus County
1716 Morgan Road
Modesto, CA 95358

2. On June 20, 2011, acting in my capacity as Public Works Director for the County of Stanislaus, I executed a Cooperation Agreement between the Stanislaus County and the Stanislaus County Redevelopment Agency.
3. At the time I executed the Cooperation Agreement, Kirk Ford, the Executive Director of the Stanislaus County Redevelopment Agency had already executed the Cooperation Agreement on behalf of the Redevelopment Agency. Upon my signature, the Cooperation Agreement was fully executed.
4. Under the Cooperation Agreement, the Department of Public Works agreed to aid and cooperate in the planning, undertaking, construction, or operation of infrastructure improvements to support affordable housing, including but not limited to the construction of the Airport Neighborhood Sewer, Empire Storm Drain, and Parklawn Neighborhood Sewer projects.
5. It was the intent of all parties that the Cooperation Agreement would be effective upon its execution on June 20, 2011.

6. Upon the discovery that a term specifically identifying the intended effective date had been unintentionally omitted from the Cooperation Agreement, Kirk Ford sent me a letter to confirm that the intended effective date of the Cooperation Agreement was the date of signature – June 20, 2011. Upon receipt of that confirmation letter, I signed to indicate my agreement.

By: 
Matthew Machado
Director of Public Works, Stanislaus County
1716 Morgan Road
Modesto, CA 95358

ACKNOWLEDGMENT

State of California

County of Stanislaus

On July 5, 2012, before me, Melissa A Parikh, Notary Public, personally appeared Matthew Machado, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/~~their~~ authorized capacity(ies), and that by his/~~her~~/~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature 



(Seal)

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

RESOLUTION NO. 2013-01

DATE: January 10, 2013

SUBJECT: Review and Approval of the All Other Funds, Excluding 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), 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 of all other funds, excluding Low and Moderate Income Housing Funds ("LMIHF"), to determine any unobligated balances available for transfer to the taxing entities; and

WHEREAS, on December 10, 2012, the Due Diligence review of all other funds, excluding LMIHF, was completed by the independent licensed accountant and provided to the Oversight Board, County Auditor-Controller, the State Controller, and the Department of Finance (DOF); and

WHEREAS, on December 13, 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 Redevelopment Agency Dissolution Act requires that the Successor Agency transfer the unencumbered balance of the former Redevelopment Agency's funds, excluding LMIHF, to the County Auditor-Controller for distribution to the taxing entities; and

WHEREAS, the Due Diligence review reflects that the entire balance of all other funds, excluding LMIHF, totaling \$10,716,475, held by the agency as of June 30, 2012, is obligated and unavailable 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. Convened the required public comment session on the Due Diligence review on December 13, 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 the total amount of assets held by the Successor Agency as of June 30, 2012 (\$10,716,475), is unavailable for disbursement to taxing entities.
4. Has identified \$1,865,865 as required to satisfy obligations on the Recognized Obligation Payment Schedule for the 2012-2013 fiscal year (\$1,856,865) and, as directed by the DOF, turned over \$2,001,457 to the County Auditor-Controller to adjust for early disbursements of property tax increment (\$2,001,457), and \$6,858,153 as legally restricted, consistent with the findings in the Due Diligence review; including \$5,375,926 to be used to provide for construction of public infrastructure, consistent with the June 20, 2011, Stanislaus County Public Works Agreement.

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 DOF, for certification and approval, and transmitting funds determined by the DOF to be available for allocation to the taxing entities within five business days of receipt of the DOF's final determination.

BE IT FURTHER RESOLVED that, in the event that DOF 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 DOF to resolve any disputes regarding the DOF's determination.

ATTEST:

APPROVED AS TO FORM:

Brenda McCormick
Oversight Board Clerk

Thomas Boze
Deputy County Counsel