

OVERSIGHT BOARD RESOLUTION NO. 2012-10

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY APPROVING THE DUE DILIGENCE REVIEW REPORT FOR THE LOW AND MODERATE INCOME HOUSING FUND PREPARED PURSUANT TO SECTION 34179.5; DIRECTING SUCCESSOR AGENCY STAFF TO TRANSMIT THE FINAL REPORT TO THE CAC AND THE DOF PURSUANT TO THE DISSOLUTION ACT

WHEREAS, the Costa Mesa Redevelopment Agency ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Costa Mesa ("City"); and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 chaptered and effective on June 27, 2012 (together, the "Dissolution Act"); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity the City serves as the Successor Agency to the Costa Mesa Redevelopment Agency ("Successor Agency"); and

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, Section 34179.5 requires the Successor Agency to employ a licensed accountant approved by the Orange County Auditor-Controller to perform a due diligence review and report on the amount of funds transferred from the former Costa Mesa Redevelopment Agency; and

WHEREAS, on July 19, 2012, the Orange County Auditor-Controller provided written approval to Successor Agency staff of their selection of White Nelson Diehl Evans as the licensed accountant to perform the due diligence review for the Successor Agency; and

WHEREAS, on August 30, 2012, the Department of Finance posted on its official website the agreed-upon procedures to conduct the due diligence reviews; and

WHEREAS, in accordance with the provisions of the agreed-upon procedures and provisions of Section 34179.5, White Nelson Diehl Evans completed the housing due diligence review and by action on September 27, 2012 the Successor Agency received the report and transmitted such report to the Oversight Board; and

WHEREAS, the Successor Agency transmitted such due diligence report to the County Administrative Officer (CAO), County Auditor-Controller (CAC), State Controller's Office (SCO), and Department of Finance (DOF); and

WHEREAS, by action on September 27, 2012 the Oversight Board received the report from the Successor Agency and convened and held a public comment session for a period of not less than five business days; and

WHEREAS, the Oversight Board has reviewed and considered the public comments, if any, received after convening the public comment session; and

WHEREAS, the Oversight Board has reviewed and considered the results/opinions, if any, offered by the CAC to the due diligence review report; and

WHEREAS, the Oversight Board does not desire or intend to direct the Successor Agency to retain assets as authorized by, but not required, by Section 34179.6(c); and

WHEREAS, pursuant to Section 34179(h) as amended by Assembly Bill 1484 effective June 27, 2012, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing, and, in general, an oversight board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review provided however the subject report will be considered and acted on pursuant to the process and timing of Sections 34179.5 and 34179.6.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. Pursuant to the Dissolution Act, the Oversight Board: (a) having taken into consideration the public comments, if any, received and the results/opinions, if any, offered by the CAC, hereby approves the Housing Due Diligence Review Report (Attachment 1), (b) directs Successor Agency staff to transmit the final report to the CAC and DOF pursuant to the Dissolution Act.

Section 3. The Assistant Finance Director or her authorized designee is directed to post this Resolution on the Successor Agency website pursuant to the Dissolution Act.

Section 4. Pursuant to Section 34179(h) as amended by Assembly Bill 1484 effective June 27, 2012, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. Generally, an oversight board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review provided however the subject report will be considered and acted on pursuant to the process and timing of Sections 34179.5 and 34179.6.

Section 5. The Secretary of the Oversight Board shall certify to the adoption of this Resolution.


APPROVED AND ADOPTED this 10th day of October 2012.



