



Oversight Board Members:
Linda Jackson-Whitmore, Chair
Chadrick Smalley, Vice Chair

John Marquez
Jeff Lee

Whitney Dotson
Janet Johnson

Sheri Gamba

Agenda

Special Meeting

of the Oversight Board of the Successor Agency to the
Richmond Community Redevelopment Agency

Thursday, September 10, 2014
6:00 pm

City of Richmond
Richmond Room, 1st floor
450 Civic Center Plaza
Richmond CA, 94804

1. Call to Order
2. Roll Call
3. Public Comment
Comments are limited to 3 minutes per speaker.
 - a) ADOPT a resolution approving the Housing Due Diligence Review report's determination of available cash and cash equivalents. - (Susan Mayer)
 - b) CONDUCT a public comment session to receive comments on the Non-Housing Due Diligence Review. - (Susan Mayer)
4. New Business Items

Staff updates – (Patrick Lynch)
6. Adjournment

Oversight Board meetings are not televised.
In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Lizeht Zepeda (510) 620-1730. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

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**SUCCESSOR AGENCY TO THE
RICHMOND COMMUNITY
REDEVELOPMENT AGENCY**

AGENDA REPORT

DATE: September 10, 2014

TO: Honorable Chairperson Linda Jackson-Whitmore and Members of the Oversight Board of the Successor Agency to the Dissolved Richmond Community Redevelopment Agency

FROM: Successor Agency Staff

SUBJECT: Consideration of a Resolution Approving the Amount of Cash and Cash Equivalents in the Low and Moderate Income Housing Fund That are Available for Disbursement to Local Taxing Entities

STATEMENT OF THE ISSUE:

State legislation (AB 1484) requires the Successor Agency to the Dissolved Richmond Community Redevelopment Agency (Agency) to contract with an independent accountant to conduct a Due Diligence Review (DDR) to determine if there are any unobligated cash or cash equivalents available for distribution to the taxing entities that share tax increment revenues with the Agency. Two separate DDRs are required, including a DDR of the housing assets held by the Agency in its Low and Moderate Income Housing Fund (LMIHF) (the "Housing DDR") and a second DDR for the other non-housing account balances (the "Non-Housing DDR"). The Housing DDR was completed and was transmitted to the Oversight Board on June 16, 2014.

AB 1484 requires that the board hold a public comment session on the DDR report at least five business days before holding a meeting to consider approval of the amount of unobligated cash and cash equivalents related to housing assets that are available for disbursement to taxing entities as determined in the DDR report. After conducting a public comment session on the Housing DDR report on June 19, 2014, the Oversight Board can now consider a resolution to approve the Housing DDR report's determination of available cash and cash equivalents.

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RECOMMENDED ACTION:

1. APPROVE the determination in the Housing Due Diligence Report that the amount of cash and cash equivalents in the Low and Moderate Income Housing Fund that are available for disbursement to the taxing entities, as determined according to the method provided in Code Section 34179.5, is equal to zero dollars.
2. DIRECT staff to transmit the resolution approving this determination, together with a copy of the Housing Due Diligence Report, to the State Department of Finance (“DOF”) and the Contra Costa County Auditor Controller (“Auditor Controller”).

FINANCIAL IMPACT OF RECOMMENDATION:

The Agency’s Housing DDR determines that there are no unobligated cash or cash equivalents in its LMIHF available for distribution.

DISCUSSION:*Background*

The Agency transmitted on June 16, 2014 the results of the Housing DDR to the Oversight Board, the State Department of Finance (“DOF”), the State Controller’s office (“SCO”), and the Contra Costa Auditor-Controller (“Auditor-Controller”). The Housing DDR has also been made available to the public on the City of Richmond website.

The Housing DDR was performed by Maze & Associates, a licensed accountant with experience and expertise in local government accounting. The selection of the accountant was approved in advance by the Auditor-Controller. The Housing DDR was conducted in accordance with Agreed-Upon Procedures by DOF and SCO for the LMIHF of the former Redevelopment Agency and per the Due Diligence Review requirements identified in Sections 34179.5 of the California Health and Safety Code. Procedures and related findings are identified in the attached Low and Moderate Income Housing Fund Due Diligence report (Attachment 2) prepared by Maze & Associates.

As presented on Attachment B of the Housing DDR report, the Agency’s LMIHF cash and cash equivalent balances are committed to enforceable obligations that include the Miraflores, Lillie Mae Jones, and Metrowalk housing projects. The Housing DDR determines that no unobligated cash or cash equivalents are available for disbursement to the taxing entities.

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Per AB 1484, a public comment session must be held at least five business days prior to the Oversight Board taking action on the Housing DDR. A public comment session was conducted during the Oversight Board meeting of June 19, 2014. The County Auditor Controller has not provided any opinions concerning the contents of the Housing DDR report. No public comment or response has been received. The Oversight Board can now consider a resolution to approve the amount of cash and cash equivalents in the Low and Moderate Income Housing Fund that are available for disbursement to the taxing entities. Pursuant to Code Section 34179.6(d), the DOF will make the final determination with respect to the Housing DDR, after considering the Oversight Board's decision.

Next Steps

The Successor Agency continues its efforts to "wind down" the affairs of the dissolved Richmond Community Redevelopment Agency. The second "Non-Housing" DDR has been completed and a public comment session for that report has been scheduled during the Oversight Board meeting of September 10, 2014. When both the Housing and Non-Housing DDRs have been approved and accepted by the Oversight Board and State Department of Finance, the Agency will be eligible to receive a "Finding of Completion" from the State Department of Finance. After receiving the Finding of Completion, the Agency will next move to complete a Long-Range Property Management Plan (LRPMP) for consideration by the Oversight Board. The LRPMP will address the disposition of the Agency's real property.

CEQA:

The actions taken by enactment of this resolution do not commit the Oversight Board to any actions that may have a significant effect on the environment. As a result, such actions do not constitute projects subject to the requirements of the California Environmental Quality Act.

DOCUMENT ATTACHMENTS:

Attachment 1 – Resolution

Attachment 2 - Low and Moderate Income Housing Fund Due Diligence Report:

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES ON THE LOW AND MODERATE INCOME HOUSING FUND ASSOCIATED WITH CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 34179.5(c) (1) THROUGH 34179.5(c)(3) AND SECTIONS 34179.5(c)(5) THROUGH 34179.5(c)(6) FOR THE SUCCESSOR AGENCY OF THE CITY OF RICHMOND COMMUNITY REDEVELOPMENT AGENCY

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED RICHMOND COMMUNITY REDEVELOPMENT AGENCY APPROVING THE AMOUNT OF CASH AND CASH EQUIVALENTS IN THE LOW AND MODERATE INCOME HOUSING FUND THAT ARE AVAILABLE FOR DISBURSEMENT TO LOCAL TAXING ENTITIES, AS DETERMINED BY THE INDEPENDENT ACCOUNTANT'S REPORT APPLYING AGREED UPON PROCEDURES TO THE SUCCESSOR AGENCY.

WHEREAS, the former Richmond Community Redevelopment Agency of the City of Richmond (Former RCRA) administered the implementation of various redevelopment projects, programs, and activities within designated redevelopment project areas throughout the City of Richmond (City); and

WHEREAS, in accordance with Assembly Bill x1 26 (AB 26), the Former RCRA dissolved as of February 1, 2012, at which time the City of Richmond, solely in its capacity as the designated successor agency to the Former RCRA (Successor Agency), assumed the Former RCRA's assets and obligations; and

WHEREAS, the Successor Agency is required to administer the winding down of the Former RCRA's operations and to ensure compliance with the Former RCRA's obligations in accordance with AB 26, as amended by Assembly Bill 1484 (AB 1484); and

WHEREAS, California Health and Safety Code section 34179.5 requires the performance of two due diligence reviews applying agreed-upon procedures, including a review of account balances in the Low and Moderate Income Housing Fund (Housing DDR) and a review of Non-Housing account balances (Non-Housing DDR), in order to determine the unobligated balances available for transfer to the local taxing entities; and

WHEREAS, pursuant to California Health and Safety Code section 34179.5(a), the Successor Agency selected, and the Contra Costa County Auditor-Controller (County Auditor) approved, the independent accounting firm of Maze & Associates to complete each due diligence review of the Successor Agency; and

WHEREAS, Maze & Associates has completed the report applying the agreed-upon procedures for the Housing DDR in accordance with California Health and Safety Code section 34179.5, a copy of which is included as Attachment 2 to the accompanying staff report; and

WHEREAS, the Housing DDR Report establishes that the amount of cash and cash equivalents in the Low and Moderate Income Housing Fund that are available for disbursement to the taxing entities is zero dollars; and

WHEREAS, as required by California Health and Safety Code section 34179.6(b), the Oversight Board held a public comment session regarding the Housing DDR Report on June 19, 2014, and considered the results of the Housing DDR on the date of this Resolution, as shown below; and

WHEREAS, the County Auditor received a copy of the Housing DDR Report in advance of the public comment session held on June 19, 2014, and has not provided any opinions for the Oversight Board's consideration with respect to the contents of the DDR Report,

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

1. The Oversight Board approves the determination in the Housing DDR Report that the amount of cash and cash equivalents in the Low and Moderate Income Housing Fund that are available for disbursement to the taxing entities, as determined according to the method provided in California Health and Safety Code section 34179.5, is equal to zero dollars.
2. The Oversight Board directs Successor Agency staff to transmit a copy of this resolution, together with a copy of the Housing DDR Report, to the DOF and the County Auditor-Controller.

I certify that the foregoing Resolution was passed and adopted by the Oversight Board, at a regular meeting held on September 10, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Chairperson

Oversight Board Secretary

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES ON
THE LOW AND MODERATE INCOME HOUSING FUND
ASSOCIATED WITH CALIFORNIA HEALTH AND SAFETY
CODE SECTIONS 34179.5(c)(1) THROUGH 34179.5(c)(3)
AND SECTIONS 34179.5(c)(5) THROUGH 34179.5(c)(6)
FOR THE SUCCESSOR AGENCY OF THE
CITY OF RICHMOND
COMMUNITY REDEVELOPMENT AGENCY**

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**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES ON
THE LOW AND MODERATE INCOME HOUSING FUND
ASSOCIATED WITH CALIFORNIA HEALTH AND SAFETY
CODE SECTIONS 34179.5(c)(1) THROUGH 34179.5(c)(3)
AND SECTIONS 34179.5(c)(5) THROUGH 34179.5(c)(6)**

To the Oversight Board of the Successor Agency of
the City of Richmond Community Redevelopment Agency
Richmond, California

We have applied the procedures below, which were agreed to by the Successor Agency of the City of Richmond Community Redevelopment Agency (Successor Agency), solely to assist you with respect to the procedures required under California Health and Safety Code Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5(c)(6) for the Low and Moderate Income Housing Fund of the Successor Agency for the year ended June 30, 2012, also referred to as the Due Diligence Review by the Code. These procedures were suggested by the Governmental Auditing and Accounting Committee, as agreed to by the California State Department of Finance and State Controller's Office. Management of the Successor Agency is responsible for the accounting records, the Attachments and information provided pertaining to the statutory compliance pursuant to Health and Safety Code Section 34179.5. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of this 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 procedures you requested us to perform and our findings were as follows:

Citation:

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.

Results:

We obtained the following listing from City of Richmond staff and agreed the amount transferred to the Successor Agency to the accounting records without exception.

	Redevelopment Agency Low and Moderate Income Fund Balances January 31, 2012 (Prior to transfer)	Balances transferred to Housing Successor on February 1, 2012	Balances transferred to the Successor Agency on February 1, 2012
ASSETS			
Cash and Investments	\$2,682,973		\$2,682,973
Restricted Cash and Investments	888,839		888,839
Restricted Cash and Investments with Fiscal Agent:			
Debt Service Reserves and Debt Payment Funds	3,278,889		3,278,889
Project Funds	5,520,997		5,520,997
Grant Receivable - Miraflores	1,699,735		1,699,735
Loans Receivable	16,286,781	\$16,286,781	-
Advance to Richmond Housing Authority	174,067	174,067	-
Total Assets	<u>\$30,532,281</u>	<u>\$16,460,848</u>	<u>\$14,071,433</u>

Citation:

34179.5(c)(2) 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.

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 this Agreed Upon Procedures 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.

Results:

The State Controller's Office has completed its review of transfers under Section 34167.5 and issued its report dated November 12, 2013. See Attachment A.

Attachment A indicates the transfer of loans receivable in the amount of \$16,460,848 to the Housing Successor was unallowable because it had not been approved by the Successor Agency's Oversight Board. The Oversight Board approved the transfer of the Housing Assets, including these loans receivable, to the Housing Successor with Resolution 2-14 on February 25, 2014. Therefore, the transfer is not included as an unallowable transfer in Attachment B.

Although the above review was not performed under Section 34178.8, that Section is related to transfers to the City or another public agency after January 31, 2012. Per City staff, the Successor Agency did not make any such transfers.

Citation:

34179.5(c)(3) 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.

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 this Agreed Upon Procedures 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 this Agreed Upon Procedures 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 this Agreed Upon Procedures 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.

Results:

The State Controller's Office has completed its review of transfers under Section 34167.5 and issued its report dated November 12, 2013. See Attachment A.

Attachment A indicates the transfer of loans receivable in the amount of \$16,460,848 to the Housing Successor was unallowable because it had not been approved by the Successor Agency's Oversight Board. The Oversight Board approved the transfer of the Housing Assets, including these loans receivable, to the Housing Successor with Resolution 2-14 on February 25, 2014. Therefore, the transfer is not included as an unallowable transfer in Attachment B.

Although the above review was not performed under Section 34178.8, that Section is related to transfers to the City or another public agency after January 31, 2012. Per City staff, the Successor Agency did not make any such transfers.

Citation:

34179.5(c)(4) The review shall provide 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 Controller for the 2009–10 fiscal year.

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 Attachment A 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 liabilities (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 ended 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.

Results:

Not applicable for the Low and Moderate Income Housing Fund. We have been engaged to perform procedures and issue a separate report on the non-housing assets of the Successor Agency and will provide the results of this procedure in that report.

Citation:

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 all 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.

