RECEIVED
2012 NOV -1 AM 8:22
CITY CLERK, FRESNO CA

Oversight Board Regular Meeting Agenda
for the Successor Agency to the Redevelopment Agency of the City of Fresno

November 5, 2012, 1:00 pm
City Hall Meeting Room 2120 (Mtg Room C)

I. Call to Order
1. Pledge of Allegiance
2. Roll Call
3. Oath of Office – Mr. Larry Hodges (appointed by State Center Community College District)

II. Approval of Minutes of August 17 & 20, 2012

III. Due Diligence Public Session
1. Conduct public session and receive comments on review conducted pursuant to Health & Safety Code §34179.5 for the low and moderate income housing fund of the former Redevelopment Agency of the City of Fresno

IV. Public Comment
Members of the Public are invited to speak on any item that does not appear on the Agenda and that is within the subject matter jurisdiction of the Oversight Board. Speakers may be limited to no more than three (3) minutes at the discretion of the Chair.

XII. Adjournment
Next meeting is scheduled for November 13th at 1pm in City Hall meeting room 2120 (Mtg room C).

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the Oversight Board will be available for public inspection at the Office of the City Clerk at Fresno City Hall, 2600 Fresno Street, 2nd Floor, Fresno, CA 93721.

To request an accommodation or alternative format for an Oversight Board meeting or printed materials, please call (559) 621-7650 as soon as possible, but at least 3 business days prior to the meeting.

This page intentionally left blank.

STATE OF CALIFORNIA

ERIK SKINNER, ACTING CHANCELLOR

CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE
1102 Q STREET
SACRAMENTO, CA 95811-6549
(916) 445-8752
http://www.cccco.edu

October 19, 2012

Vicki Crow, Auditor-Controller
County of Fresno
Hall of Records, Room 105
2281 Tulare Street
Fresno, CA 93721

Dear Ms. Crow,

As part of the 2011-12 state budget, ABX1 26 dissolved Redevelopment Agencies (RDAs) and provided for Successor Agencies to be formed to administer the payment obligations of the former RDAs. The legislation stipulated that each successor agency would have an oversight board, and it prescribed the number and types of members on each board. The Chancellor of the California Community Colleges is charged with the responsibility of appointing a community college representative to each oversight board.

Although we have previously made appointments for RDA oversight boards in Fresno County, I have been asked to rescind one of those appointments and reappoint a different individual to the oversight board. Therefore, I hereby appoint the following person to represent the interests of the State Center Community College District for the following oversight board, and this appointment supersedes the one that was made in our letter dated April 30, 2012:

RDA	Community College District	Representative
City of Fresno	State Center	Larry Hodges

Please notify the affected agency of this appointment to its oversight board.

If you have any questions about this appointment, please contact Diane Brady, Fiscal Administrator, at (916) 324-2564 or dbrady@cccco.edu.

Sincerely,

Erik Skinner
Acting Chancellor

CC: State Center Community College District
California Department of Finance

This page intentionally left blank.

Meeting of the
Oversight Board for the Successor Agency
To the Redevelopment Agency of the
City of Fresno

Meeting Minutes
August 17 & 20, 2012

The Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Fresno met at 1:03 p.m. in Conference Room C, City Hall on August 17, 2012.

Present were:

Terry Bradley, appointed by Fresno County Superintendent of Schools
Debbie Poochigian, appointed by Fresno County Board of Supervisors
Jeff Reid, appointed by Chancellor of the California Community Colleges
George Smith, appointed by Mayor of Fresno
Doug Vagim, appointed by Fresno County Board of Supervisors **arrived at 1:05 p.m.**
Bob Van Wyk, appointed by Metropolitan Flood Control District (Special District)
Larry Westerlund, appointed by Mayor of Fresno

I. Call to Order

The meeting was called to order by Mr. Bradley at 1:03 p.m. Roll Call was taken and the Pledge of Allegiance was conducted.

II. Approval of Minutes of July 23, 2012

Mr. Reid made a motion to approve the July 23, 2012 minutes. There was a second by Mr. Smith. The motion passed on a vote of 6-0-1 with Mr. Vagim absent.