James M. Righelmer, Chair
Oversight Board of the Successor Agency to the
Costa Mesa Redevelopment Agency

(SEAL)

ATTEST:



Martha Rosales, Secretary
Oversight Board of the Successor Agency
to the Costa Mesa Redevelopment Agency


STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF COSTA MESA)

I, Martha Rosales, Secretary of the Oversight Board of the Successor Agency to the Costa Mesa Redevelopment Agency, hereby certify that the foregoing Resolution No. 2012-10 was duly adopted by the Oversight Board at a Special Meeting held on the 10th day of October 2012, and that it was so adopted by the following vote:

AYES: BOARD MEMBERS RIGHEIMER, HATCH, FRANCIS, BAKER

NOES: NONE

ABSENT: BOARD MEMBERS TRADER, DUNN, MONAHAN



Martha Rosales, Secretary
Oversight Board of the Successor Agency to the
Costa Mesa Redevelopment Agency

(SEAL)

ATTACHMENT 1
to Oversight Board Resolution No. 2012-10

Housing Due Diligence Review Report

(attached)

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

Independent Accountants' Report on Applying Agreed-Upon Procedures
On the Costa Mesa Redevelopment Agency's
And
The Successor Agency to the Costa Mesa Redevelopment Agency's
Low and Moderate Income Housing Fund

Pursuant to California Health and Safety Code Section 34179.5

**SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO THE
LOW AND MODERATE INCOME HOUSING FUND**

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**Independent Accountants' Report on Applying Agreed-Upon Procedures
Related to the Low and Moderate Income Housing Fund**

Oversight Board of the Successor Agency
to the Costa Mesa Redevelopment Agency
Costa Mesa, California

We have performed the minimum required agreed-upon procedures (AUP) enumerated in Attachment A, which were agreed to by the California Department of Finance, the California State Controller's Office, the Orange County Auditor-Controller, and the Successor Agency to the Costa Mesa Redevelopment Agency (Successor Agency), (collectively, the Specified Parties), solely to assist you in meeting the statutory requirements of Health and Safety Code Section 34179.5 related to the Low and Moderate Income Housing Fund of the former Costa Mesa Redevelopment Agency and Successor Agency. Management of the Successor Agency is responsible for meeting the statutory requirements of Health and Safety Code Section 34179.5 related to the Low and Moderate Income Housing Fund. 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 agreed-upon procedures as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on whether the Successor Agency has met the statutory requirements of Health and Safety Code Section 34179.5 related to the Low and Moderate Income Housing Fund. 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 Oversight Board and management of the Successor Agency to the Costa Mesa Redevelopment Agency, the California Department of Finance, the California State Controller's Office, and the Orange County Auditor-Controller, and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Diehl Evans LLP

Irvine, California
September 21, 2012

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

1. **Procedure:**

Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency's Low and Moderate Income Housing Fund 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.

Finding:

We agreed the amounts listed on Schedule 1 to the Successor Agency's accounting records without exceptions. The former redevelopment agency transferred \$1,822,913 in assets to the Successor Agency's Low and Moderate Income Housing Fund as detailed in Schedule 1.

2A. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund of the former redevelopment agency to the city 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.

Finding:

This procedure is not applicable as the former redevelopment agency did not make any transfers from the Low and Moderate Income Housing Fund other than payments for goods and services to the City of Costa Mesa during the period from January 1, 2011 through January 31, 2012.

2B. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund of the Successor Agency to the city 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.

Finding:

This procedure is not applicable as the Successor Agency did not make any transfers from the Low and Moderate Income Housing Fund other than payments for goods and services to the City of Costa Mesa during the period from February 1, 2012 through June 30, 2012.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

2C. Procedure:

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the 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.

Finding:

This procedure is not applicable since no transfers were identified as a result of Procedures 2A and 2B.

3A. Procedure:

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund of 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.

Finding:

This procedure is not applicable as the former redevelopment agency did not make any transfers to other public agencies or private parties from the Low and Moderate Income Housing Fund other than payments for goods and services during the period from January 1, 2011 through January 31, 2012.

3B. Procedure:

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund of the Successor Agency to any other public agency or to 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 described 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.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

3B. **Finding:**

The Low and Moderate Income Housing Fund of the former redevelopment agency transferred assets as shown in Schedule 2 to the Housing Successor (Costa Mesa Housing Authority).