Results:

We obtained the listing of assets of the Low and Moderate Income Housing Fund of the Successor Agency from City staff and noted that the assets as of June 30, 2012 were comprised of the following:

Cash and Investments	\$2,610,252
Restricted Cash and Investments	888,839
Restricted Cash and Investments with Fiscal Agent:	
Debt Service Reserves	2,865,332
Debt Service Payment Funds	303,393
Project Funds	5,521,155
Grant Receivable - Miraflores	<u>1,532,327</u>
Total Assets	<u><u>\$13,721,298</u></u>

We agreed the balances to the accounting records without exception.

Citation:

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:
- 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.

Results:

We obtained the computation of unspent bond proceeds from City Staff and traced the amounts below to the accounting records without exception:

Unspent Project Funds held by Fiscal Agent:	
Loans from Richmond Joint Powers Financing Authority:	
2000B Housing Set-Aside Tax Allocation Revenue Bonds	\$945,057 (A)
2004A Tax Allocation Revenue Bonds	734,022 (A)
2004B Tax Allocation Revenue Bonds	1,170,142 (A)
2007B Housing Set-Aside Subordinate Tax Allocation Bonds	2,671,934 (B)
Debt Service Reserve Funds held by Fiscal Agent:	
2000B Housing Set-Aside Tax Allocation Bonds	480,448 (C)
2004A Tax Allocation Revenue Bonds	499,918 (C)
2004B Tax Allocation Revenue Bonds	199,967 (C)
2007B Housing Set-Aside Subordinate Tax Allocation Bonds	1,684,999 (D)
Debt Service Payment Funds held by Fiscal Agent:	
2004A Tax Allocation Revenue Bonds	<u>303,393 (E)</u>
	<u><u>\$8,689,880</u></u>

- (A) The respective Loan Agreements dated November 1, 2000 and October 1, 2004 indicate the loan proceeds are to be used for housing purposes. This restriction appears to be in effect until the funds are expended for the intended purpose.
- (B) The Indenture of Trust dated July 1, 2007 indicates the bond proceeds are to be used to finance low and moderate income housing activities of the Redevelopment Agency pursuant to the Redevelopment Plan and California Redevelopment Law. This restriction appears to be in effect until the funds are expended for the intended purpose.
- (C) The respective Indentures of Trust dated November 1, 2000 and October 1, 2004 indicate that the Debt Service Reserve Accounts were established by the Trustee solely for the purpose of replenishing the Interest account or Principal account of the respective Bonds. This restriction appears to be in effect until the funds are used for the last debt service payment on the Bonds. Although the Indentures of Trust are in the name of Richmond Joint Powers Financing Authority, the former Redevelopment Agency was a member of the Authority and the Successor Agency holds the Debt Service Reserve funds.

- (D) The Indenture of Trust dated July 1, 2007 indicates the Debt Service Reserve account was established to “equal the Debt Service Reserve Requirement for the Bonds then Outstanding” and any excess funds in the Debt Service Reserve are to be transferred to the Interest Account for debt service payments on the Bonds. This restriction appears to be in effect until it is used for the last debt service payment on the Bonds.
 - (E) The Indenture of Trust dated October 1, 2004 indicates the Interest and Principal Accounts are to be used solely to pay debt service on the Bonds. This restriction appears to be in effect until the funds are expended for the intended purpose. Although the Indentures of Trust are in the name of Richmond Joint Powers Financing Authority, the former Redevelopment Agency was a member of the Authority and the Successor Agency holds the Interest and Principal Account funds.
- 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.

Results:

Per inquiry of City staff, there were no such grant proceeds or program income related to the Low and Moderate Income Housing Fund as of June 30, 2012.

- 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 Successor the Agency as restricted.

Results:

We obtained the listing from City staff of the other assets considered legally restricted as follows:

Sakai Settlement	\$300,000 (A)
2007B Housing Set-Aside Subordinate Tax Allocation Bonds Reserve Subaccount	<u>588,839 (B)</u>
	<u><u>\$888,839</u></u>

- (A) The cash balance of the Sakai settlement in the amount of \$300,000 is restricted for the Miraflores Historical Preservation project until all funds are spent. We traced the balance of the Sakai settlement to the settlement agreement dated June 26, 2006 and the accounting records of the Successor Agency without exception.
- (B) The cash balance of the Reserve Subaccount is based on the requirement of Section 2.06 of the First Supplemental Indenture of Trust dated July 1, 2007 that requires the Trustee to establish and maintain within the Debt Service Reserve Account a sub account. The balance in the sub account is to be based on an annual calculation included in the Certificate of an Independent Redevelopment Consultant. This requirement appears to be in effect so long as the Bonds are outstanding.

The balance of the sub account in the Successor Agency's accounting records at June 30, 2012 was \$588,839, which agrees to the Certificate of the Independent Redevelopment Consultant Report dated October 31, 2011.

- 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.

Results:

See responses at Procedures 6A and 6C.

Citation:

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.

Results:

We obtained a listing of non-liquid assets of the Low and Moderate Income Housing Fund of the Successor Agency as of June 30, 2012 provided by City staff and noted that the non-liquid assets are comprised of grants receivable in the amount of \$1,532,327, less \$1,457,490 of net collections subsequent to June 30, 2012, for a net non-liquid asset balance of \$74,837.

The collections subsequent to June 30, 2012 were greater than the \$1,457,490, but Successor Agency staff indicated that the total amount collected included costs incurred prior to and subsequent to June 30, 2012. The balance of \$74,837 is the Successor Agency's estimate of the outstanding net grant receivable that has not been collected to date. The Successor Agency provided a list of vendor payments for the period September 17, 2013 through December 31, 2013 that comprise the reported receivable balance of \$74,837. We noted that the amount is listed at book value (cost).

- 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.

Results:

We agreed the grants receivable balance of \$1,532,327 to the June 30, 2012 accounting records of the Successor Agency. See 7A above for the net non-liquid asset balance.

- 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.

Results:

This procedure is not applicable – the assets were not disposed.

- 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.

Results:

Not applicable- the assets are listed at book value (cost).

Citation:

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.
 - 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.

Results:

Per City staff, the Successor Agency believes that cash balances in the amount of \$7,934,094 at June 30, 2012 need to be retained to satisfy enforceable obligations as detailed in the table below. For each obligation listed in the table below, we traced to legal documentation as noted below the table.

Miraflores Pollution Liability	\$1,956,639 (A)
EPA Brownfields Revolving Loan Fund Advance to Miraflores Project	600,000 (B)
Lillie Mae Jones	1,516,455 (C)
Metrowalk Housing	<u>3,861,000 (D)</u>
Total	<u><u>\$7,934,094</u></u>

- (A) We agreed the obligation to the calculation of the future estimated pollution remediation liability as of June 30, 2012 and the Successor Agency’s accounting records. The Redevelopment Agency entered into a voluntary Cleanup Agreement with the California Department of Toxic Substance Control on November 31, 2005, and the Department of Finance approved the project as an Enforceable Obligation in its letter to the Successor Agency dated December 18, 2012.
- (B) We agreed the obligation to the loan agreement dated February 16, 2011 for a loan from the Redevelopment Agency’s U.S. EPA Brownfields Revolving Loan Funds to the Redevelopment Agency’s Miraflores housing remediation project and to the Successor Agency’s accounting records. Repayment of the loan is due within five years of disbursement. We traced the project to the approved ROPS for the period January 1, 2014 through June 30, 2014. The Successor Agency has indicated that no disbursements were made through June 30, 2013 and the repayment to the revolving loan fund remains an encumbrance against its available cash balance at June 30, 2012.
- (C) We agreed the obligation to a loan agreement dated January 19, 2010, as amended on April 30, 2010, between the Redevelopment Agency and the Lillie Mae Jones LP. We noted that the agreement indicates that the loan obligation was intended to be funded from 2007B Bond Proceeds (\$1,953,709) and Section 108 loan proceeds (\$84,000). The balance of the undisbursed loan funding as of June 30, 2012 was comprised of 2007B Housing Bond Proceeds of \$1,432,455 and Section 108 loan proceeds of \$84,000. Although the loan agreement states it is intended to be funded by the 2007B Housing Bond Proceeds and Section 108 loan proceeds, the Successor Agency has assigned those funds to other projects. Therefore, the Successor Agency has indicated that its loan obligation remains an encumbrance against its available housing cash balance at June 30, 2012.
- (D) We agreed the obligation to the tri-party Disposition and Development Agreement (DDA) dated April 11, 2002 between the Redevelopment Agency, the San Francisco Bay Area Rapid Transit District and Richmond Transit, LLC, indicating the loan is to fund the Phase Two Development Loan which is for payment of a portion of the costs of construction and development of the Phase Two Residential/Retail Improvements. Although the DDA does not specify what portion of the Phase Two Development Loan is to be funded by low and moderate income housing funds, Section 403.1 indicates that “...not fewer than half of the Residential Units...shall be sold to Moderate Income Households...”

Since the Successor Agency is unsure of the final composition of funding under the loan between housing and non-housing funds, the Successor Agency has included that the full amount of the Phase Two Development Loan as a restriction of housing funds and no amount has been reflected as a restriction in Procedure 8 of the All Other Funds Due Diligence Review.

The Department of Finance indicated the agreement was not an enforceable obligation for the July 2012 to December 2012 ROPS period. The Successor Agency has indicated that it provided additional information to the Department of Finance in October 2012. The project was subsequently included in the approved ROPS for the period January 2013 to December 2013.

- 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:
- 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.
 1. 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:
 1. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Results:

Per inquiry of City staff, there are no projected future housing revenues and no enforceable obligations other than those included in Procedure 8A for the Low and Moderate Income Housing Fund of the Successor Agency for the periods January 1, 2012 through June 30, 2012 and July 1, 2012 through December 31, 2012.

- 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.

Results:

Not applicable, as the Successor Agency believes that projected property tax revenues are sufficient to pay bond debt service payments.

- 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.
- 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.

Results:

See Procedure 8A above. The Low and Moderate Income Housing Fund did not receive any distributions from the ROPS period January 2012 to June 2012 or the ROPS period July 2012 to December 2012.

Citation:

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.

Results:

Per inquiry of City staff, the cash balances of the Low and Moderate Income Housing Fund of the Successor Agency do need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule for the period of July 1, 2012 through June 30, 2013, which are included in Procedure 8 above.

Citation:

34179.5(c)(6) 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.

Suggested Procedure(s):

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities (Attachment B). 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 example summary schedule may 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).

Results:

See Attachment B.

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.

Results:

Management signed and provided the representation letter dated June 11, 2014 without exception.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the information provided for the purposes of the agreed-upon procedures and the Attachments. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we performed an audit of the information provided for the purposes of the agreed-upon procedures and the Attachments, matters might have come to our attention which would have been reported to you.

This report is intended solely for the information and use of management and the Oversight Board, the State Department of Finance and the State Controller's Office; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Maize & Associates

June 11, 2014

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RICHMOND COMMUNITY REDEVELOPMENT AGENCY

ASSET TRANSFER REVIEW

Review Report

January 1, 2011, through January 31, 2012



JOHN CHIANG
California State Controller

November 2013



JOHN CHIANG
California State Controller

November 12, 2013

Patrick Lynch, A.I.C.P., Housing Director
Richmond Community Redevelopment Agency
440 Civic Center Plaza
Richmond, CA 94804-1630

Dear Mr. Lynch:

Pursuant to Health and Safety (H&S) Code section 34167.5, the State Controller's Office reviewed all asset transfers made by the Richmond Community Redevelopment Agency to the City of Richmond or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether it should be turned over to the Successor Agency.

Our review applied to all assets including, but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers of assets to the City of Richmond or any other public agencies have been reversed.

Our review found that the Richmond Community Redevelopment Agency transferred \$173,925,297 in assets after January 1, 2011, including unallowable transfers totaling \$64,644,907 (\$48,184,059 to the City and \$16,460,848 to the entity assuming the housing functions), or 37.17% of the total assets. Unallowable transfers include:

- \$42,612,267 for improvements to City-owned capital assets. On June 20, 2013, the Oversight Board approved the transfer; therefore, no further action is necessary.
- \$5,571,792 in land to the City. On May 2, 2013, the journal entry for this transfer was reversed; therefore, no further action is necessary.

The remaining \$16,460,848 in assets must be turned over to the Successor Agency.

Patrick Lynch, A.I.C.P., Housing Director -2-

November 12, 2013

If you have any questions, please contact Elizabeth Gonzalez, Bureau Chief, Local Government Compliance Bureau, by phone at (916) 324-7226.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/sk

cc: Bill Lindsay, City Manager
Richmond Community Redevelopment Agency
Robert Campbell, Auditor-Controller
Contra Costa County
David Botelho, Program Budget Manager
State Department of Finance
Linda Jackson-Whitmore, Oversight Board Chairman
c/o Richmond Community Redevelopment/Successor Agency
Richard J. Chivaro, Chief Legal Counsel
State Controller's Office
Elizabeth Gonzalez, Bureau Chief
Division of Audits, State Controller's Office
Betty Moya, Audit Manager
Division of Audits, State Controller's Office
Cecelia Michaels, Auditor-in-Charge
Division of Audits, State Controller's Office

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Asset Transfer Review Report

Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Richmond Community Redevelopment Agency (RDA) after January 1, 2011. Our review included, but was not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payments of any kind from any source.

Our review found that the RDA transferred \$173,925,297 in assets after January 1, 2011, including unallowable transfers totaling \$64,644,907 (\$48,184,059 to the City of Richmond and \$16,460,848 to the entity assuming the housing functions), or 37.17% of the total assets. Unallowable transfers include:

- \$42,612,267 for improvements to City-owned capital assets. On June 20, 2013, the Oversight Board approved the transfer of the improvements to City owned assets; therefore, no further action is necessary.
- \$5,571,792 in land to the City. On May 2, 2013, the journal entry for this transfer was reversed; therefore, no further action is necessary.

The remaining \$16,460,848 in assets must be turned over to the Successor Agency.

Background

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget. The Governor's proposal was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor on June 28, 2011.

ABX1 26 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA Successor Agencies to oversee dissolution of the RDAs and redistribution of RDA assets.

A California Supreme Court decision on December 28, 2011 (*California Redevelopment Association et al. v. Matosantos*), upheld ABX1 26 and the Legislature's constitutional authority to dissolve the RDAs.

ABX1 26 was codified in the Health and Safety Code (H&S Code) beginning with section 34161.