III. Recognized Obligation Payment Schedule (ROPS)

Ms. Murphey explained the process that will be used for this round of ROPS. DOF requested that all items be listed on the ROPS even if funds are not being requested. The NFR after some items means "no funds requested". Housing assets are listed as enforceable obligations and are identified as housing under the description section. The items with an asterisk indicate priority for today, but any item on the list can be heard. Ms. Murphey went over the Summary of ROPS and responded to questions.

Mr. Behrens explained the Housing Asset changes. AB1484 is basically bypassing the Oversight Board under 34176. The City has elected to retain the housing assets as defined. Therefore, the statutes says all rights, powers, duties, obligations, and housing assets as defined are essentially transferred to the City. The only exception is "excluding any amounts or deposit on the low to moderate income housing fund and enforceable obligations retained by the Successor Agency shall be so transferred". There was more discussion on this topic. Mr. Sloan interjected stating that AB1484 is a fork in the road and all housing assets, powers, duties and obligations are transferred to the City and go on a different path. More discussion ensued.

There was discussion regarding adding language to the resolution regarding what DOF approved the last time. There was more discussion regarding the Summary of ROPS and procedural issues.

1. Consider Resolution to approve the following ROPS for Jan – Jun 2013

Line 1 – Irretch Developer Reimbursement Agreement (formerly Airport Line 1, pg. 1)
Ms. Murphey gave an overview of this item. The item was taken out to the public for comments, there were none. Mr. Westerlund made a motion to approve; the motion was seconded by Mr. Smith. The motion passed on a 7-0 vote.

Ms. Murphey stated that line 2 is completed but it will always show on the ROPS.

Line 3 – Downtown Stadium Agreement (formerly CBD Line 1, pg. 2)
Ms. Murphey gave an overview of this item. Mr. Westerlund made a motion to approve this item remaining on the January through June period; the motion was seconded by Mr. Smith. Mr. Reid stated an objection on the record that this is not an enforceable obligation in his judgment. Discussion ensued. The item was taken out to the public for comments, there were none. The motion passed on a 4-3 vote with Ms. Poochigian, Mr. Reid and Mr. Vagim voting no.

Line 4 – Hotel Fresno Owner Participation Agreement (formerly CBD Line 4, pg. 2)
Mr. Westerlund stated that since the follow up legislation clearly indicates that this is now the City of Fresno Successor Agency housing asset, he doesn't think we need to take this item up at all. The Oversight Board doesn't have jurisdiction over this matter either for the asset or the money associated with assisting that project when it finally moves forward. Mr. Reid respectfully disagreed. He believes that it only a housing asset to the extent that there is an enforceable obligation associated with it and if there is a contract which has not been performed then it is in breech; then it is not an enforceable obligation in which case the encumbered assets are subject to being made available to the other taxing entities. Mr. Reid suggested removing the item from the ROPS. Mr. Bradley doesn't think removing the item from the ROPS is an option. Mr. Sloan added that it has already been determined to be an enforceable obligation by the board, as well as the DOF. More discussion ensued.

Mr. Westerlund made a motion that the board not consider this item, and include language in the resolution saying we did not consider pursuant to our earlier discussion regarding the line items that are not underlined. Mr. Smith seconded the motion. This item was taken to the public for comment, there was none. The motion passed on a vote of 6-1 with Mr. Reid voting no.

Line 6 – Apple Valley Infrastructure (formerly Central City Line 2, pg. 3)
Ms. Murphey provided an overview and responded to questions for this item. Mr. Westerlund made a motion to approve this item; Mr. Van Wyk seconded the motion. This item was opened up to the public for comment; there was none. The motion passed on a vote of 6-1 with Mr. Vagim voting no.

At this time Mr. Reid made the following announcement: for line item 8 I am declaring a recusal due to a business position and financial interest with McCormick Barstow and Uniwell as a source of income to McCormick Barstow. For line item 14, I have a business interest and financial source of income with McCormick Barstow and Mr. Frazier's entity is a party, I will be recusing myself in respect to that one. Also in respect to line items 21 and 22 for the Community Medical Center, I have a business position and a source of income from McCormick Barstow and it is a source of income for McCormick Barstow so I will be recusing myself. In respect to the SPCA, line item 26, no action being taken, but I have the same business interest. With respect to line item 27, Mr. Russ Smith is an interested party in Foundry Park Investors, which is an interested party and he is a source of income to McCormick Barstow and I have a business interest and financial source of income with McCormick Barstow and I am recusing myself from this item.