- (a) The California Department of Finance has reviewed and approved the transfers reported on the Housing Asset List with the exception of two loans in the amount of \$66,000 and \$115,250. The Successor Agency does not agree with the Department of Finance's decision and has requested a meeting to resolve this matter.
- (b) The encumbered cash transferred of \$892,500 to the Housing Successor was \$500 more than the amount of \$892,000 required to build or acquire low and moderate income housing under an Affordable Housing Agreement between the Costa Mesa Redevelopment Agency and Rutter 1901 Newport LLC.
- (c) We noted that the value of one asset transferred (land in the amount of \$1,697,665) which was not recorded in the accounting records of the former redevelopment agency as of January 31, 2012 or the Housing Authority as of February 1, 2012.

3C. **Procedure:**

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

Finding:

Schedule 2 in the report shows the details for the enforceable obligation or other legal requirement supporting the transfers.

4. **Procedure:**

Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency for the fiscal periods ended June 30, 2010, June 30, 2011, January 31, 2012 and June 30, 2012. Ascertain that for each period presented, the total of revenues, expenditures and transfers account fully for the changes in equity from the previous fiscal period. Compare amounts for the fiscal period ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period. Compare the amounts for the other fiscal periods presented to the account balances in the accounting records or other supporting schedules.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

4. **Finding:**

This procedure is required by Section 34179.5(c)(4) for the Successor Agency as a whole and therefore will be addressed in the AUP report associated with all other funds of the Successor Agency due December 15, 2012.

5. **Procedure:**

Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund (excluding assets held by the entity that assumed the housing function previously performed by the former redevelopment agency) as of June 30, 2012. Agree the assets on listing to the accounting records of the Successor Agency.

Finding:

As of June 30, 2012, the Successor Agency's total assets related to the former redevelopment agency's Low and Moderate Income Housing Fund amounted to \$1,677,216 as shown in Schedule 3.

6. **Procedure:**

Obtain from the Successor Agency a listing of asset balances related to the former redevelopment agency's Low and Moderate Income Housing Fund on June 30, 2012 that were restricted for the following purposes:

- unspent bond proceeds,
- grant proceeds and program income restricted by third parties, and
- other assets with legal restrictions.

6A. **Procedure - Unspent Bond Proceeds:**

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain the legal document that sets forth the restriction pertaining to these balances.

Finding:

This procedure is not applicable as the Successor Agency's assets related to the former redevelopment agency's Low and Moderate Income Housing Fund did not have unspent bond proceeds as of June 30, 2012.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

6B. Procedure - Grant Proceeds and Program Income Restricted by Third Parties:

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain a copy of the grant agreement that sets forth the restriction pertaining to these balances.

Finding:

This procedure is not applicable as the Successor Agency's assets related to the former redevelopment agency's Low and Moderate Income Housing Fund did not have grant proceeds and program income restricted by third parties as of June 30, 2012.

6C. Procedure - Other Assets Considered to be Legally Restricted:

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records or other supporting documentation. We obtained the legal document that sets forth the restriction pertaining to these balances.

Finding:

This procedure is not applicable as the Successor Agency's assets related to the former redevelopment agency's Low and Moderate Income Housing Fund did not have other assets considered to be legally restricted as of June 30, 2012.

7. Procedure:

Obtain from the Successor Agency a listing of assets of the former redevelopment agency's Low and Moderate Income Housing Fund as of June 30, 2012 that are not liquid or otherwise available for distribution and ascertain if the values are listed at either purchase cost or market value as recently estimated by the Successor Agency. For assets listed at purchased cost, trace the amount to a previously audited financial statement or other accounting records of the Successor Agency and note any differences. For any differences noted, inspect evidence of asset disposal subsequent to January 31, 2012 and ascertain that the proceeds were deposited into the Successor Agency's trust fund. For assets listed at recently estimated market value, inspect evidence supporting the value and note the methodology used.