In accordance with the requirements of H&S Code section 34167.5, the State Controller is required to review the activities of RDAs, "to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency, or any other public agency, and the redevelopment agency," and the date on which the RDA ceases to operate, or January 31, 2012, whichever is earlier.

The SCO has identified transfers of assets that occurred after January 1, 2011, between the RDA, the City of Richmond, and/or other public agencies. By law, the SCO is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABX1 26, be turned over to the Successor Agency. In addition, the SCO may file a legal order to ensure compliance with this order.

Objective, Scope, and Methodology

Our review objective was to determine whether asset transfers that occurred after January 1, 2011, and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the city or county, or city and county that created an RDA, or any other public agency, and the RDA, were appropriate.

We performed the following procedures:

- Interviewed Successor Agency personnel to gain an understanding of the Successor Agency operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the City and the RDA.
- Reviewed accounting records relating to the recording of assets.
- Verified the accuracy of the Asset Transfer Assessment Form. This form was sent to all former RDAs to provide a list of all assets transferred between January 1, 2011, and January 31, 2012.
- Reviewed applicable financial reports to verify assets (capital, cash, property, etc.).

Conclusion

Our review found that the RDA transferred \$173,925,297 in assets after January 1, 2011, including unallowable transfers totaling \$64,644,907 (\$48,184,059 to the City of Richmond and \$16,460,848 to the entity assuming the housing functions), or 37.17% of the total assets. Unallowable transfers include:

- \$42,612,267 for improvements to City-owned capital assets. On June 20, 2013, the Oversight Board approved the transfer of the improvements to City owned assets; therefore, no further action is necessary.
- \$5,571,792 in land to the City. On May 2, 2013, the journal entry for this transfer was reversed; therefore, no further action is necessary.

The remaining \$16,460,848 in assets must be turned over to the Successor Agency.

Details of our findings are in the Findings and Orders of the Controller section of this report. We also have included a detailed schedule of assets to be turned over to, or transferred to, the Successor Agency.

**Views of
Responsible
Official**

We issued a draft report on September 19, 2013. Patrick Lynch, A.I.C.P., Housing Director, responded by letter dated October 3, 2013, agreeing with the review results. Mr. Lynch indicated that he had no additional comments to the draft report. The City's response is included in this final review report as an attachment.

Restricted Use

This report is solely for the information and use of the City of Richmond, the Successor Agency, the Oversight Board, the entity assuming the housing functions, and the SCO; it 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 when issued final.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

November 12, 2013

Findings and Orders of the Controller

FINDING 1— Unallowable assets transferred to the City of Richmond

The Richmond Community Redevelopment Agency (RDA) transferred \$48,184,059 in assets to the City of Richmond. All of the asset transfers to the City occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

Unallowable asset transfers were as follows:

- The RDA transferred \$42,612,267 to the City in capital improvements for various City properties. The title to the properties remained with the City during the construction. On June 20, 2013, the Oversight Board retroactively approved this transfer by Resolution No 4-13 because the assets were deemed to be for a governmental purpose. Therefore, no further action is necessary.
- On March 26, 2011, the RDA transferred \$5,571,792 in land to the City. The transfer was reversed on May 2, 2013. Therefore, no further action is necessary.

Pursuant to H&S Code section 34167.5, the RDA may not transfer assets to a city, county, city and county, or any other public agency after January 1, 2011. Those assets should be turned over to the Successor Agency for disposition in accordance with H&S Code sections 34177 (d) and (e). However, it appears that some of those assets also may be subject to the provisions of H&S Code section 34181(a). H&S Code section 34181(a) states:

The oversight board shall direct the successor agency to do all of the following:

- (a) Dispose of all assets and properties of the former redevelopment agency provided however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a government purpose, such as roads, school buildings, parks, police, fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.

Order of the Controller

Pursuant to H&S Code section 34167.5, the City is ordered to reverse the transfer of the assets and turn them over to the Successor Agency for disposition in accordance with H&S Code sections 34177(d) and (e). However, as the Oversight Board approved the transfer of the governmental purpose assets and the City reversed the transfer of the land, no further action is necessary.

Note that, with regards to the governmental purpose assets that were approved by the Oversight Board, the Department of Finance (DOF) must approve the Oversight Board's decision in this matter. If the DOF does not approve this decision, the City is ordered to transfer those assets to the Successor Agency pursuant to H&S Code section 34167.5.

City's Response

The City agreed with the findings noted in the draft report and did not have any additional comments.

SCO's Comments

The finding and Order of the Controller remains as stated.

FINDING 2— Unallowable assets transferred to the entity assuming the housing functions

The RDA made an unallowable asset transfer of \$16,460,848 to the entity assuming the housing functions. Those assets consisted of loan receivables.

The asset transfer to the entity assuming the housing functions occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

Pursuant to H&S Code section 34175(b), the RDA was required to transfer all assets, including housing assets, to the Successor Agency. Those assets should be turned over to the Successor Agency for disposition in accordance with H&S Code sections 34177(d) and (e).

H&S Code section 34175(b) states that all assets, properties, contracts, leases, books and records, buildings, and equipment of the former were transferred on February 1, 2012, to the control of the Successor Agency, for administration pursuant to the provisions of this part. This includes all cash or cash equivalents and amounts owed to the RDA as of February 1, 2012.

Additionally, H&S Code section 34181(c) requires the oversight board to direct the Successor Agency transfer housing assets pursuant to Section 34176.

Order of the Controller

Based on H&S Code section 34167.5, the entity assuming the housing functions is ordered to return the assets, described in Schedule 2, in the amount of \$16,460,848, and turn them over to the Successor Agency.

The Successor Agency is directed to properly dispose of those assets in accordance with H&S Code sections 34177(d) and (e) and 34181(c).

City's Response

The City agreed with the findings noted in the draft report and did not have any additional comments.

SCO's Comments

The finding and Order of the Controller remains as stated.

**Schedule 1—
Unallowable RDA Asset Transfers
to the City of Richmond
January 1, 2011, through January 31, 2012**

Unallowable Asset Transfers to the City of Richmond:

Capital Assets

Capital improvements to City property	\$ 42,612,267
Oversight Board retroactively approved the transfer on June 20, 2013	(42,612,267)
Land parcels transferred to the City	5,571,792
Land parcel transfers were reversed by the Successor Agency on May 2, 2013	<u>(5,571,792)</u>
Total Transfers subject to H&S Code section 34167.5	<u>\$ —</u>

**Schedule 2—
Unallowable RDA Asset Transfers
to the Entity Assuming the Housing Functions
January 1, 2011, through January 31, 2012**

Unallowable Asset Transfers to the Entity Assuming the Housing Functions:

Current assets

Loans receivable

\$ 16,460,848

Total unallowable asset transfers

\$ 16,460,848

**Attachment—
City of Richmond’s Response to
Draft Review Report**

SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY



October 3, 2013

Steven Mar, Chief
Local Government Audits Bureau
State Controller's Office – Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Draft Asset Transfer Review Report

Dear Mr. Mar

The Successor Agency to the Richmond Community Redevelopment Agency ("Agency") is in receipt of the State Controller's Office letter of September 19, 2013 and accompanying draft report prepared pursuant to Health and Safety Code ("HSC") Section 34167.5 and dated September 2013 ("Draft Report"). The Agency appreciates the assistance provided by the State Controller to help ensure that we understand our responsibilities to successfully comply with new state redevelopment laws. We offer the following responses to the State Controller's two findings in the Draft Report.

Finding #1 - Unallowable Capital Asset transfers to the City of Richmond

We are pleased that the State Controller has acknowledged the Agency's actions to self-correct \$48 million in asset capital asset transfers. With approval of the Oversight Board for the Successor Agency to the Richmond Community Redevelopment Agency ("Oversight Board"), the Agency has already taken the corrective actions necessary to bring its capital asset transfers into compliance with new state laws. The Agency's \$48 million investment in important infrastructure improvements to City capital assets is now properly recorded in the City's financial records.

Finding #2 - Low/Moderate Income Housing Loans

The Agency is also pleased that \$16.4 million in redevelopment housing loan assets have helped deliver important low/moderate income housing projects in the City of Richmond. Consistent with the requirements of AB 1X 26 and AB 1484, this investment in low/moderate income housing programs has been preserved by the transfer of the low/moderate income loan portfolio to the new Successor Housing Agency that is charged with ongoing accountability for housing assets. The Agency's transfer to the Successor Housing Agency has been reported and approved by the State Department of Finance in its Housing Asset Transfer review.

We appreciate the additional recommendation provided by the State Controller to report and seek approval of this transfer by the Oversight Board. We understand the important role the Oversight Board serves in monitoring the financial affairs of the Agency and, in particular, monitoring the distribution of its assets in conformance with redevelopment dissolution law. An agenda report has been drafted to

Steven Mar, SCO
10/3/2013
Page 2

request Oversight Board review and approval of this housing loan portfolio transaction. With Oversight Board approval, we understand this finding will be resolved.

Finally, we would like to clarify that the housing loan portfolio is held by the City in its capacity as the Successor Housing Agency. The references to the Richmond Housing Authority in this report appear to be an oversight; the Housing Authority has not been involved with this transaction or with redevelopment dissolution.

Thank you for the opportunity to comment on the draft report. Please feel free to contact Agency staff at (510) 621-1730 with any questions.

Sincerely,

Pp:



Patrick Lynch, AICP, Housing Director
Successor Agency to the Richmond Community Redevelopment Agency

Cc (VIA EMAIL):

Bill Lindsay, City Manager, City of Richmond
Cecelia Michaels, Auditor-in-charge, State Controller's Office

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>

ATTACHMENT B

SUCCESSOR AGENCY TO THE CITY OF RICHMOND COMMUNITY REDEVELOPMENT AGENCY

**SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES
(Low and Moderate Income Housing Fund)**

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$13,721,298
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)	(9,578,719)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(74,837)
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)	(7,934,094)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-
Amount to be remitted to county for disbursement to taxing entities	<u><u>(\$3,866,352)</u></u>

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Oversight Board Members:

Linda Jackson-Whitmore, Chair
Chadrick Smalley, Vice Chair

John Marquez
Jeff Lee

Whitney Dotson
Janet Johnson

Sheri Gamba



**SUCCESSOR AGENCY TO THE
RICHMOND COMMUNITY
REDEVELOPMENT AGENCY**

AGENDA REPORT

DATE: September 10, 2014

TO: Honorable Chairperson Linda Jackson-Whitmore and Members of the Oversight Board of the Successor Agency to the Dissolved Richmond Community Redevelopment Agency

FROM: Successor Agency Staff

SUBJECT: Public Comment Session on Due Diligence Review of the Non-Housing Funds

STATEMENT OF THE ISSUE:

State legislation (AB 1484) requires the Successor Agency to the Dissolved Richmond Community Redevelopment Agency (Agency) to contract with an independent accountant to conduct a Due Diligence Review (DDR) to determine if there are any unobligated cash or cash equivalents available for distribution to the taxing entities that share tax increment revenues with the Agency. Two separate DDRs are required, including a DDR of the housing assets held by the Agency in its Low and Moderate Income Housing Fund (LMIHF) (the "Housing DDR") and a second DDR for the other non-housing account balances (the "Non-Housing DDR"). The Housing DDR was completed and transmitted to the Oversight Board on June 16, 2014. The Non-Housing DDR is now also complete and is ready for consideration by the Oversight Board.

AB 1484 requires that the board hold a public comment session on the DDR report at least five business days before holding a meeting to consider approval of the amount of unobligated cash and cash equivalents related to non-housing assets that are available for disbursement to taxing entities as determined in the DDR report. After receiving public comment, the Oversight Board can consider a resolution to approve the Non-Housing DDR at its next meeting, which is currently scheduled for September 17, 2014.

Oversight Board Members:

Linda Jackson-Whitmore, Chair
Chadrick Smalley, Vice Chair

John Marquez
Jeff Lee

Whitney Dotson
Janet Johnson

Sheri Gamba

RECOMMENDED ACTION:

CONDUCT a public comment session to receive comments on the Non-Housing Due Diligence Review.

FINANCIAL IMPACT OF RECOMMENDATION:

This public comment session provides an opportunity for oral and written objections to the DDR determination regarding unobligated cash or cash equivalents held in its non-housing funds that are available for disbursement to taxing entities. The Agency's Non-Housing DDR determines that there are no unobligated cash or cash equivalents in its non-housing funds available for distribution.

DISCUSSION:*Background*

The Agency transmitted on September 10, 2014 the results of the Non-Housing DDR to the Oversight Board, the State Department of Finance ("DOF"), the State Controller's office ("SCO"), and the Contra Costa Auditor-Controller ("Auditor-Controller"). The Non-Housing DDR has also been made available to the public on the City of Richmond website.

The Non-Housing DDR was performed by Maze & Associates, a licensed accountant with experience and expertise in local government accounting. The selection of the accountant was approved in advance by the Auditor-Controller. The Non-Housing DDR was conducted in accordance with Agreed-Upon Procedures by DOF and SCO for the Non-Housing funds of the former Redevelopment Agency and per the Due Diligence Review requirements identified in Sections 34179.5 of the California Health and Safety Code. Procedures and related findings are identified in the attached Non-Housing Due Diligence report (Attachment 1) prepared by Maze & Associates.

As presented on Attachment B of the Non-Housing DDR report, the Agency's Non-Housing cash and cash equivalent balances are committed to enforceable obligations. Obligations reported in the Non-Housing DDR are consistent with the items previously presented and approved by the Department of Finance on the Agency's semi-annual Required Obligation Payment Schedules ("ROPS"). Because available tax increment revenues since dissolution have been less than the Agency's approved required obligation payments, the Agency has used available reserves to finance a portion of its obligations during the ROPS II and III reporting periods. Examples of the obligations financed with reserves include debt service payments, the Metrowalk Bart Garage Project, the Bradley Moody Underpass Project, project management, and allowable administrative costs within the legislative 3% cap. All unrestricted reserves were drawn

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by June 30, 2013, the end of the ROPS III reporting period. Accordingly, the Non-Housing DDR determines that no unobligated cash or cash equivalents are available for disbursement to the taxing entities.

Per AB 1484, a public comment session must be held at least five business days prior to the Oversight Board taking action on the Non-Housing DDR. The public comment session is scheduled during the Oversight Board meeting of September 10, 2014. The Non-Housing DDR is scheduled to come back to the Oversight Board for its consideration of resolution to approve at its next meeting, currently scheduled for September 17, 2014.