Line 8 – Radisson Hotel Promissory Note #24 & #25 (formerly Conv Ctr Line 2, pg. 4)
Ms. Murphey provided an overview of this item. Mr. Westerlund made a motion to approve this item. The motion was seconded by Mr. Smith. Mr. Vagim made comments regarding why he will not be supporting this item. Mr. Behrens was asked to give his opinion on this item. Mr. Behrens stated that he believes that this is an enforceable obligation. This item was opened to the public, there was none. This item passed on a vote of 4-2-1 with Ms. Poochigian and Mr. Vagim voting no, and Mr. Reid recusing himself.

Line 14 – Clinton/Weber Commercial Development (formerly Fwy 99 Line 6, pg. 5)
Ms. Murphey provided an overview of this item and responded to questions. Mr. Westerlund made a motion to approve this item. The motion was seconded by Mr. Smith. No one from the public was in attendance at this time. The motion passed on a vote of 6-0-1 with Mr. Reid recusing himself.

Line 21 – CMC Regional Medical Center (formerly Jefferson Line 1, pg. 9)
Ms. Murphey provided an overview of this item and responded to questions. Mr. Westerlund made a motion to approve this item. The motion was seconded by Mr. Van Wyk. The item was opened to the public for comment, there was none. The motion passed on a vote of 6-0-1 with Mr. Reid recusing himself.

Line 22 – CMC Regional Medical Center (formerly Jefferson Line 2, pg. 9)
Ms. Murphey and Ms. Barletta provided an overview of this item and responded to questions. Mr. Van Wyk made a motion to approve this item. Mr. Westerlund seconded the motion. This item was taken to the public for comment, there was none. The motion passed on a vote of 6-0-1 with Mr. Reid recusing himself.

Line 27 – CFD#5 Developer Agreement (formerly South Van Ness Line 2, pg. 13)
Ms. Barletta provided an overview of this item. Mr. Westerlund made a motion to approve this item. The motion was seconded by Mr. Van Wyk. This item was taken to the public for comment, there was none. The motion passed on a vote of 6-0-1 with Mr. Reid recusing himself.

Line 33 – EOC Property Maintenance (formerly Other page, Line 2)

Ms. Murphey provided an overview of this item and responded to questions. There was discussion and references to the Health and Safety Code. Mr. Westerlund made a motion to approve. Mr. Smith seconded the motion. There was no one from the public in attendance at this time. The motion passed on a vote of 7-0.

Line 34 – Property Sale/Disposition of Agency Properties (formerly Other page, Line 8)
Ms. Perez and Ms. Murphey provided an overview of this item and responded to questions. Mr. Reid made a motion to reduce this ROP from $526,000 to $100,000. Ms. Poochigian seconded the motion. There was discussion regarding the Butler property being a separate line item and whether or not it is an enforceable obligation. Mr. Sloan stated that the Successor Agency owns the property. Some board members expressed need for more information before making a decision on this item. By consensus the board agreed to table this item until Monday, August 20th.

A ten minute break was taken at this point. Mr. Van Wyk left the meeting at 3:35 p.m.

Line 35 – Annual Disclosure/Tax Allocation Bonds (formerly Other page, Line 10)
Ms. Murphey provided an overview of this item and responded to questions. There was discussion regarding why this item was not considered an administrative item. Mr. Bradley made a motion to deny ROP line 35 and move it into line 38. The motion was seconded by Ms. Poochigian. There were no members from the public in attendance at this time. The motion passed on a 4-2-1 vote, with Mr. Smith and Mr. Westerlund voting no, and Mr. Van Wyk absent.

Line 36 – CALPERS Unfunded and Employee Leave Payout (formerly Other page, Line 12)
It was determined that this item will be tabled until Monday, August 20th.

Line 37 – EPA Grant (formerly Other page, Line 13)
Mr. Mendez provided an overview of this item. There is no action required; however by consensus, the board requested that expenditures be footnoted up to $400,000.

Line 38 – Successor Agency Administrative Budget (formerly Other page, Line 1)
Ms. Murphey provided an overview of this item. Discussion ensued. Due to the number of questions the board decided by consensus to table this item until Monday.