Finding:

This procedure is not applicable as the former redevelopment agency's Low and Moderate Income Housing Fund did not have any assets that were not liquid or otherwise available for distribution as of June 30, 2012.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

8A. Procedure:

If the Successor Agency identified that existing asset balances were needed to be retained to satisfy enforceable obligations, obtain an itemized schedule of asset balances (resources) as of June 30, 2012 that were dedicated or restricted for the funding of enforceable obligations. Compare the information on the schedule to the legal documents that formed the basis for the dedication or restriction of the resource balance in question. Compare all current balances which needed to be retained to satisfy enforceable obligations to the amounts reported in the accounting records of the Successor Agency or to an alternative computation. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule (ROPS) approved by the California Department of Finance. If applicable, identify any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Finding:

As of June 30, 2012, the Successor Agency's asset balances to be retained in order to satisfy enforceable obligations amount to \$140,540 as detailed in Schedule 4. These enforceable obligations were reported on ROPS 1.

8B. Procedure:

If the Successor Agency identified 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 include a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements. Compare the enforceable obligations to those that were approved by the California Department of Finance 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. Compare the forecasted annual spending requirements to the legal document supporting the enforceable obligation and obtain the Successor Agency's assumptions relating to the forecasted annual spending requirements. Obtain the Successor Agency's assumptions for the forecasted annual revenues. Disclose the major assumptions for the forecasted annual spending requirements and the forecasted annual revenues in this AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

8C. Procedure:

If the Successor Agency identified 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 a schedule demonstrating this insufficiency. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement. Obtain the assumptions for the forecasted property tax revenues and other general purpose revenues and disclose them in this AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

8D. Procedure:

If Procedures 8A, 8B and 8C were performed, calculate the amount of unrestricted balances necessary for retention in order to meet enforceable obligations. Combine the amount identified as currently restricted balances and the forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations. Reduce the total resources available by the amount of forecasted annual spending requirements. Include the calculation in this AUP report.

Finding:

The unrestricted balances necessary for retention to meet enforceable obligations is detailed in Schedule 4. The Successor Agency does not expect any revenues to pay for these enforceable obligations.

9. Procedure:

If the Successor Agency identified 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 identify (a) any dollar amount of existing cash that was needed to satisfy the obligation, and (b) the Successor Agency's explanation as to why the Successor Agency believes that such balances were needed to satisfy the obligation. Include this schedule as an attachment to this AUP report.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

9. **Finding:**

The Successor Agency has identified \$35,756 in cash balances be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 to December 31, 2012 as shown in Schedule 5.

10. **Procedure:**

Present a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Agencies. Amounts included in the calculation should agree to the results of the procedures performed above. Agree any deductions for amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance to evidence of payment.

Finding:

The computation of the Balance Available for Allocation to Affected Taxing Agencies shows \$1,500,920 to be remitted to the County for disbursement to taxing agencies as shown in Schedule 6.

11. **Procedure:**

Obtain a representation letter from management of the Successor Agency acknowledging their responsibility for the data provided and the data presented in the report or in any schedules or exhibits to the report. Included in the representations is 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 this AUP report and its related schedules or exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Finding:

No exceptions were noted as a result of this Procedure.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO THE
 LOW AND MODERATE INCOME HOUSING FUND

LISTING OF ASSETS TRANSFERRED TO SUCCESSOR AGENCY

As of February 1, 2012

	ASSETS	Total as of <u>February 1, 2012</u>
Cash and investments		<u>\$ 1,822,913</u>

NOTE:

(A) For accounting purposes, the following assets recorded in the Low and Moderate Income Housing Fund at January 31, 2012 were transferred to the Costa Mesa Housing Authority (Housing Successor) on February 1, 2012 pursuant to Health and Safety Code Section 34176(a)(2).

