

AGENDA

OVERSIGHT BOARD
(TO THE SUCCESSOR AGENCY TO THE
DISSOLVED IRVINE REDEVELOPMENT AGENCY)
SPECIAL MEETING
October 3, 2012
10:30 AM

City of Irvine
Conference and Training Center
One Civic Center Plaza
Irvine, CA 92606

Speaker's Card/Request to Speak: If you would like to address the Board on a scheduled agenda item, please complete the Request to Speak Form. The card is at the table at the entrance to the meeting room. Please identify on the card your name and the item on which you would like to speak and return to the Secretary. The Request to Speak Form assists the Chair in ensuring that all persons wishing to address the Board are recognized. Your name will be called at the time the matter is heard by the Board. Public testimony is limited to three minutes per speaker (unless extended by the Chair) which includes the presentation of electronic or audio visual information.

CALL TO ORDER

ROLL CALL

BOARDMEMBER:	Christine Compton, Deputy Chief of Staff, Supervisor Bill Campbell's office, County of Orange
BOARDMEMBER:	Veronica Dolleschel, Senior Management Analyst, City of Irvine
BOARDMEMBER:	John Fogarty, Asst. Superintendent of Business Services, CFO, Irvine Unified School District
BOARDMEMBER:	Sharon Landers, Assistant City Manager, City of Irvine
BOARDMEMBER:	Randy Peebles, Associate Vice Chancellor, Economic & Workforce Development, South OC Community College District
VICE CHAIR:	Lucy Dunn, President and CEO, Orange County Business Council
CHAIR:	Marian Bergeson, Chair, Foundation for the Great Park

PLEDGE OF ALLEGIANCE

BOARD MEMBER REPORTS

Reports and Announcements are for the purpose of presenting brief comments or reports, and are subject to California Government Code Section 54954.2 of the Brown Act.

ADDITIONS AND DELETIONS

Additions to the agenda are limited by California Government Code Section 54954.2 of the Brown Act and for those items that arise after the posting of the Agenda and must be acted upon prior to the next Board meeting.

BOARD BUSINESS

1. MINUTES

RECOMMENDED BOARD ACTION:

Adopt – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY APPROVING THE MINUTES OF THE OVERSIGHT BOARD MEETING OF AUGUST 28, 2012

2. PUBLIC COMMENT SESSION ON THE DUE DILIGENCE REVIEW OF THE LOW AND MODERATE INCOME HOUSING FUNDS, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5 AND 34179.6 [ASSEMBLY BILL 1484]

RECOMMENDED BOARD ACTION:

- 1) Receive public comment on the Due Diligence Review for the Low and Moderate Income Housing Funds as required by Health and Safety Code Section 34179.6 [Assembly Bill 1484].
- 2) Receive and File the Due Diligence Review for the Low and Moderate Income Housing Funds in anticipation of consideration of resolution of approval at October 11, 2012 Oversight Board meeting.

PUBLIC COMMENTS (Limited to 3 minutes per speaker)

ADJOURNMENT

NOTICE TO THE PUBLIC

STAFF REPORTS

Copies of staff reports or other written documentation that have been prepared or organized with respect to each item of business listed on the agenda are on file with the Board Secretary and are available for public inspection and copying once the agenda is publicly posted, (at least 72 hours prior to a regular Board meeting). Staff reports can also be downloaded from the City of Irvine website at www.cityofirvine.org.

SUPPLEMENTAL MATERIAL RECEIVED AFTER THE POSTING OF THE AGENDA

Any supplemental writings or documents distributed to a majority of the Board regarding any item on this agenda after the posting of the agenda will be available for public review in the Board Secretary's Office, One Civic Center Plaza, Irvine, California, during normal business hours. In addition, such writings or documents will be made available for public review at the respective public meeting.

If you have any questions regarding any item of business on the agenda for this meeting, or any of the staff reports or other documentation relating to any agenda item, please contact Board Secretary staff at (949)724-6205.