Line 39 – Facility Lease (formerly Other page, Line 18)
Ms. Murphey explained that the existing lease for office space can be terminated 90 days prior to June 2013. Mr. Westerlund made a motion to approve this item. Mr. Smith seconded the motion. Discussion ensued. No one from the public was in attendance at this time. The motion passed on a 4-2-1 vote with Ms. Poochigian and Mr. Reid voting no, and Mr. Van Wyk absent.

Line 40 – Due Diligence/Audit
Ms. Murphey provided an overview of this item including an estimate for the audit. Discussion ensued. Mr. Westerlund made a motion to approve the estimate. Mr. Smith seconded the motion. No one from the public was in attendance at this time. The motion passed on a 5-1-1 vote with Mr. Reid voting no and Mr. Van Wyk absent.

At this point, Ms. Poochigian recused herself from the following items due to campaign contributions: 5, 9, 10, 11, and 13. Mr. Reid recused himself from items 9-10.

Line 5 – Property Based Improvement District (formerly CBD Line 5, pg 2); Line 11 – Property Based Improvement District (formerly Conv Ctr Line 7, pg 4)
Ms. Murphey provided an overview of this item. Discussion ensued. There was a motion to approve items 5 and 11 by Mr. Vagim. Mr. Westerlund seconded the motion. No one from the public was in attendance at this time. The motion passed on a vote of 5-0-2 with Ms. Poochigian recusing herself and Mr. Van Wyk absent.

Line 24 – 2003 Mariposa Tax Allocation Bonds (formerly Mariposa Line 4, pg 10); (Line 25 – California Infrastructure Bank Loan (formerly Mariposa Line 4, pg 13); Line 30 – 2001 Merger 2 Tax Allocation Bonds (formerly Southwest Line 2, pg 15).
Ms. Murphey presented the items. Mr. Westerlund made a motion to approve these items. The motion was seconded by Mr. Reid. No one from the public was in attendance at this time. The motion passed on a 5-0-2 vote with Ms. Poochigian recusing herself and Mr. Van Wyk absent.

IV. Inquiry/Discussion Regarding Housing Asset List
Board Member Reid - Discussion ensued and Ms. Murphey responded to questions from the board.

V. Public Comment

Mr. Reid stated at the last meeting when the by-laws were being discussed, he expressed some frustration because the staff had not distributed the draft by-laws that he and Mr. Vagim passed out. Staff did not pass out the by-laws because he did not give it to them, and he therefore owes Ms. Cooper an apology, and he wanted to publicly provide that to her.

Mr. Reid would also like to recuse himself from the following line items on the ROPS: Items 9-10 he represents Old Armenian Town which is a source of income to McCormick Barstow and he has a source of income and business position with McCormick Barstow. Line item 13, Don Pickett and Associates is a source of income to the firm; he has a business position and a financial interest with McCormick Barstow.

Mr. Bradley suggested taking a look at the draft resolution so that we are able to finish everything in one day at the next meeting.

There was discussion regarding board members speaking to citizens regarding specifics of projects and the potential liabilities to the board. The role of board members was also discussed.

The meeting adjourned at 5:15p.m.

The meeting continued at 1:04p.m. During roll call it was noted that Ms. Poochigian will be absent during the entire meeting, all other board members were present.

III. Recognized Obligation Payment Schedule (ROPS)

Line 9 – Convention Center Development – Old Armenian Town LLC (formerly Conv Ctr Line 5, pg. 4)
Ms. Cox provided an overview of this item and responded to questions. The item was open to the public. One person spoke. Mr. Westerlund made a motion to approve this item. Mr. Smith seconded the motion. Mr. Vagim made an amendment to the motion to bring the amount down from $2.5 million to $500,000. The amendment died due to the lack of a second. Returning to the original motion, the motion passed on a 4-1-2 vote with Mr. Vagim voting no, Mr. Reid recusing himself and Ms. Poochigian absent.

Line 10 – Construction Management Contract – Historic Houses (formerly Conv Ctr Line 6, pg. 4)
Ms. Cox presented this item and distributed before and after pictures to the board members. Ms. Cox and Mr. Sloan responded to questions. Mr. Westerlund made a motion to approve this item. Mr. Van Wyk seconded the motion. The item was open to the public for comment, there was none. The motion passed on a vote of 5-0-2 with Mr. Reid recusing himself and Ms. Poochigian absent.