Next Steps

The Successor Agency continues its efforts to “wind down” the affairs of the dissolved Richmond Community Redevelopment Agency. When both the Housing and Non-Housing DDRs have been approved and accepted by the State Department of Finance, the Agency will be eligible to receive a “Finding of Completion” from the State Department of Finance. After receiving the Finding of Completion, the Agency will next move to complete a Long-Range Property Management Plan (LRPMP) for consideration by the Oversight Board. The LRPMP will address the disposition of the Agency’s real property.

CEQA:

The actions taken by enactment of this resolution do not commit the Oversight Board to any actions that may have a significant effect on the environment. As a result, such actions do not constitute projects subject to the requirements of the California Environmental Quality Act.

DOCUMENT ATTACHMENTS:

Attachment 1 – Non-Housing Fund Due Diligence Report

“Independent Accountant’s Report on Applying Agreed Upon Procedures on All Funds Other Than the Low and Moderate Income Housing Fund Associated with California Health and Safety Code Sections 34179.59 (c)(1) through 34179.5 (c) (6) For the Successor Agency of the City of Richmond Community Redevelopment Agency”

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES ON
ALL FUNDS OTHER THAN THE LOW
AND MODERATE INCOME HOUSING FUND
ASSOCIATED WITH CALIFORNIA HEALTH AND SAFETY
CODE SECTIONS 34179.5(c)(1) THROUGH 34179.5(c)(6)
FOR THE SUCCESSOR AGENCY OF THE
CITY OF RICHMOND
COMMUNITY REDEVELOPMENT AGENCY**

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**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES ON
ALL FUNDS OTHER THAN THE LOW AND
MODERATE INCOME HOUSING FUND
ASSOCIATED WITH CALIFORNIA HEALTH AND SAFETY
CODE SECTIONS 34179.5(c)(1) THROUGH 34179.5(c)(6)**

To the Oversight Board of the Successor Agency of
the City of Richmond Community Redevelopment Agency
Richmond, California

We have applied the procedures below, which were agreed to by the Successor Agency of the City of Richmond Community Redevelopment Agency (Successor Agency), solely to assist you with respect to the procedures required under California Health and Safety Code Sections 34179.5(c)(1) through 34179.5(c)(6) for all funds other than the Low and Moderate Income Housing Fund of the Successor Agency for the year ended June 30, 2012, also referred to as the Due Diligence Review by the Code. These procedures were suggested by the Governmental Auditing and Accounting Committee, as agreed to by the California State Department of Finance and State Controller's Office. Management of the Successor Agency is responsible for the accounting records, the Attachments and information provided pertaining to the statutory compliance pursuant to Health and Safety Code Section 34179.5. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of this 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 procedures you requested us to perform and our findings were as follows:

Citation:

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.

Results:

We obtained the following listing from Successor Agency staff and agreed the amounts transferred to the Successor Agency on February 1, 2012 to the accounting records without exception. The “Non-Housing” balances represent all funds of the former Redevelopment Agency other than the Low and Moderate Income Housing Fund.

	Redevelopment Agency Non-Housing Fund Balances January 31, 2012 (Prior to transfer)	Non-Housing Balances transferred to Housing Successor on February 1, 2012	Non-Housing Balances transferred to the Successor Agency on February 1, 2012
ASSETS			
Cash and investments	\$8,034,766		\$8,034,766
Restricted Cash and Investments	3,455,706		3,455,706
Restricted Cash and Investments with Fiscal Agent:			
Debt Service Reserves and Debt Payment Funds	13,510,384		13,510,384
Project Funds	5,103,513		5,103,513
Notes and loans receivable, net of allowance	2,560,000		2,560,000
Prepays and other assets	7,558,782		7,558,782
Capital Assets:			
Land and construction in progress	15,412,803		15,412,803
Capital assets being depreciated, net	50,656		50,656
Total Assets	<u>\$55,686,610</u>	<u></u>	<u>\$55,686,610</u>

Citation:

34179.5(c)(2) 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.

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 this Agreed Upon Procedures 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.

Results:

The State Controller's Office has completed its review of transfers under Section 34167.5 and issued its report dated November 12, 2013. See Attachment A.

Attachment A indicates the transfer of improvements and land to the City totaling \$48,184,059 were unallowable, but acknowledges the subsequent approval by the Oversight Board for the transfer of improvements to City owned assets (\$42,617,267) and acknowledges the subsequent journal entry to reverse the land transfer (\$5,571,792). We traced the journal entry to reverse the land transfer to the Successor Agency's accounting records and noted that it is included in the balance of capital assets of the Successor Agency as of February 1, 2012. In addition, see Note (F) in Procedure 4. Therefore, the transfers are not included as unallowable transfers in Attachment D.

Although the State Controller's Office review of transfers was not performed under Section 34178.8, that Section is related to transfers to the City or another public agency after January 31, 2012. Per City staff, the former Redevelopment Agency and Successor Agency did not make any such transfers.

Citation:

34179.5(c)(3) 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.

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 this Agreed Upon Procedures 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 this Agreed Upon Procedures 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 this Agreed Upon Procedures 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.

Results:

The State Controller's Office has completed its review of transfers under Section 34167.5 and issued its report dated November 12, 2013. See Attachment A.

Attachment A indicates the transfer of improvements and land to the City totaling \$48,184,059 were unallowable, but acknowledges the subsequent approval by the Oversight Board for the transfer of improvements to City owned assets (\$42,617,267) and acknowledges the subsequent journal entry to reverse the land transfer (\$5,571,792). We traced the journal entry to reverse the land transfer to the Successor Agency's accounting records and noted that it is included in the balance of capital assets of the Successor Agency as of February 1, 2012. In addition, see Note (F) in Procedure 4. Therefore, the transfers are not included as unallowable transfers in Attachment D.

Although the State Controller's Office review of transfers was not performed under Section 34178.8, that Section is related to transfers to the City or another public agency after January 31, 2012. Per City staff, the former Redevelopment Agency and Successor Agency did not make any such transfers.

Citation:

34179.5(c)(4) The review shall provide 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 Controller for the 2009–10 fiscal year.

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 Attachment A [to the California State Department of Finance-issued Procedures] 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 liabilities (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 ended 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.

Results:

We obtained the summary of financial transactions of the Redevelopment Agency and the Successor Agency, including both the Low and Moderate Income Housing Funds and Non-Housing Funds, and agreed amounts in the schedule relevant to June 30, 2010 to the State Controller's report for that period. We traced amounts in the schedule for other fiscal periods presented to the Redevelopment Agency's or Successor Agency's accounting records. Total revenues, expenditures, and transfers appear to account for the changes in equity for each period. See table below:

	(A) Redevelopment Agency 12 Months Ended 6/30/2010	(B) Redevelopment Agency 12 Months Ended 6/30/2011	(C) Redevelopment Agency 7 Months Ended 1/31/2012	(C) Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and investments for operations	\$ 19,647,306	\$ 13,972,570	\$ 12,717,474	\$ 10,451,485
Restricted cash and investments	37,508,259	34,300,722	31,458,328	32,384,227
Accounts receivable	839,079	5,485,342		91,685
Interest receivable	272	151		
Grants receivable		1,008,497		9,397,270
Prepays and other assets	7,817,729	7,662,821	7,558,782	7,489,267
Interfund receivables	2,503,255	2,690,481	174,067	
Notes and loans receivable	26,252,143	26,103,867	18,846,781	2,560,000
Total Assets	<u>\$ 94,568,043</u>	<u>\$ 91,224,451</u>	<u>\$ 70,755,432</u>	<u>\$ 62,373,934</u>
Liabilities (modified accrual basis)				
Accounts payable and accrued liabilities	\$ 2,082,263	\$ 2,240,766	\$ -	\$ 6,379,744
Refundable deposits	98,415	129,265		
SERAF payable	10,118,826			
Deferred revenue	26,865,394	26,976,252	18,846,781	
Due to other funds/City	2,457			
Advances from the City		31,701		
Total Liabilities	<u>\$ 39,167,355</u>	<u>\$ 29,377,984</u>	<u>\$ 18,846,781</u>	<u>\$ 6,379,744</u>
Equity	<u>55,400,688</u>	<u>61,846,467</u>	<u>51,908,651</u>	<u>55,994,190</u>
Total Liabilities + Equity	<u>\$ 94,568,043</u>	<u>\$ 91,224,451</u>	<u>\$ 70,755,432</u>	<u>\$ 62,373,934</u>
Total Revenues:	<u>\$ 22,104,934</u>	<u>\$ 32,235,349</u>	<u>\$ 21,997,364</u>	<u>\$ 13,166,419</u>
Total Expenditures:	<u>\$ 101,503,959</u>	<u>\$ 37,991,684</u>	<u>\$ 26,348,787</u>	<u>\$ 11,466,813</u>
Total Transfers:	<u>\$ 34,526,194</u>	<u>\$ 12,202,114</u>	<u>\$ (1,086,393)</u>	<u>\$ -</u>
Net change in equity	<u>\$ (44,872,831)</u>	<u>\$ 6,445,779</u>	<u>\$ (5,437,816)</u>	<u>\$ 1,699,606</u>
Beginning Equity:	<u>\$ 100,273,519</u>	<u>\$ 55,400,688</u>	<u>\$ 57,346,467</u>	(D) <u>\$ 54,294,584</u>
Ending Equity:	<u>\$ 55,400,688</u>	<u>\$ 61,846,467</u>	<u>\$ 51,908,651</u>	<u>\$ 55,994,190</u>
Other Information (show year end balances for all years presented):				
Capital assets as of end of year	\$ 77,783,074	\$ 85,985,256	15,463,459	\$ 15,458,305
Accrued liabilities		\$ 1,600,072	\$ 3,452,323	\$ 2,565,285
Interest payable	\$ 2,080,616	\$ 2,219,380	2,132,787	\$ 2,301,681
Long-term debt as of end of year	\$ 143,228,154	\$ 148,461,644	140,034,740	\$ 140,041,952
Deferred investment in derivative instrument	\$ 10,367,801	\$ 8,723,354	8,564,299	\$ 8,589,578

- (A) We agreed amounts in this column to the Redevelopment Agency's June 30, 2010 audited financial statements without exception. We agreed amounts in this column to the Redevelopment Agency's June 30, 2010 State Controller's Report with the following exceptions:

The State Controller's Report did not include the following items:

Interest receivable - \$272
Interest payable - \$2,080,616
Deferred investment in derivative instrument - \$10,367,801

The State Controller's Report reported the following balances:

Cash and Investments and Restricted Cash and Investments - \$54,826,194
Accounts and Interfund Receivables - \$3,548,297
Accounts Payable and Accrued Liabilities - \$2,065,981
Refundable Deposits, Deferred Revenue, Due to Other Funds - \$29,487,744
Long-term Debt - \$143,499,083
Total Revenue - \$21,327,723
Total Expenditures - \$101,474,625
Total Transfers - \$31,761,195

- (B) We agreed the amounts in this column to the Redevelopment Agency's June 30, 2011 audited financial statements without exception.
- (C) We agreed balances to the accounting records without exception.
- (D) Beginning equity at July 1, 2011 does not agree to ending equity as of June 30, 2011 due to restatements of beginning equity totaling \$4,500,000 as of July 1, 2011. The restatements consisted of:
- i. The retirement of a prior advance to the City of Richmond's Civic Center Capital Projects Fund in the amount of \$2,000,000. The terms of the advance indicated that it would be forgiven after the Redevelopment Agency's Board determined that eligible costs of the Civic Center Project had been incurred. During fiscal year 2012, the City and the Agency determined that that the costs financed by the advance became eligible costs in 2007, which eliminated the basis for repayment by the City.
 - ii. The elimination of a loan receivable and associated long-term debt in the amount of \$2,500,000. The loan receivable from a third party had been funded by an interfund advance from the City's Insurance Internal Service Fund to the Redevelopment Agency. During fiscal year 2012, the City and Agency determined that the loan receivable should have been recorded in the Insurance Internal Service Fund and removed the associated advance payable (previously included in long-term debt of the Agency).
- (E) Beginning equity at February 1, 2012 does not agree with the ending equity as of January 31, 2012 due to the transfer of net housing assets of \$174,067 to the Housing Successor on January 31, 2012 and an adjustment to equity of \$2,560,000 because the Successor Agency does not offset loans receivable with deferred revenue.

- (F) Subsequent to June 30, 2012, following its review of an Oversight Board action during fiscal year 2013, the Department of Finance requested the return of \$5,328,244 in capital assets constructed prior to June 30, 2012 from the City of Richmond to the Successor Agency. This action increases the Successor Agency's Total Assets subsequent to June 30, 2012 and also increases the capital assets that are not liquid or available for distribution to the County, for no net change to the results of this Due Diligence Review. The return of these capital assets was reported in the Successor Agency's June 30, 2013 financial statements. Therefore, the return of these capital assets has not been reflected in this balance as of June 30, 2012.

Citation:

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):

- 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 all 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.

Results:

We obtained the listing of assets provided by Successor Agency staff and noted that the Successor Agency's assets as of June 30, 2012, excluding the assets of the Low and Moderate Income Housing Fund previously reported in that Agreed Upon Procedures Report dated May 8, 2014, and noted that the Successor Agency's assets are comprised of the following:

ASSETS	
Cash and investments	\$6,694,734
Restricted Cash and Investments	4,602,769
Restricted Cash and Investments with Fiscal Agent:	
Debt Service Reserves	8,110,318
Debt Service Payment and Cost of Issuance Funds	6,135,260
Project Funds	5,103,660
Accounts receivable (due from City)	91,685
Notes and loans receivable, net of allowance	2,560,000
Grants receivable	7,864,943
Prepays and other assets	7,489,267
Capital Assets:	
Land and construction in progress	15,412,803 (A)
Capital assets being depreciated, net	<u>45,502</u>
Total Assets	<u><u>\$64,110,941</u></u>

(A) See Note (F) in Procedure 4

We agreed the balances to the accounting records without exception.

Citation:

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:
 - 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.