Cash and investments	\$ 1,017,528
Loans	<u>6,338,244</u>
	<u>\$ 7,355,772</u>

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO THE
 LOW AND MODERATE INCOME HOUSING FUND

TRANSFERS TO THE COSTA MESA HOUSING AUTHORITY

FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 30, 2012:

Date of Transfer	Description of Transfer	Purpose of Transfer	Amount	Enforceable Obligation and Document Supporting Transfer
2/1/2012	Transfer of Real Property to Costa Mesa Housing Authority	Transfer Housing Assets to the Costa Mesa Housing Authority	(1) \$ <u>1,697,665</u>	Health and Safety Code Section 34176(a)(2) Property transferred and reported on Housing Asset List filed with the Department of Finance
2/1/2012	Transfer of Cash to Costa Mesa Housing Authority	Transfer of cash for funds encumbered to build or acquire low and moderate income housing under an Affordable Housing Agreement between the Costa Mesa Redevelopment Agency and Rutter 1901 Newport LLC	(2) \$ <u>892,500</u>	Health and Safety Code Section 34176(a)(2) Encumbered cash transferred and reported on Housing Asset List filed with the Department of Finance
2/1/2012	Transfer of Cash to Costa Mesa Housing Authority	Transfer of cash for funds legally restricted to fund affordable housing under a Neighborhood Stabilization Program Subrecipient Contract Services and Loan Agreement by and between City of Fullerton, City of Costa Mesa, City of La Habra and MHC NSP LLC.	(3) \$ <u>125,028</u>	This enforceable obligation was reported on ROPS 1, Line 9 Total amount of low and moderate income housing funds specified by this agreement is in Section 5.8.2 of the agreement
2/1/2012	Transfer of Loan Receivable of \$6,338,244 to the Costa Mesa Housing Authority	Transfer Housing Assets to the Costa Mesa Housing Authority	(4) \$ <u>6,338,244</u>	Health and Safety Code Section 34176(a)(2) Property transferred and reported on Housing Asset List filed with the Department of Finance

- (1) The value of real property was not recorded in the accounting records of the former redevelopment agency as of January 31, 2012.
- (2) The \$892,500 transferred by the former Low and Moderate Income Housing Fund exceeded the cash encumbrance stipulated in the Affordable Housing Agreement by \$500.
- (3) In February 2012, the Housing Authority used this cash balance to fund a loan in the amount of \$115,250 and other administration costs related to the loan. On August 31, 2012, the loan was disallowed by the California Department of Finance during their review of housing asset transfers.
- (4) One loan in the amount of \$66,000 was disallowed by the California Department of Finance during their review of housing asset transfers. The Housing Asset List reported loans receivable of \$6,558,493 which included the NSP loan in item (3) and deferred interest receivable. The Costa Mesa Housing Authority wrote off \$1,155,049 of impaired loans. The outstanding loans receivable is \$5,183,195 at June 30, 2012.

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO THE
LOW AND MODERATE INCOME HOUSING FUND

LISTING OF ASSETS

As of June 30, 2012

	ASSETS	
Cash and investments		<u>\$ 1,677,216</u>

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO THE
 LOW AND MODERATE INCOME HOUSING FUND

CALCULATION OF UNRESTRICTED ASSET BALANCE FOR RETENTION

June 30, 2012

<u>Vendor/Payee</u>	<u>Purpose of Transactions</u>	<u>Amount</u>	<u>Enforceable Obligation/Other Legal Requirement Supporting Retention</u>
City of Fullerton	Refunding of Neighborhood Stabilization Program Advances	\$ 123,172	Reported on ROPS 1, Line 9
Keyser Marston	Consultant services related to compliance with affordable housing covenants	7,560	Reported on ROPS 1, Line 9 (\$280) and 13 (\$7,280)
Keyser Marston	Consultant services related to Successor Agency compliance and monitoring	560	Reported on ROPS 1, Line 8
Stradling Yocca Carlson & Rauth	Legal services related to enforcement with affordable housing covenants	2,153	Reported on ROPS 1, Line 9 (\$207) and 10 (\$1,946)
Stradling Yocca Carlson & Rauth	Consultant services related to Successor Agency compliance and monitoring	7,095	Reported on ROPS 1, Line 8
		<u>\$ 140,540</u>	