Line 13 – Brawley Industrial Development (formerly Fwy 99 Line 6, pg. 5)
Ms. Murphey provided an overview of this item and responded to questions. Mr. Westerlund made a motion to approve this item. The motion was seconded by Mr. Van Wyk. The item was opened to the public for comment; there was none. The motion passed on a 5-0-2 vote with Mr. Reid recusing himself and Ms. Poochigian absent.

Line 34 – Property Sale/Disposition of Agency Properties (formerly Other Line 8)
Ms. Perez provided an overview of this item and responded to questions. Mr. Westerlund made a motion to approve this item. The motion was seconded by Mr. Smith. There was more discussion regarding the cost of the remediation and whether or not the ROP could be separated. Mr. Westerlund amended his motion to include the ROP be approved now and on the next round, bifurcating the ROP after appropriate research has been performed. Mr. Smith accepted the amendment as the person who made the second to the motion. The item was opened to the public for comment; there was none. The motion passed on a vote of 4-2-1 with Mr. Reid and Mr. Vagim voting no, and Ms. Poochigian absent.

Line 36 – CALPERS Unfunded and Employee Leave Payout (formerly Other Line 12)
Ms. Murphey provided an overview of this item and responded to questions. Mr. Westerlund made a motion to approve this ROP in the amount of $66,508 for this six month period. The motion was seconded by Mr. Van Wyk. There were no members of the public present. The motion passed on a 6-0-1 vote with Ms. Poochigian absent.

Line 38 – Successor Agency Administrative Budget (formerly Other Line 1)
Ms. Murphey provided an overview of this item and responded to questions. Mr. Reid stated that he will not be supporting this item because he feels line 39, the facilities lease, should be included. There was discussion regarding reconsidering line 39. After discussion, Mr. Westerlund made a motion to approve this ROP item in the amount of $304,039.32 as proposed by staff. The motion was seconded by Mr. Smith. There were no members of the public present. Mr. Vagim stated for the record that he did support item 39 since this will be the last year the lease for this building will appear and when the staff moves to another building he feels it should be a part of the administrative budget. The motion passed on a vote. 5-1-1 with Mr. Reid voting no and Ms. Poochigian absent.

1. Consider Resolution to approve the above ROPS for January – June 2013.
The board is voting on the items that are not underlined on the agenda. Mr. Reid distributed to the board members a written statement incorporated herein and on file with the Clerk explaining why he will be voting no on the Resolution. Mr. Sloan read Section 34176 from the statutes that the Successor Agency interprets as mandatory language that states money had to be moved and it is now on deposit with the Housing Asset fund and not the Successor Agency's other funds. Mr. Behrens read Section 34181, Section 22C which states "transfer housing assets pursuant to Section 34176", and so it looks like the Oversight Board doesn't have any discretion but to direct the Successor Agency. At this time the Resolution sets forth what the law is. Mr. Westerlund made a motion to approve as amended by the Oversight Board. The motion was seconded by Mr. Smith. Discussion ensued and as a result Mr. Westerlund amended his motion so that under Section 3, the last sentence in the resolution reads "At the request of the Department of Finance, the Oversight Board authorizes the listing of such assets on the ROPS and takes no action in recognition of the statutory transfer pursuant to section 34176 of ABX1 26 as amended by section 9 of AB 1484 effective on June 27, 2012." The amendment was accepted by Mr. Smith (the person who made the second to the motion). There were no members of the public present. The motion passed on a vote of 5-1-1 with Mr. Reid voting no and Ms. Poochigian absent.

The next meeting is tentatively scheduled for October 1, 2012 from 1pm to 3:15pm.

The meeting was adjourned at 3:40pm.

This page intentionally left blank.

RECEIVED
2012 NOV -2 PM 4:23
CITY CLERK, FRESNO CA

SUCCESSOR AGENCY TO THE
CITY OF FRESNO REDEVELOPMENT AGENCY

Independent Accountant's Report on
Applying Agreed-Upon Procedures
to the Successor Agency to the
City of Fresno Redevelopment Agency

As Prescribed in Section 34179.5 of
the California Health and Safety Code

MGO Certified Public Accountants.