Results:

We obtained the computation of unspent bond proceeds from Successor Agency Staff and traced the amounts below to the accounting records without exception:

Unspent Project Funds held by Fiscal Agent:	
Loans from Richmond Joint Powers Financing Authority:	
2000A Tax Allocation Revenue Bonds	\$689,906 (A)
2003B Tax Allocation Revenue Bonds	308,259 (A)
2004A Tax Allocation Revenue Bonds	1,634,429 (A)
2007A Subordinate Tax Allocation Bonds	2,471,066 (B), (J)
Debt Service Reserve Funds held by Fiscal Agent:	
1998 Tax Allocation Revenue Bonds	1,039,778 (C)
2000A Tax Allocation Revenue Bonds	1,808,218 (D)
2003A Tax Allocation Revenue Bonds	804,001 (D)
2003B Tax Allocation Revenue Bonds	625,001 (D)
2004A Tax Allocation Revenue Bonds	999,836 (D)
2010A Tax Allocation Bonds	2,833,484 (E)
Debt Service Payment and Cost of Issuance Funds held by Fiscal Agent:	
1998 Tax Allocation Revenue Bonds	2,064,264 (F)
2003A Tax Allocation Revenue Bonds	19,839 (G)
2003B Tax Allocation Revenue Bonds	15,421 (G)
2004A Tax Allocation Revenue Bonds	606,785 (G)
2007A Tax Allocation Bonds	71,685 (H)
2010A Tax Allocation Bonds	3,357,266 (I)
Subtotal - Unspent Bond Proceeds	19,349,238
Less subsequent drawdown for accounts payable included in Procedure 8A	(1,071,122) (J)
Net Unspent Bond Proceeds	<u>\$18,278,116</u>

- (A) The respective Loan Agreements dated November 1, 2000, August 1, 2003 and October 1, 2004 indicate the loan proceeds are to be used for financing projects and activities authorized by the Redevelopment Plan and the California Redevelopment Law. This restriction appears to be in effect until the funds are expended for the intended purpose.
- (B) The Indenture of Trust dated July 1, 2007 indicates that the bond proceeds are to be used to finance activities authorized by the Redevelopment Plan and the California Redevelopment Law. This restriction appears to be in effect until the funds are expended for the intended purpose.
- (C) The First Supplemental Indenture of Trust dated February 1, 1998 indicates that the Debt Service Reserve Account is established to equal the Reserve Requirement. This restriction appears to be in effect until it is used for the last debt service payment on the Bonds.
- (D) The respective Indentures of Trust dated November 1, 2000, August 1, 2003 and October 1, 2004 indicate that the Debt Service Reserve accounts were established by the Trustee solely for the purpose of replenishing the Interest account or Principal account of the respective Bonds. This restriction appears to be in effect until they are used for the last debt service payment on the Bonds. Although the Indentures of Trust are in the name of the Richmond Joint Powers Financing Authority, the former Redevelopment Agency was a member of the Authority and the Successor Agency holds the Debt Service Reserve funds.
- (E) The Third Supplemental Indenture of Trust dated April 1, 2010 and the Master Indenture of Trust dated July 1, 2007 indicates the Debt Service Reserve account was established to “equal the Debt Service Reserve Requirement for the Bonds then Outstanding” and any excess funds in the Debt Service Reserve are to be transferred to the Interest Account for debt service payments on the Bonds. This restriction appears to be in effect until it is used for the last debt service payment on the Bonds.
- (F) The Indenture of Trust dated January 1, 1992 and the First Supplemental Indenture of Trust dated February 1, 1998 indicate that the Special Account is established to solely pay debt service on the Bonds. This restriction appears to be in effect until it is used for the last debt service payment on the Bonds.
- (G) The respective Indentures of Trust dated August 1, 2003 and October 1, 2004 indicate that the Interest and Principal Accounts are to be used solely to pay debt service on the respective Bonds. This restriction appears to be in effect until they are expended for the intended purpose. Although the Indentures of Trust are in the name of the Richmond Joint Powers Financing Authority, the former Redevelopment Agency was a member of the Authority and the Successor Agency holds the Debt Service Payment funds.
- (H) The Indenture of Trust dated July 1, 2007 indicates the funds in the Special Account and remaining funds in the Cost of Issuance Account are to be used solely to pay debt service on the Bonds. This restriction appears to be in effect until they are expended for the intended purpose.

- (I) The Third Supplemental Indenture of Trust dated April 1, 2010 and the Master Indenture of Trust dated July 1, 2007 indicate that funds in the Interest, Principal and Special Accounts are to be used solely to pay debt service on the Bonds. This restriction appears to be in effect until they are expended for the intended purpose.
- (J) The fiscal agent held \$2,471,066 of unspent project funds as of June 30, 2012. Subsequent to June 30, 2012, the Successor Agency drew down \$1,071,122 as reimbursement for project costs incurred prior to June 30, 2012. Those project costs are included in the total of Accrued Accounts Payable in Procedure 8A. Accordingly, the net balance has been reported as restricted for the purpose of this report.

- 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.

Results:

Per inquiry of Successor Agency staff, there were no grant proceeds or program income held by the Successor Agency at June 30, 2012.

- 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 Successor the Agency as restricted.

Results:

We obtained the listing from Successor Agency staff of the other assets considered legally restricted as follows:

Terminal One Settlements	\$2,723,046 (A)
1998 Tax Allocation Revenue Bonds Reserve Shortage	1,146,500 (B)
2007A Subordinate Tax Allocation Bonds Reserve Subaccount	733,223 (C)
	<u>\$4,602,769</u>

- (A) The cash balance of the Terminal One Settlements in the amount of \$2,723,046 is to be used for the environmental investigation and remediation work at the Terminal One site pursuant to settlement agreements between the Redevelopment Agency and various parties. In accordance with the Regional Water Quality Control Board's order, the Redevelopment Agency is the "responsible party" for the cleanup and monitoring activities at the Terminal One Site.

We traced the balance of the Terminal One Settlements to October 2004, November 2004 and September 2005 Settlement Agreements in the amounts of \$700,000, \$150,000 and \$3,200,000, respectively. Successor Agency staff could not locate a fully executed copy of the September 2005 Settlement Agreement, however, the outside legal counsel in charge of the matter provided the Successor Agency with a "letter declaration" that "all the parties came to agreements to resolve the litigation, and signed their settlement agreements."

We traced the settlement amounts, net of costs incurred prior to August 8, 2006 and gross of interest earned on the unspent balances through June 30, 2012, to the accounting records of the Successor Agency without exception.

- (B) The First Supplemental Indenture of Trust dated February 1, 1998 for the 1998 Tax Allocation Revenue Bonds indicates the reserve requirement is \$2,186,278, but the balance of the reserve account is only \$1,039,778 as of June 30, 2012. The Successor Agency has indicated that it is required to replenish the deficit in the reserve account and received approval from the Department of Finance in its December 17, 2013 letter approving the ROPS for the period January 2014 to July 2014.

- (C) The cash balance of the Reserve Subaccount is based on the requirement of Section 5.04 of the First Supplemental Indenture of Trust dated July 1, 2007 that requires the Trustee to establish and maintain within the Debt Service Reserve Account a sub account. The balance in the sub account is to be based on an annual calculation included in the Certificate of an Independent Redevelopment Consultant. This requirement appears to be in effect so long as the Bonds are outstanding. Although the 2007A Bonds were refunded by the 2010A Tax Allocation Bonds, the requirement of the First Supplemental Indenture continues.

The balance of the sub account in the Successor Agency's accounting records at June 30, 2012 was \$733,223, which agrees to the Certificate of the Independent Redevelopment Consultant Report dated October 31, 2011.

- 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.

Results:

See responses at Procedure 6A and 6C.

Citation:

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.

Results:

We obtained the listing of non liquid assets recorded at purchase cost provided by Successor Agency staff and agreed it to accounting records of the Successor Agency without exception.

Receivables:	
Grants	\$7,864,943
Loans	2,560,000
Prepaid Rent	7,489,267
Interfund receivables/due from City	91,685
Capital Assets	<u>15,458,305 (A)</u>
Total Non-Liquid Assets	<u><u>\$33,464,200</u></u>

(A) See Note (F) in Procedure 4

- 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.

Results:

We traced the listing of non liquid assets to the Successor Agency's accounting records without exception and noted they were recorded at purchase cost.

- 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.

Results:

See Procedure 7B above. Per Successor Agency staff, there were no disposals of assets.

- 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.

Results:

Not applicable. The assets are listed at purchase cost.

Citation:

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.
 - 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.

Results:

Per Successor Agency staff, the Successor Agency believes that cash balances in the amount of \$4,188,338 at June 30, 2012 need to be retained to satisfy accrued accounts payable enforceable obligations, because revenues are not available to pay the obligations. These obligations are for actual costs from the January 2012 to June 30, 2012 Recognized Obligation Payment Schedule (ROPS) reporting period. Cash is needed to be retained to settle these costs incurred prior to June 30, 2012, but disbursed subsequent to June 30, 2012. Future revenues have been dedicated to future ROPS obligations and are not available to settle the costs for this ROPS period.

We obtained the schedule of obligations from Successor Agency staff that consisted of accrued accounts payable outstanding as of June 30, 2012 and we agreed the balances to the accounting records without exception. The accrued accounts payable obligations, which include obligations to be funded by unspent bond proceeds as discussed in Note (J) of Procedure 6A, consisted of the following:

<u>Enforceable Obligation</u>	<u>Accrued Accounts Payable</u>
Railroad Crossing Design & Improvements Project	\$213,512
Project Area Streetscapes	14,930
Miraflores Remediation	422,005
Bradley A Moody Memorial Underpass Project	59,117
Area T Soil Remediation	6,345
Metrowalk Phase II and BART Garage Project	3,392,700
I80 Shopping Center Project	900
Administrative Allocation	<u>78,829</u>
Total Accounts Payable	<u><u>\$4,188,338</u></u>

We compared each obligation to the January 2012 to June 30, 2012 ROPS approved by the California Department of Finance and for each vendor amount included in the accrued accounts payable obligations, we traced to legal documentation with the following exceptions:

<u>Project Name - Vendor</u>	<u>Amount</u>	<u>Exception</u>
Miraflores Remediation - Eagle Environmental Construction	\$368,907	Original contract in January 2011 was in the name of the Redevelopment Agency, but there was a subsequent amendment in November 2011 in the name of the Redevelopment Agency and two amendments in March and April 2012 were in the name of the City. (A)
Bradley A Moody Memorial Underpass Project - BKF Engineering	26,352	Contract amended after June 28, 2011 (B)
Area T Soil Remediation - PES Environmental	6,345	Contract amended after June 28, 2011 (C)
Metrowalk Phase II and BART Garage Project - Questa Engineering	191,302	Contract executed after June 28, 2011 (D)
C Overaa	1,438,052	Original contract in March 2010 was in the name of the City and contract amended after June 28, 2011 (E)
Mack 5	241,879	Contract amended after June 28, 2011 (E)

- (A) Per Successor Agency staff, the contract amendments were required to fulfill the obligations of the former Redevelopment Agency for its Miraflores Housing Project. Funding agreements with the US Environmental Protection Agency (EPA), US Department of Housing and Urban Development (HUD) and the California Pollution Control Finance Agency (CPCFA) obligate the former Agency to complete hazardous materials remediation at the Miraflores site and to construct affordable senior and infill housing on the site. The EPA Revolving Loan Fund Program loan was executed on February 16, 2011 and the CAL ReUSE Infill Grant Agreement was executed on October 18, 2010. The contract amendments were required in order to fulfill the obligations under these agreements. Contracts have been executed on behalf of both the City and Redevelopment Agency to complete this project because of its multiple funding sources.

The State Department of Finance (DOF) questioned a number of these items from the July to December 2012 ROPS in its letter of May 25, 2012. The Successor Agency's response to the DOF dated June 19, 2012 set forth the reasons that these items were incorrectly denied. This occurred prior to the establishment of the "Meet and Confer" process for resolving disputes. On July 12, 2012, DOF sent a letter stating that requests to reconsider disputed items would be addressed in DOF's January to June 2013 ROPS review process. In light of this direction, the Successor Agency included the disputed Miraflores items on its January to June 2013 ROPS (i.e. ROPS III). The items were approved by DOF as part of ROPS III and have been included and approved by DOF on every ROPS submitted since, including ROPS 13-14A, 13-14B, and 14-15A.

- (B) Per Successor Agency staff, this contract amendment was required to fulfill the obligations of the former Redevelopment Agency. A Trade Corridor Improvement Fund Baseline Agreement ("TCIF Baseline Agreement") between the former Redevelopment Agency and the California Department of Transportation was executed May 4, 2009. This agreement provides the Agency \$18.975 million in State Proposition 1B funding for the Underpass Project, which represents only a portion of estimated construction costs. The TCIF Baseline Agreement also obligates the former Agency to fund the balance of project costs. In its letter of September 17, 2012, DOF affirmed that the Officer Bradley A. Moody Memorial Underpass Project is an enforceable obligation due to the TCIF Baseline Agreement. The contract amendment with BKF was required in order to fulfill the obligations created by this agreement.
- (C) Per Successor Agency staff, this contract amendment was required to fulfill the obligations of the former Redevelopment Agency. This contract is related to the Officer Bradley A. Moody Memorial Underpass Project (see (B) above), for the Meade Street Bypass. The permit issued by the California Public Utilities Commission for the construction of the underpass notes that the first phase of the Underpass project entails the construction of a temporary bypass road to provide emergency vehicle access while the underpass is under construction. This is known as the "Meade Street Bypass", and PES Environmental provided soils testing and environmental analysis services for this project. The contract amendment was required in order to fulfill the Project obligations created the TCIF Baseline Agreement discussed in (B) above.
- (D) Per Successor Agency staff, this contract was required to fulfill the obligations of the former Redevelopment Agency. The Questa Engineering contract is related to the Metrowalk Transit Village Project, Phase II. The Disposition and Development Agreement for the Richmond Transit Village Project requires the former Agency to cause the construction of various public improvements. Questa Engineering is the design firm for these public improvements. This contract was required in order to fulfill the obligations created by the Disposition and Development Agreement.

- (E) Per Successor Agency staff, this contract amendment was required to fulfill the obligations of the former Redevelopment Agency. The C Overaa and Mack5 contracts are both related to the Metrowalk Transit Village Project. The Disposition and Development Agreement for the Richmond Transit Village Project requires the former Agency to “cause the construction” of a BART parking structure. C. Overaa was the general contractor for construction for the larger project managed by the City, and Mack5 was the construction management/testing and inspection firm for the parking structure project. During the course of construction, various factors caused costs to increase, principally inclement weather and design issues. These increases necessitated amendments to these contracts in order for the Agency to fulfill its obligation to construct the parking structure.
- 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:
- 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.
 1. 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:
 1. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Results:

The Successor Agency believes there are no future revenues available to fund the accrued accounts payable enforceable obligations outstanding at June 30, 2012. See Procedure 8A above.