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO THE
 LOW AND MODERATE INCOME HOUSING FUND

SCHEDULE OF CASH BALANCES FOR RETENTION TO MEET OBLIGATIONS IN FISCAL YEAR 2012-2013

Description of Transactions	Purpose of Transactions	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Retention
Cash balances needed to be retained for the funding of future enforceable obligations:			
Keyser Marston	Consultant services related to compliance with affordable housing covenants	\$ 250	Reported on ROPS 2, line 5
Keyser Marston	Consultant services related to compliance with affordable housing covenants	1,330	Reported on ROPS 2, line 6
Keyser Marston	Consultant services related to compliance with affordable housing covenants	355	Reported on ROPS 2, line 8
Keyser Marston	Consultant services related to compliance with affordable housing covenants	6,758	Reported on ROPS 2, line 9
Keyser Marston	Consultant services related to compliance with affordable housing covenants	4,497	Reported on ROPS 2, line 10
Keyser Marston	Consultant services related to compliance with affordable housing covenants	2,380	Reported on ROPS 2, line 11
Keyser Marston	Consultant services related to compliance with affordable housing covenants	250	Reported on ROPS 2, line 12
Stradling Yocca Carlson & Rauth	Legal services related to enforcement with affordable housing covenants.	250	Reported on ROPS 2, line 5
Stradling Yocca Carlson & Rauth	Legal services related to enforcement with affordable housing covenants.	1,668	Reported on ROPS 2, line 6
Stradling Yocca Carlson & Rauth	Legal services related to enforcement with affordable housing covenants.	1,952	Reported on ROPS 2, line 7
Stradling Yocca Carlson & Rauth	Legal services related to enforcement with affordable housing covenants.	3,455	Reported on ROPS 2, line 8
Stradling Yocca Carlson & Rauth	Legal services related to enforcement with affordable housing covenants.	5,943	Reported on ROPS 2, line 9
Stradling Yocca Carlson & Rauth	Legal services related to enforcement with affordable housing covenants.	250	Reported on ROPS 2, line 10
Stradling Yocca Carlson & Rauth	Legal services related to enforcement with affordable housing covenants.	2,768	Reported on ROPS 2, line 11
Stradling Yocca Carlson & Rauth	Legal services related to enforcement with affordable housing covenants.	250	Reported on ROPS 2, line 12

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO THE
 LOW AND MODERATE INCOME HOUSING FUND

SCHEDULE OF CASH BALANCES FOR RETENTION TO MEET OBLIGATIONS IN FISCAL YEAR 2012-2013

Description of Transactions	Purpose of Transactions	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Retention
Stradling Yocca Carlson & Rauth	Legal services related to enforcement with affordable housing covenants.	\$ 750	Reported on ROPS 2, line 13
Stradling Yocca Carlson & Rauth	Legal services related to enforcement with affordable housing covenants.	<u>2,650</u>	Reported on ROPS 2, line 14
Total cash balances needed to be retained for the funding of enforceable obligations		<u>\$ 35,756</u>	

SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO THE
 LOW AND MODERATE INCOME HOUSING FUND

SUMMARY OF BALANCE AVAILABLE FOR ALLOCATION TO AFFECTED TAXING AGENCIES

As of June 30, 2012

Total amount of assets held by the Successor Agency as of June 30, 2012 - (Procedure 5)	\$ 1,677,216
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments - (Procedure 6)	-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (Procedure 7)	-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (Procedure 8)	(140,540)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year - (Procedure 9)	(35,756)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-
Add the amount of any assets transferred to the City 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)	-
	<hr/>
Amount to be remitted to County for disbursement to taxing agencies	<u>\$ 1,500,920</u>