This page intentionally left blank

SUCCESSOR AGENCY TO THE CITY OF FRESNO REDEVELOPMENT AGENCY

Table of Contents

Page

Independent Accountant's Report on Applying Agreed-Upon Procedures 1

ATTACHMENT

A. Agreed-Upon Procedures and Findings 3

EXHIBITS

A. Low and Moderate Income Housing Fund Asset Transfers to the City of Fresno, as Housing Successor, for the Period of February 1, 2012 through June 30, 2012 11

B. Low and Moderate Income Housing Fund Assets Transferred to the Successor Agency That Are Available to Distribute to Affected Taxing Entities 12

This page intentionally left blank

Certified Public Accountants.

Newport Beach
4675 MacArthur Court, Suite 600
Newport Beach, CA 92660
949.221.0025

Sacramento

Walnut Creek

Oakland

LA/Century City

San Diego

Seattle

Successor Agency to the
City of Fresno Redevelopment Agency
Fresno, California

Independent Accountant's Report on
Applying Agreed-Upon Procedures

We have performed the procedures in Attachment A, which were agreed to by the Successor Agency to the City of Fresno Redevelopment Agency (Successor Agency), California State Controller's Office and California Department of Finance (collectively referred to as Specified Parties) solely to assist you in determining the balances available for transfer to taxing entities from assets transferred to the Successor Agency from the Low and Moderate Income Housing Funds of the former redevelopment agency, as prescribed in Section 34179.5 of the California Health and Safety Code (Code) as of June 30, 2012.

The scope of this engagement was limited to performing the agreed-upon procedures set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

Management of the Successor Agency is responsible for the accounting records. 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 the Specified Parties. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested, or for any other purpose.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the assets transferred to the Successor Agency from the Low and Moderate Income Housing Fund of the former redevelopment agency and the balance available for transfer to the taxing entities. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Successor Agency, California State Controller's Office and the California Department of Finance, and is not intended to be, and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Newport Beach, California
October 31, 2012

This page intentionally left blank

SUCCESSOR AGENCY TO CITY OF FRESNO REDEVELOPMENT AGENCY
Attachment A - Agreed-Upon Procedures and Findings
Low and Moderate Income Housing Fund

Our procedures and findings are as follows:

1) **Procedure:**

Obtain from the Successor Agency a listing of all assets that were transferred from the Low and Moderate Income Housing Fund (Low/Mod Fund) of the former redevelopment agency to the Successor Agency on or about 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 noted that the former redevelopment agency transferred no assets from the Low/Mod Fund to the Successor Agency on February 1, 2012. All assets of the Low/Mod Fund were transferred to the Housing Successor. We verified the transfers through the review of accounting records.

2) **Procedures:**

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 Low/Mod Fund of 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 Low/Mod Fund held by 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.

Findings: We noted that the State Controller's Office has not completed its review of transfers as of the date of this report. Procedure 2A is not applicable to the Successor Agency, as there were no transfers from the Low/Mod Fund of the former redevelopment agency to the City for the period from January 1, 2011 through January 31, 2012.

For procedures 2B and 2C, we reviewed the Housing Asset Transfer Form (Form) submitted to the Department of Finance (DOF) and noted that all assets listed on the Form were approved by the DOF, except for a software licensing agreement executed on September 22, 2011, with a book value of $0 as of the transfer date of February 1, 2012. Please refer to Exhibit A for the results of the procedures performed.

3) **Procedures:**

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 Low/Mod 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.

B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low/Mod Fund held by 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.

Findings: We noted that the State Controller's Office has not completed its review of transfers as of the date of this report. Transfers to other public agencies or private parties, as defined in Health and Safety Code 34179.5 (C)(3), is the "...dollar value of any cash and cash equivalents transferred after January 1, 2011 through June 30, 2012...".

There were no transfers of cash and cash equivalents to other public agencies or private parties from the former redevelopment agency's Low/Mod Fund or Successor Agency after January 1, 2011 through June 30, 2012. As such, procedures 3A through 3C are not applicable.

4) **Procedure:**

Obtain from the Successor Agency a listing of all assets of the Low/Mod Fund that were held by the Successor Agency as of June 30, 2012. 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 AUP report.

Finding: There were no assets of the Low/Mod Fund that were held by the Successor Agency as of June 30, 2012. Therefore, this procedure is not applicable.