- 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.

Results:

The Successor Agency believes that projected property tax revenues and other general purpose revenues are sufficient to pay bond debt service payments.

- 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.
- 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.

Results:

See Procedure 8A above.

Citation:

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.

Results:

The Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedules for the period July 1, 2012 through June 30, 2013, because previous RPTTF distributions were insufficient to cover actual disbursements during the period.

We obtained the copy of the Prior Period Estimated Obligation vs Actual Payments for Recognized Obligation Payments Schedule (ROPS II) for the period July 1, 2012 through December 31, 2012 included with the Approved ROPS for the period 13-14A (Attachment B). See the "Reserve Balance – Actual" and "RPTTF – Actual" columns on Attachment B for the amounts proposed to be retained by the Successor Agency totaling \$9,951,128. (\$2,286,327 to be paid from June 30, 2012 reserves and \$7,664,801 to be paid from the June 2012 RPTTF distribution.) The Successor Agency believes that cash balances need to be retained because resources other than cash on hand are not available for payment of the obligations.

We also obtained a copy of the Report of Prior Period Adjustments Reported for the ROPS III (January 1, 2013 through June 30, 2013) Period included with the approved ROPS for the period 13-14A (Attachment C). See the “Reserve Balance – Actual” column on Attachment C for amounts proposed to be retained by the Successor Agency totaling \$475,405. The Successor Agency believes that cash balances need to be retained because resources other than cash on hand are not available for payment of the obligations.

However, as noted in Procedure 8, certain contracts included on Attachments B and C were executed or amended after June 28, 2011 as noted below:

Project Name - Vendor	Amount	Exception	
Marina Bay Trails Landscape/Security/Improvements Project - PES Environmental	\$18,266	Contract executed and amended after June 28, 2011	(A)
Bradley A Moody Memorial Underpass Project - BKF Engineering	2,407	Contract amended after June 28, 2011	(B)
Railroad Crossing Design & Improvements Project - W R Ford Associates	4,000	Contract executed after June 28, 2011	(C)
Area T Soil Remediation - PES Environmental	6,613	Contract executed after June 28, 2011	(D)
Nichols Consulting	17,979	Contract executed after June 28, 2011	(D)

(A) Per Successor Agency staff, this contract was required to fulfill the obligations of the former Redevelopment Agency. This contract is related to ongoing environmental clean-up and monitoring in the Marina Bay Area, including a contaminated site known as “Area T”. The former Redevelopment Agency is obligated by the State Department of Toxic Substance Control (DTSC) to provide soil remediation and monitoring for various land parcels owned by the Agency pursuant to a Voluntary Clean Up Agreement, deed restrictions, and Operations and Maintenance Plans. This is a long-term property obligation established by a State agency and can be altered as to scope over time based on changing regulations, determinations by DTSC, and actual conditions in the field. The PES Environmental contract and its subsequent amendment were required in order to fulfill the obligations created by the various agreements and other documents, as required by DTSC.

(B) Per Successor Agency staff, this contract was required to fulfill the obligations of the former Redevelopment Agency created by the agreement discussed in Note (B) of Procedure 8A. The contract amendment with BKF was required in order to fulfill the obligations created by this agreement.

(C) Per Successor Agency staff, this contract was required to fulfill the obligations of the former Redevelopment Agency created by the agreement discussed in Note (C) of Procedure 8A. W.R. Forde & Associates was the general contractor for construction of this phase of that project. The contract amendment was required in order to fulfill the Project obligations created the TCIF Baseline Agreement discussed in Note (C) of Procedure 8A.

(D) Per Successor Agency staff, this contract was required to fulfill the obligations of the former Redevelopment Agency. Both the PES Environmental and Nichols Consulting contracts are related to the ongoing environmental issues in Marina Bay discussed in (A) above. As with those items, these contracts were required in order to fulfill obligations created by various agreements and other documents, as required by the DTSC.

Citation:

34179.5(c)(6) 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.

Suggested Procedure(s):

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities (Attachment E). 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 example summary schedule may 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).

Results:

See Attachment D.

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.

Results:

Management signed and provided the representation letter dated August 18, 2014 without exception.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the information provided for the purposes of the agreed-upon procedures and the Attachments. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we performed an audit of the information provided for the purposes of the agreed-upon procedures and the Attachments, matters might have come to our attention which would have been reported to you.

This report is intended solely for the information and use of management and the Oversight Board, the State Department of Finance and the State Controller's Office; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Mane & Associates

August 18, 2014

RICHMOND COMMUNITY REDEVELOPMENT AGENCY

ASSET TRANSFER REVIEW

Review Report

January 1, 2011, through January 31, 2012



JOHN CHIANG
California State Controller

November 2013



JOHN CHIANG
California State Controller

November 12, 2013

Patrick Lynch, A.I.C.P., Housing Director
Richmond Community Redevelopment Agency
440 Civic Center Plaza
Richmond, CA 94804-1630

Dear Mr. Lynch:

Pursuant to Health and Safety (H&S) Code section 34167.5, the State Controller's Office reviewed all asset transfers made by the Richmond Community Redevelopment Agency to the City of Richmond or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether it should be turned over to the Successor Agency.

Our review applied to all assets including, but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers of assets to the City of Richmond or any other public agencies have been reversed.

Our review found that the Richmond Community Redevelopment Agency transferred \$173,925,297 in assets after January 1, 2011, including unallowable transfers totaling \$64,644,907 (\$48,184,059 to the City and \$16,460,848 to the entity assuming the housing functions), or 37.17% of the total assets. Unallowable transfers include:

- \$42,612,267 for improvements to City-owned capital assets. On June 20, 2013, the Oversight Board approved the transfer; therefore, no further action is necessary.
- \$5,571,792 in land to the City. On May 2, 2013, the journal entry for this transfer was reversed; therefore, no further action is necessary.

The remaining \$16,460,848 in assets must be turned over to the Successor Agency.

Patrick Lynch, A.I.C.P., Housing Director -2-

November 12, 2013

If you have any questions, please contact Elizabeth Gonzalez, Bureau Chief, Local Government Compliance Bureau, by phone at (916) 324-7226.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/sk

cc: Bill Lindsay, City Manager
Richmond Community Redevelopment Agency
Robert Campbell, Auditor-Controller
Contra Costa County
David Botelho, Program Budget Manager
State Department of Finance
Linda Jackson-Whitmore, Oversight Board Chairman
c/o Richmond Community Redevelopment/Successor Agency
Richard J. Chivaro, Chief Legal Counsel
State Controller's Office
Elizabeth Gonzalez, Bureau Chief
Division of Audits, State Controller's Office
Betty Moya, Audit Manager
Division of Audits, State Controller's Office
Cecelia Michaels, Auditor-in-Charge
Division of Audits, State Controller's Office

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Asset Transfer Review Report

Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Richmond Community Redevelopment Agency (RDA) after January 1, 2011. Our review included, but was not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payments of any kind from any source.

Our review found that the RDA transferred \$173,925,297 in assets after January 1, 2011, including unallowable transfers totaling \$64,644,907 (\$48,184,059 to the City of Richmond and \$16,460,848 to the entity assuming the housing functions), or 37.17% of the total assets. Unallowable transfers include:

- \$42,612,267 for improvements to City-owned capital assets. On June 20, 2013, the Oversight Board approved the transfer of the improvements to City owned assets; therefore, no further action is necessary.
- \$5,571,792 in land to the City. On May 2, 2013, the journal entry for this transfer was reversed; therefore, no further action is necessary.

The remaining \$16,460,848 in assets must be turned over to the Successor Agency.

Background

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget. The Governor's proposal was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor on June 28, 2011.

ABX1 26 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA Successor Agencies to oversee dissolution of the RDAs and redistribution of RDA assets.

A California Supreme Court decision on December 28, 2011 (*California Redevelopment Association et al. v. Matosantos*), upheld ABX1 26 and the Legislature's constitutional authority to dissolve the RDAs.

ABX1 26 was codified in the Health and Safety Code (H&S Code) beginning with section 34161.

In accordance with the requirements of H&S Code section 34167.5, the State Controller is required to review the activities of RDAs, "to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency, or any other public agency, and the redevelopment agency," and the date on which the RDA ceases to operate, or January 31, 2012, whichever is earlier.

The SCO has identified transfers of assets that occurred after January 1, 2011, between the RDA, the City of Richmond, and/or other public agencies. By law, the SCO is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABX1 26, be turned over to the Successor Agency. In addition, the SCO may file a legal order to ensure compliance with this order.

Objective, Scope, and Methodology

Our review objective was to determine whether asset transfers that occurred after January 1, 2011, and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the city or county, or city and county that created an RDA, or any other public agency, and the RDA, were appropriate.

We performed the following procedures:

- Interviewed Successor Agency personnel to gain an understanding of the Successor Agency operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the City and the RDA.
- Reviewed accounting records relating to the recording of assets.
- Verified the accuracy of the Asset Transfer Assessment Form. This form was sent to all former RDAs to provide a list of all assets transferred between January 1, 2011, and January 31, 2012.
- Reviewed applicable financial reports to verify assets (capital, cash, property, etc.).

Conclusion

Our review found that the RDA transferred \$173,925,297 in assets after January 1, 2011, including unallowable transfers totaling \$64,644,907 (\$48,184,059 to the City of Richmond and \$16,460,848 to the entity assuming the housing functions), or 37.17% of the total assets. Unallowable transfers include:

- \$42,612,267 for improvements to City-owned capital assets. On June 20, 2013, the Oversight Board approved the transfer of the improvements to City owned assets; therefore, no further action is necessary.
- \$5,571,792 in land to the City. On May 2, 2013, the journal entry for this transfer was reversed; therefore, no further action is necessary.

The remaining \$16,460,848 in assets must be turned over to the Successor Agency.

Details of our findings are in the Findings and Orders of the Controller section of this report. We also have included a detailed schedule of assets to be turned over to, or transferred to, the Successor Agency.

**Views of
Responsible
Official**

We issued a draft report on September 19, 2013. Patrick Lynch, A.I.C.P., Housing Director, responded by letter dated October 3, 2013, agreeing with the review results. Mr. Lynch indicated that he had no additional comments to the draft report. The City's response is included in this final review report as an attachment.

Restricted Use

This report is solely for the information and use of the City of Richmond, the Successor Agency, the Oversight Board, the entity assuming the housing functions, and the SCO; it 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 when issued final.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

November 12, 2013

Findings and Orders of the Controller

FINDING 1— Unallowable assets transferred to the City of Richmond

The Richmond Community Redevelopment Agency (RDA) transferred \$48,184,059 in assets to the City of Richmond. All of the asset transfers to the City occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

Unallowable asset transfers were as follows:

- The RDA transferred \$42,612,267 to the City in capital improvements for various City properties. The title to the properties remained with the City during the construction. On June 20, 2013, the Oversight Board retroactively approved this transfer by Resolution No 4-13 because the assets were deemed to be for a governmental purpose. Therefore, no further action is necessary.
- On March 26, 2011, the RDA transferred \$5,571,792 in land to the City. The transfer was reversed on May 2, 2013. Therefore, no further action is necessary.

Pursuant to H&S Code section 34167.5, the RDA may not transfer assets to a city, county, city and county, or any other public agency after January 1, 2011. Those assets should be turned over to the Successor Agency for disposition in accordance with H&S Code sections 34177 (d) and (e). However, it appears that some of those assets also may be subject to the provisions of H&S Code section 34181(a). H&S Code section 34181(a) states:

The oversight board shall direct the successor agency to do all of the following:

- (a) Dispose of all assets and properties of the former redevelopment agency provided however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a government purpose, such as roads, school buildings, parks, police, fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.

Order of the Controller

Pursuant to H&S Code section 34167.5, the City is ordered to reverse the transfer of the assets and turn them over to the Successor Agency for disposition in accordance with H&S Code sections 34177(d) and (e). However, as the Oversight Board approved the transfer of the governmental purpose assets and the City reversed the transfer of the land, no further action is necessary.

Note that, with regards to the governmental purpose assets that were approved by the Oversight Board, the Department of Finance (DOF) must approve the Oversight Board's decision in this matter. If the DOF does not approve this decision, the City is ordered to transfer those assets to the Successor Agency pursuant to H&S Code section 34167.5.

City's Response

The City agreed with the findings noted in the draft report and did not have any additional comments.

SCO's Comments

The finding and Order of the Controller remains as stated.

FINDING 2— Unallowable assets transferred to the entity assuming the housing functions

The RDA made an unallowable asset transfer of \$16,460,848 to the entity assuming the housing functions. Those assets consisted of loan receivables.

The asset transfer to the entity assuming the housing functions occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

Pursuant to H&S Code section 34175(b), the RDA was required to transfer all assets, including housing assets, to the Successor Agency. Those assets should be turned over to the Successor Agency for disposition in accordance with H&S Code sections 34177(d) and (e).

H&S Code section 34175(b) states that all assets, properties, contracts, leases, books and records, buildings, and equipment of the former were transferred on February 1, 2012, to the control of the Successor Agency, for administration pursuant to the provisions of this part. This includes all cash or cash equivalents and amounts owed to the RDA as of February 1, 2012.

Additionally, H&S Code section 34181(c) requires the oversight board to direct the Successor Agency transfer housing assets pursuant to Section 34176.

Order of the Controller

Based on H&S Code section 34167.5, the entity assuming the housing functions is ordered to return the assets, described in Schedule 2, in the amount of \$16,460,848, and turn them over to the Successor Agency.

The Successor Agency is directed to properly dispose of those assets in accordance with H&S Code sections 34177(d) and (e) and 34181(c).

City's Response

The City agreed with the findings noted in the draft report and did not have any additional comments.

SCO's Comments

The finding and Order of the Controller remains as stated.

**Schedule 1—
Unallowable RDA Asset Transfers
to the City of Richmond
January 1, 2011, through January 31, 2012**

Unallowable Asset Transfers to the City of Richmond:

Capital Assets

Capital improvements to City property	\$ 42,612,267
Oversight Board retroactively approved the transfer on June 20, 2013	(42,612,267)
Land parcels transferred to the City	5,571,792
Land parcel transfers were reversed by the Successor Agency on May 2, 2013	<u>(5,571,792)</u>
Total Transfers subject to H&S Code section 34167.5	<u>\$ —</u>

**Schedule 2—
Unallowable RDA Asset Transfers
to the Entity Assuming the Housing Functions
January 1, 2011, through January 31, 2012**

Unallowable Asset Transfers to the Entity Assuming the Housing Functions:

Current assets

Loans receivable

\$ 16,460,848

Total unallowable asset transfers

\$ 16,460,848

**Attachment—
City of Richmond’s Response to
Draft Review Report**

SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY



October 3, 2013

Steven Mar, Chief
Local Government Audits Bureau
State Controller's Office – Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Draft Asset Transfer Review Report

Dear Mr. Mar

The Successor Agency to the Richmond Community Redevelopment Agency ("Agency") is in receipt of the State Controller's Office letter of September 19, 2013 and accompanying draft report prepared pursuant to Health and Safety Code ("HSC") Section 34167.5 and dated September 2013 ("Draft Report"). The Agency appreciates the assistance provided by the State Controller to help ensure that we understand our responsibilities to successfully comply with new state redevelopment laws. We offer the following responses to the State Controller's two findings in the Draft Report.

Finding #1 - Unallowable Capital Asset transfers to the City of Richmond

We are pleased that the State Controller has acknowledged the Agency's actions to self-correct \$48 million in asset capital asset transfers. With approval of the Oversight Board for the Successor Agency to the Richmond Community Redevelopment Agency ("Oversight Board"), the Agency has already taken the corrective actions necessary to bring its capital asset transfers into compliance with new state laws. The Agency's \$48 million investment in important infrastructure improvements to City capital assets is now properly recorded in the City's financial records.

Finding #2 - Low/Moderate Income Housing Loans

The Agency is also pleased that \$16.4 million in redevelopment housing loan assets have helped deliver important low/moderate income housing projects in the City of Richmond. Consistent with the requirements of AB 1X 26 and AB 1484, this investment in low/moderate income housing programs has been preserved by the transfer of the low/moderate income loan portfolio to the new Successor Housing Agency that is charged with ongoing accountability for housing assets. The Agency's transfer to the Successor Housing Agency has been reported and approved by the State Department of Finance in its Housing Asset Transfer review.

We appreciate the additional recommendation provided by the State Controller to report and seek approval of this transfer by the Oversight Board. We understand the important role the Oversight Board serves in monitoring the financial affairs of the Agency and, in particular, monitoring the distribution of its assets in conformance with redevelopment dissolution law. An agenda report has been drafted to

Steven Mar, SCO
10/3/2013
Page 2

request Oversight Board review and approval of this housing loan portfolio transaction. With Oversight Board approval, we understand this finding will be resolved.

Finally, we would like to clarify that the housing loan portfolio is held by the City in its capacity as the Successor Housing Agency. The references to the Richmond Housing Authority in this report appear to be an oversight; the Housing Authority has not been involved with this transaction or with redevelopment dissolution.

Thank you for the opportunity to comment on the draft report. Please feel free to contact Agency staff at (510) 621-1730 with any questions.

Sincerely,

Pp:



Patrick Lynch, AICP, Housing Director
Successor Agency to the Richmond Community Redevelopment Agency

Cc (VIA EMAIL):

Bill Lindsay, City Manager, City of Richmond
Cecelia Michaels, Auditor-in-charge, State Controller's Office

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>

ATTACHMENT B

RICHMOND (CONTRA COSTA)
 Pursuant to Health and Safety Code section 34186 (a)
 PRIO PERIOD ESTIMATED OBLIGATION vs. ACTUAL PAYMENTS
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS II)
 July 1, 2012 through December 31, 2012

Item #	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
					0	0	0	1,601,591	0	2,286,327	623,514	0	10,997,683	7,664,801	4,603,206	5,039,084
1	1998 Tax Allocation Refunding Bond	US Bank	Refinance a portion of 1991 TARB; fund capital improvement projects							220,865			0			
2	2000A Tax Allocation Bond	Union Bank	Fund capital improvement projects										1,996,675	1,900,775		
3	2003A Tax Allocation Revenue Bond	Union Bank	Fund capital improvement projects										845,844	805,832		
4	2003B Tax Allocation Revenue Bond	Union Bank	Fund capital improvement projects										761,219	729,768		
5	2004A Tax Allocation Revenue Bond (2/3)	Union Bank	Fund capital improvement projects										733,374	361,091		
6	Section 108 Loan	HUD	Finance costs related to the Ford Assembly Building Project										214,675	214,675		
7	2010A Tax Allocation Refunding Bond	Union Bank	Refund all outstanding 2007A Bonds							985,739			2,052,450	2,052,450		
8	SERAF Payment	State of California	Finance SERAF										0	0		
9	2000B Tax Allocation Bonds (Housing)	Union Bank	Loaned to the Agency to provide funding for capital improvements of the Agency										466,633	438,567		
10	Wells Fargo Bank Loan (Housing)	Wells Fargo Bank	Predevelopment and line of credit to non profit developers										0	0		
11	2004A Tax Allocation Revenue Bond (1/3 Housing)	Union Bank	Fund low/moderate income housing projects										366,667	180,545		
12	2004B Tax Allocation Revenue Bond (Housing)	Union Bank	Fund low/moderate income housing projects										107,269	107,260		
13	Section 108 Loan (Housing)	HUD	Finance costs related to the North Richmond Iron Triangle Project										260,597	260,597		
14	2007B Tax Allocation Capital Appreciation Bond (Housing)	Union Bank	Finance low and moderate income housing activities							88,218			675,000	613,251		
15	CalHFA Loan	CalHFA	Finance acquisition, construction, of homeownership and multifamily rental projects, project managers, directors, project managers, Accountants, Operation/Redev Specialists, Business Assistance Officer, Community Development Program Manager, Attorney										0	0		
16	Employee Costs	Employees of Agency								692,406			1,091,478	0		
17	Facade Improvement Program	Ahmed Obaid	For facade improvement of business							0			2,137			
18	Facade Improvement Program	Nancy Gabay	For facade improvement of business							0			4,342			
19	Facade Improvement Program	Fox Design Group	For facade improvement of business							0			9,191			
20	Facade Improvement Program	Park Florist	For facade improvement of business							0			26,892			
21	Facade Improvement Program	Arlington Financial	For facade improvement of business							0			14,824			
22	Facade Improvement Program	Local Businesses	Various facade improvements in progress							0			189,000			
23	Grant Consulting/Legal services	Michael Bernick								0			8,262			
24	Contract for Consulting Services	Seifel Consulting	Economic development strategies							0			1,506			
25	Contract for Loan Services	Amerinational	Service a variety of agency loans							0			10,782			
26	Contract for Credit Report Services	Experian Informational	Credit report services for loan borrowers							0			402			
27	Contract for Consulting Services	City Data Services								0			9,966			
28	Contract for Legal Services	S Goldfarb								208			33,714			
29	Contract for Website Services	T324 Inc								0			388			
30	Contract for Appraisal Services	Sturgis-Bright	Appraisal services for properties							0			9,978			
31	Contract for Legal Services	Lynn M Suter								0			1,806			
32	Contract for File Storage	Recall	Offsite storage of documents							1,720			3,528			
33	Contract for Consulting Services	Fraser & associates	Financial Consultant							0			3,750			
34	Contract for Equipment Leases	Xerox Corporation	Copier/Printer/Fax lease contract							4,782			10,086			
35	Contract for Shipping	Federal Express	Overnight shipping							168			2,184			
36	Facade Improvement Program	Elsie Martin	For facade improvement of business							0			71			
37	Contract for Project Monitoring	City of Richmond Employment & Training	Monitoring of Certified Payroll/Workforce Ordinance							0			75,000			
38	Vernon Castro Project	City of Richmond	Site clean up to abide by city ordinance							0			5,000			
39	Infill Phase II/Fibert Townhomes Project (Housing)	CHDC (Community Housing Development Corp.)	Loan to construct approx. 42 Low/Mod town homes							0			0			
40	45 First Street Project	Housing and Urban Development Department	Along with CDBG grant funds to build low/mod homes							0			600,000			
41	Contra Costa County	Contra Costa County	Assessment taxes on agency owned property							0			0			
42	Crescent Park Bond Monitoring	Contra Costa County	Conduit bond monitoring							0			19,750			
43	Contract for tax verification services	Muni Financial	Property tax audits							0			53,043			
44	Cal Home Loans	State of California	Reimbursement for rehabilitation loans							0			300,000			
45	Unfunded Pension Liability	California Public Employees Retirement System	Cost of unfunded pensions							0			0			
46	Compensated Absences	Employees of Agency	Cost of vacation and severance pay							0			30,000			
47	Metrowalk Phase II and BART Garage Project	Vallier Design	Construction design costs							61,714					26,796	
48	Metrowalk Phase II and BART Garage Project	Winifred Day/ Fine Art by Day	Construction art costs							4,800					4,752	
49	Metrowalk Phase II and BART Garage Project	Midred Howard	Construction art costs							80,000					32,004	
50	Metrowalk Phase II and BART Garage Project	C. Overaa & Co	Construction costs							0					3,144,288	3,689,037
51	Metrowalk Phase II and BART Garage Project	Mack 5	Construction site management							0					54,912	417,674
52	Metrowalk Phase II and BART Garage Project	Kimley Horn	Construction legal costs							0					156,384	178,126
53	Metrowalk Phase II and BART Garage Project	Bay Area Rapid Transit	Bay area rapid transit owners reserve							0					9,234	
54	Metrowalk Phase II and BART Garage Project	Bay Area Rapid Transit	Bay area rapid transit design and funding agreement							0					326,142	310,693
55	Metrowalk Phase II and BART Garage Project	Various	Developer agreement							0					0	64,568
56	Metrowalk Phase II (Housing)	Various	Developer agreement							0					0	
57	Bradley A Moody Memorial Underpass Project	Moscone, Emblid	Legal Services							0					9,972	
58	Bradley A Moody Memorial Underpass Project	Union Pacific Railroad	Review of plans and agreements							77,232					2,172	
59	Bradley A Moody Memorial Underpass Project	Hanna Engineering	Engineering Services							180					12,492	
60	Bradley A Moody Memorial Underpass Project	BKF Engineering	Engineering Services							0					21,708	

ATTACHMENT B

RICHMOND (CONTRA COSTA)
Pursuant to Health and Safety Code section 34186 (a)
PRIO PERIOD ESTIMATED OBLIGATION vs. ACTUAL PAYMENTS
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS II)
July 1, 2012 through December 31, 2012

Item #	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
61	Bradley A Moody Memorial Underpass Project		Grant agreement		0	0	0	1,601,591	0	2,286,327	623,514	0	10,997,683	7,664,801	4,603,206	5,039,084
62	Miraflores Project - Remediation	PES Environmental	Remediation Costs				93,261								79,788	46,125
63	Miraflores Project - Remediation	Eden Housing	Remediation Costs												53,784	
64	Miraflores Project - Remediation	AEM Consulting	Consulting Services for remediation												162	
65	Miraflores Project - Remediation	Irving A Gonzalez	Remediation Costs				9,502								18,150	
66	Miraflores Project - Remediation	Department of Toxic Substance Control Esqle Environmental/Wireless Communications	Remediation Costs					450,186							325,002	
67	Miraflores Project - Remediation		Remediation Costs												0	
68	Miraflores Project (Housing)		80 units Sr Housing													
69	Miraflores	Holland and Knight	Legal services				20,127								14,700	
70	Lillie Mae Jones Plaza Project	Lille Mae Jones Plaza LLP	Construction costs												0	
71	Lillie Mae Jones Plaza Project	Lille Mae Jones Plaza LLP	Loan Agreement												0	
72	Marina Bay Trails Landscape/Security/Improvements Project	Zeiger Engineer	Engineering services												1,890	
73	Marina Bay Trails Landscape/Security/Improvements Project	PES Environmental	Consulting services							18,266					3,048	
74	Marina Bay Trails Landscape/Security/Improvements Project	Questa Engineering	Engineering services												318	
75	Marina Bay Trails Landscape/Security/Improvements Project	Vallier Design	Design services												4,026	
76	Marina Bay Trails Landscape/Security/Improvements Project	WR Forde Associates	Construction of bay trail improvements												44,766	
77	Marina Bay Trails Landscape/Security/Improvements Project	Watkins & Bartoli	Landscape services												10,260	
78	Marina Bay Trails Landscape/Security/Improvements Project	Nichols Consulting	Consulting services												3,480	
79	Railroad Crossing Design & Improvements Project	BKF Engineering	Engineering services												10,050	
80	Railroad Crossing Design & Improvements Project	PES Environmental	Consulting services												540	
81	Railroad Crossing Design & Improvements Project	Civil Engineering	Engineering services				73,900								27,396	
82	Railroad Crossing Design & Improvements Project	WR Forde Associates	Temporary road for Bradley A Moody Underpass Project				730,689								75,000	
83	180 Shopping Center Project	Keyser Marston	Financial consulting												16,848	
84	Downtown Pedestrian Bicycle Project	Ghioffi Brothers	Construction costs												0	
85	Terminal One Project	Shute, Mihaly	Legal services												8,364	
86	Terminal One Project	Questa Engineering	Engineering Services												4,680	
87	Area T Soil Remediation	PES Environmental	Consulting services												252	
88	Area T Soil Remediation		Required monitoring of remediation site							14,179					13,800	
89	Project Area Streetscapes	Vallier Design	Construction design services												6,354	
90	Project Area Streetscapes	A-N West Inc	Civil engineering services												0	
91	Project Area Streetscapes	Fehr & Peers	Civil engineering services												1,632	
92	Project Area Streetscapes	BKF Engineering	Engineering services												23,214	
93	Project Area Streetscapes	Best, Best, & Kreiger	Legal services							9,776					45,396	
94	Nevin Court Project (Housing)	CHDC (Community Housing Development Corp.)	Loan to construct approx. 30 Low/Mod homes													
95	Professional services	Various										94,566				
96	Management fees	Various										378				
97	Postage	Various										1,890				
98	Printing & Binding	Various										4,788				
99	Conference/Meeting/Training	Various										3,760				
100	Membership dues	Various										960				
101	Subscriptions	Various										468				
102	Advertising & Comm. Prom.	Various										1,812				
103	Bank fees	Various										150				
104	Rental expenses	Various										5,064				
105	Equipment rental	Various										2,874				
106	Misc. expenses	Various										2,868				
107	General office supplies	Various										3,138				
108	Telephone expenses	Various										1,350				
109	Contractual services	Various										27,588				
110	General Liability Insurance	City of Richmond	Insurance for Agency									61,368				
112	Indirect Costs	City of Richmond	Human Resources, City Clerk, Finance, Mayor, City Council, City Manager									410,472				
113	3% Admin Allowance	Various								250,000						332,628