5) **Procedures:**

Obtain from the Successor Agency a listing of asset balances transferred from the Low/Mod Fund held as of June 30, 2012, that are restricted for the following purposes:

A. Unspent bond proceeds:

i. 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.)

ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).

iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

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

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

ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).

iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

C. Other assets considered to be legally restricted:

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

ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).

iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

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

Finding: We noted that there were no Low/Mod Fund assets held by the Successor Agency as of June 30, 2012. Therefore, this procedure is not applicable.

6) **Procedures:**

A. Obtain from the Successor Agency a listing of assets transferred from the Low/Mod Fund 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 6A 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 6B, 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 6A 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.

Finding: We noted that there were no Low/Mod Fund assets held by the Successor Agency as of June 30, 2012. Therefore, this procedure is not applicable.

7) **Procedures:**

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

i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.

ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.

iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.

iv. 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 transferred from the Low/Mod Fund dedicated or restricted to an enforceable obligation, are insufficient to fund future obligation payments, and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:

i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012, and for the six month period July 1, 2012 through December 31, 2012.

ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.

a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.

iii. For the forecasted annual revenues:

a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.

i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.

ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.

iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

D. If procedures 7A, B, or C were performed, calculate the amount of current unrestricted balances of assets transferred from the Low/Mod Fund necessary for retention in order to meet the enforceable obligations by performing the following procedures.

i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.

ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.

iii. Include the calculation in the AUP report.

Finding: We noted that there were no Low/Mod Fund assets transferred to, or held by, the Successor Agency as of June 30, 2012. Therefore, this procedure is not applicable.

8) **Procedure:**

If the Successor Agency believes that, as of June 30, 2012, cash balances transferred from the Low/Mod Fund 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 transferred from the Low/Mod Fund 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.

Findings: We noted that there were no Low/Mod Fund assets transferred to, or held by, the Successor Agency as of June 30, 2012. Therefore, this procedure is not applicable.

9) **Procedure:**

Include a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities from assets transferred to the Successor Agency from the Low/Mod Fund. 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.

Finding: No exceptions were noted as a result of this procedure. Please refer to Exhibit B for the results of this procedure.

10) **Procedure:**

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 assets of the Low/Mod Fund 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.

Finding: No exceptions were noted as a result of this procedure.

This page intentionally left blank

SUCCESSOR AGENCY TO THE CITY OF FRESNO REDEVELOPMENT AGENCY

EXHIBIT A - LOW AND MODERATE INCOME HOUSING FUND ASSET TRANSFERS TO THE CITY OF FRESNO, AS HOUSING SUCCESSOR, FOR THE PERIOD OF FEBRUARY 1, 2012 THROUGH JUNE 30, 2012

Asset description	Name of the recipient	Date of transfer	Book value of asset at date of transfer	Describe the purpose of the transfer and specify the enforceable obligation or other legal requirement requiring such transfer and the date of such requirement. Also, note whether the asset transfer was reversed and the date of such reversal.	Finding
Cash	City of Fresno, as Housing Successor	February 1, 2012	$ 312,704		None
Advances receivable	City of Fresno, as Housing Successor	February 1, 2012	237,493		None
Notes receivable	City of Fresno, as Housing Successor	February 1, 2012	11,761,520	Pursuant to Health and Safety Code section 34176 (a)(1), "The city, county, or city and county that authorized the creation of a redevelopment agency may elect to retain the housing assets and functions previously performed by the redevelopment agency." The Successor Agency submitted the Housing Asset Transfer Form to the Department of Finance and obtained approval to retain the housing assets listed within.	None
Loans receivable	City of Fresno, as Housing Successor	February 1, 2012	907,485		None
Land held for resale	City of Fresno, as Housing Successor	February 1, 2012	10,347,778		None
			$ 23,566,980		

SUCCESSOR AGENCY TO THE CITY OF FRESNO REDEVELOPMENT AGENCY

EXHIBIT B - LOW AND MODERATE INCOME HOUSING FUND ASSETS TRANSFERRED TO THE SUCCESSOR AGENCY THAT ARE AVAILABLE TO DISTRIBUTE TO AFFECTED TAXING ENTITIES

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 4)	$	-
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 5)		-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 6)		-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 7)		-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 8)		-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance		-
Amount to be remitted to county for disbursement to taxing entities	$	-