ATTACHMENT C

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Prior Period Adjustments
 Reported for the ROPS III (January 1, 2013 through June 30, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS III Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS III (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 13-14B (January through June 2014) period will be offset by the SA's self-reported ROPS III prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures										RPTTF Expenditures								
		LMIHF (Includes LMIHF Due Diligence Review (DDR) retained balances)		Bond Proceeds		Reserve Balance (Includes Other Funds and Assets DDR retained balances)		Other Funds		Non-Admin				Admin				Net SA Non-Admin and Admin PPA		
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized/ Available	Actual	Difference (If M is less than N, the difference is zero)	Authorized	Actual	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized/ Available	Actual
		\$ -	\$ -	\$ 3,318,828	\$ 2,936,291	\$ -	\$ 475,405	\$ 17,983,907	\$ 3,322,282	\$ 19,964,723	\$ 8,316,580	\$ 8,316,580	\$ 6,092,002	\$ 2,224,578	\$ 828,886	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	\$ 2,224,578
1	1998 Tax Allocation Refunding Bond						277,151		616,014	1,157,431	1,157,431	\$ 1,157,431	1,157,431	\$ -	-	-	\$ -	-	\$ -	-
2	2000A Tax Allocation Bond									1,175,835	1,175,835	\$ 1,175,835	1,175,835	\$ -	-	-	\$ -	-	\$ -	-
3	2003A Tax Allocation Revenue Bond									601,044	601,044	\$ 601,044	601,044	\$ -	-	-	\$ -	-	\$ -	-
4	2003B Tax Allocation Revenue Bond									547,520	547,520	\$ 547,520	547,520	\$ -	-	-	\$ -	-	\$ -	-
5	2004A Tax Allocation Revenue Bond (2/3)									302,391	302,391	\$ 302,391	302,391	\$ -	-	-	\$ -	-	\$ -	-
6	Section 108 Loan									57,734	57,734	\$ 57,734	57,734	\$ -	-	-	\$ -	-	\$ -	-
7	2010A Tax Allocation Refunding Bond									1,583,201	662,492	\$ 662,492	662,492	\$ -	-	-	\$ -	-	\$ -	-
8	SERAF Payment									244,042	244,042	\$ 244,042	244,042	\$ -	-	-	\$ -	-	\$ -	-
9	2000B Tax Allocation Bonds (Housing)									293,350	293,350	\$ 293,350	293,350	\$ -	-	-	\$ -	-	\$ -	-
10	Wells Fargo Bank Loan (Housing)									-	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
11	2004A Tax Allocation Revenue Bond (1/3 Housing)									151,195	151,195	\$ 151,195	151,195	\$ -	-	-	\$ -	-	\$ -	-
12	2004B Tax Allocation Revenue Bond (Housing)									70,956	70,956	\$ 70,956	70,956	\$ -	-	-	\$ -	-	\$ -	-
13	Section 108 Loan (Housing)									86,322	86,322	\$ 86,322	86,322	\$ -	-	-	\$ -	-	\$ -	-
14	2007B Tax Allocation Capital Appreciation Bond (Housing)									-	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
15	CalHFA Loan									-	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
16	Employee Costs									871,195	580,739	\$ 580,739	580,739	\$ -	74,687	50,000	\$ 50,000	50,000	\$ -	\$ -
17	Façade Improvement Program									2,137	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
18	Façade Improvement Program									4,343	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
19	Façade Improvement Program									9,191	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
20	Façade Improvement Program									15,468	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
21	Façade Improvement Program									14,825	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
22	Façade Improvement Program									189,000	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
23	Grant Consulting/Legal services									-	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
24	Contract for Consulting Services									-	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
25	Contract for Loan Services									-	-	\$ -	-	\$ -	462	-	\$ -	-	\$ -	-
26	Contract for Credit Report Services									-	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
27	Contract for Consulting Services									-	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
28	Contract for Legal Services									-	-	\$ -	-	\$ -	33,184	-	\$ -	-	\$ -	-
29	Contract for Website Services									-	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
30	Contract for Appraisal Services									-	-	\$ -	-	\$ -	9,972	-	\$ -	-	\$ -	-
31	Contract for Legal Services									-	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-

ATTACHMENT C

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Prior Period Adjustments
 Reported for the ROPS III (January 1, 2013 through June 30, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS III Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS III (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 13-14B (January through June 2014) period will be offset by the SA's self-reported ROPS III prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures								RPTTF Expenditures										
		LMIHF (Includes LMIHF Due Diligence Review (DDR) retained balances)		Bond Proceeds		Reserve Balance (Includes Other Funds and Assets DDR retained balances)		Other Funds		Non-Admin					Admin					Net SA Non-Admin and Admin PPA
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized/ Available	Actual	Difference (If M is less than N, the difference is zero)	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized / Available	Actual	Difference (If R is less than S, the difference is zero)	Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (O + T))
32	Contract for File Storage									-	-	\$ -	-	\$ -	147	-	\$ -	-	\$ -	-
33	Contract for Consulting Services									-	-	\$ -	-	\$ -	2,400	-	\$ -	-	\$ -	-
34	Contract for Equipment Leases									-	-	\$ -	-	\$ -	9,277	-	\$ -	-	\$ -	-
35	Contract for Shipping									-	-	\$ -	-	\$ -	1,607	-	\$ -	-	\$ -	-
36	Façade Improvement Program									-	-	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-
37	Contract for Project Monitoring									300,000	125,031	\$ 125,031	125,031	\$ -	-	\$ -	-	\$ -	-	\$ -
38	Vernon Castro Project									250,000	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
39	Intill Phase II/Filbert Townhomes Project (Housing)									1,500,000	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
40	45 First Street Project									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
41	Contra Costa County									118,000	35,921	\$ 35,921	35,921	\$ -	-	\$ -	-	\$ -	-	\$ -
42	Crescent Park Bond Monitoring									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
43	Contract for tax verification services									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
44	Cal Home Loans									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
45	Unfunded Pension Liability									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
46	Compensated Absences									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
47	Metrowalk Phase II and BART Garage Project				4,636			26,794		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
48	Metrowalk Phase II and BART Garage Project							4,751		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
49	Metrowalk Phase II and BART Garage Project				20,000			46,999		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
50	Metrowalk Phase II and BART Garage Project				1,322,437			2,574,065	2,062,696	-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
51	Metrowalk Phase II and BART Garage Project				271,000			450,335		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
52	Metrowalk Phase II and BART Garage Project				163,788			220,530		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
53	Metrowalk Phase II and BART Garage Project							9,236		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
54	Metrowalk Phase II and BART Garage Project				426,809		134,886	326,142		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
55	Metrowalk Phase II and BART Garage Project				123,795			6,396,600	5,991,092	2,224,578	\$ 2,224,578	\$ 2,224,578	\$ 2,224,578	-	\$ -	-	\$ -	-	\$ -	2,224,578
56	Metrowalk Phase II (Housing)							-		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
57	Bradley A Moody Memorial Underpass Project							9,969		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
58	Bradley A Moody Memorial Underpass Project						25,772	2,173		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
59	Bradley A Moody Memorial Underpass Project									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
60	Bradley A Moody Memorial Underpass Project						2,407			-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
61	Bradley A Moody Memorial Underpass Project			2,045,000				7,200,000		4,228,450	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -

ATTACHMENT C

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Prior Period Adjustments
 Reported for the ROPS III (January 1, 2013 through June 30, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS III Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS III (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 13-14B (January through June 2014) period will be offset by the SA's self-reported ROPS III prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures								RPTTF Expenditures											
		LMIHF (Includes LMIHF Due Diligence Review (DDR) retained balances)		Bond Proceeds		Reserve Balance (Includes Other Funds and Assets DDR retained balances)		Other Funds		Non-Admin					Admin					Net SA Non-Admin and Admin PPA	
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized/ Available	Actual	Difference (If M is less than N, the difference is zero)	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized / Available	Actual	Difference (If R is less than S, the difference is zero)	Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (O + T))	
62	Miraflores Project - Remediation			204,788	439,351				239,519	-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
63	Miraflores Project - Remediation			53,783						-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
64	Miraflores Project - Remediation			161						-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
65	Miraflores Project - Remediation			18,150	4,807					-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
66	Miraflores Project - Remediation			46,945	8,680					-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
67	Miraflores Project - Remediation			950,001	131,967					-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
68	Miraflores Project (Housing)									200,000	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
69	Miraflores				19,020					-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
70	Lillie Mae Jones Plaza Project									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
71	Lillie Mae Jones Plaza Project									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
72	Marina Bay Trails Landscape/Security/Improvements Project							1,892		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
73	Marina Bay Trails Landscape/Security/Improvements Project							3,047		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
74	Marina Bay Trails Landscape/Security/Improvements Project									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
75	Marina Bay Trails Landscape/Security/Improvements Project									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
76	Marina Bay Trails Landscape/Security/Improvements Project									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
77	Marina Bay Trails Landscape/Security/Improvements Project							10,261		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
78	Marina Bay Trails Landscape/Security/Improvements Project							3,479		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
79	Railroad Crossing Design & Improvements Project							10,051		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
80	Railroad Crossing Design & Improvements Project									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
81	Railroad Crossing Design & Improvements Project							27,394		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
82	Railroad Crossing Design & Improvements Project					4,000	382,000			-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
83	180 Shopping Center Project							16,851		-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
84	Downtown Pedestrian Bicycle Project									-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
85	Terminal One Project							8,366	100	-	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -

ATTACHMENT C

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Prior Period Adjustments
 Reported for the ROPS III (January 1, 2013 through June 30, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS III Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS III (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 13-14B (January through June 2014) period will be offset by the SA's self-reported ROPS III prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures										RPTTF Expenditures								
		LMIHF (Includes LMIHF Due Diligence Review (DDR) retained balances)		Bond Proceeds		Reserve Balance (Includes Other Funds and Assets DDR retained balances)		Other Funds		Non-Admin				Admin				Net SA Non-Admin and Admin PPA		
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized/ Available	Actual	Difference (If M is less than N, the difference is zero)	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized / Available	Actual	Difference (If R is less than S, the difference is zero)	Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (O + T))
86	Terminal One Project							90,180		-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -
87	Area T Soil Remediation					6,613				-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -
88	Area T Soil Remediation					17,979		86,200		-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -
89	Project Area Streetscapes							6,352		-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -
90	Project Area Streetscapes							-		-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -
91	Project Area Streetscapes							1,629		-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -
92	Project Area Streetscapes							23,214		-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -
93	Project Area Streetscapes					6,596		45,397		-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -
94	Nevin Court Project (Housing)									-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -
95	Professional services									-	-	\$ -	-	\$ -	94,566		\$ -	-	\$ -	\$ -
96	Management fees									-	-	\$ -	-	\$ -	375		\$ -	-	\$ -	\$ -
97	Postage									-	-	\$ -	-	\$ -	1,890		\$ -	-	\$ -	\$ -
98	Printing & Binding									-	-	\$ -	-	\$ -	4,788		\$ -	-	\$ -	\$ -
99	Conference/Meeting/Training									-	-	\$ -	-	\$ -	3,780		\$ -	-	\$ -	\$ -
100	Membership dues									-	-	\$ -	-	\$ -	960		\$ -	-	\$ -	\$ -
101	Subscriptions									-	-	\$ -	-	\$ -	465		\$ -	-	\$ -	\$ -
102	Advertising & Comm. Prom.									-	-	\$ -	-	\$ -	1,809		\$ -	-	\$ -	\$ -
103	Bank fees									-	-	\$ -	-	\$ -	150		\$ -	-	\$ -	\$ -
104	Rental expenses									-	-	\$ -	-	\$ -	5,061		\$ -	-	\$ -	\$ -
105	Equipment rental									-	-	\$ -	-	\$ -	2,871		\$ -	-	\$ -	\$ -
106	Misc. expenses									-	-	\$ -	-	\$ -	2,868		\$ -	-	\$ -	\$ -
107	General office supplies									-	-	\$ -	-	\$ -	3,135		\$ -	-	\$ -	\$ -
108	Telephone expenses									-	-	\$ -	-	\$ -	1,347		\$ -	-	\$ -	\$ -
109	Contractual services									-	-	\$ -	-	\$ -	27,585		\$ -	-	\$ -	\$ -
110	General Liability Insurance									-	-	\$ -	-	\$ -	55,800		\$ -	-	\$ -	\$ -
111	Successor Agency Accounting									-	-	\$ -	-	\$ -	100,000		\$ -	-	\$ -	\$ -
112	Indirect Costs									-	-	\$ -	-	\$ -	389,700	200,000	\$ 200,000	200,000	\$ -	\$ -
113	Terminal One Project - Litigation Settlement									-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -
114	Miraflores - Historical Preservation									-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -
115	Admin allowance								403,953	-	-	\$ -	-	\$ -			\$ -	-	\$ -	\$ -

ATTACHMENT D

SUCCESSOR AGENCY TO THE CITY OF RICHMOND COMMUNITY REDEVELOPMENT AGENCY

**SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES
(Excluding Low and Moderate Income Housing)**

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)			\$64,110,941
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)			
	Procedure 6A	(18,278,116)	
	Procedure 6B	<u>(4,602,769)</u>	
			(22,880,885)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)			(33,464,200)
Less balances that are legally restricted for the funding of an enforceable obligations (net of projected annual revenues available to fund those obligations) - (procedure 8)			(4,188,338)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)			
	ROPS II Reserve - Attachment B	(2,286,327)	
	ROPS II RPTTF - Attachment B	(7,664,801)	
	ROPS III Reserve - Attachment C	<u>(475,405)</u>	
			(10,426,533)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance			<u>(2,191,404)</u>
Amount to be remitted to county for disbursement to taxing entities			<u><u>(\$9,040,419)</u></u>