**SUBMITTAL OF INFORMATION BY MEMBERS OF THE PUBLIC FOR
DISSEMINATION OR PRESENTATION AT PUBLIC MEETINGS**

Any member of the public who desires to submit documentation in hard copy form may do so prior to the meeting or at the time he/she addresses the Board. Please provide 15 copies of the information to be submitted and file with the Secretary at the time of arrival to the meeting. This information will be disseminated to the Board at the time testimony is given.

PUBLIC COMMENT

Any member of the public may address the Board on items within the Board's subject matter jurisdiction but which are not listed on this agenda during Public Comment; however, no action may be taken on matters that are not part of the posted agenda. If you would like to address the Board during the Public Comment portion of the Agenda, please complete the Request to Speak Form. The card is at the table at the entrance to the meeting room. Please complete the card with your name and return to the Board Secretary. The Request to Speak Form assists the Chair in ensuring that all persons wishing to address the Board are recognized. Your name will be called at the time Public Comment is taken by the Board.

SERVICES TO FACILITATE ACCESS TO PUBLIC MEETINGS

It is the intention of the Board to comply with the Americans With Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Board will attempt to accommodate you in every reasonable manner. Please contact the Irvine City Clerk's Office at (949)724-6205.

Assisted listening devices are available at the meeting for individuals with hearing impairments. Notification 48 hours prior to the meeting will enable the Board to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35. 102-35. 104 ADA Title II)

CHALLENGING BOARD DECISIONS

If a person wishes to challenge the nature of the above actions in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the Board, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

COMMUNICATION DEVICES

To minimize distractions, please be sure all personal communication devices are turned off or on silent mode.

MEETING SCHEDULE

I hereby certify that the agenda for the Special Board meeting was posted in the posting book located in the Public Safety Lobby of Irvine City Hall, One Civic Center Plaza, Irvine, California on OCTOBER 1, 2012 by 5:30 pm as well as on the City of Irvine's web page.


Secretary

REQUEST FOR OVERSIGHT BOARD ACTION

MEETING DATE: OCTOBER 3, 2012

TITLE: MINUTES


Recording Secretary

RECOMMENDED ACTION

Adopt – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY APPROVING THE MINUTES OF THE OVERSIGHT BOARD MEETING OF AUGUST 28, 2012

MINUTES

OVERSIGHT BOARD (TO THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY) SPECIAL MEETING August 28, 2012

City of Irvine
Conference and Training
One Civic Center Plaza
Irvine, CA 92606

CALL TO ORDER

The special meeting of the Oversight Board to the Successor Agency to the dissolved Irvine Redevelopment Agency was called to order at 1:03 p.m. on August 28, 2012 in the Conference & Training room, Irvine Civic Center, 1 Civic Center Plaza, Irvine, California. Chair Bergeson presided over the meeting.

ROLL CALL

Present: 7 BOARDMEMBER: Christine Compton, Deputy Chief of Staff,
Supervisor Bill Campbell's office, County of Orange
BOARDMEMBER: Veronica Dolleschel, Senior Management Analyst,
City of Irvine
BOARDMEMBER: John Fogarty, Asst. Superintendent of Business
Services, CFO, Irvine Unified School District
BOARDMEMBER: Sharon Landers, Assistant City Manager, City of
Irvine
BOARDMEMBER: Randy Peebles, Associate Vice Chancellor,
Economic & Workforce Development, South OC
Community College District
VICE CHAIR: Lucy Dunn, President and CEO, Orange County
Business Council
CHAIR: Marian Bergeson, Chair, Foundation for the Great
Park

PLEDGE OF ALLEGIANCE

Boardmember Fogarty led the Pledge of Allegiance.

BOARD MEMBER REPORTS

There were none.

ADDITIONS AND DELETIONS

There were none.

BOARD BUSINESS

1. MINUTES

ACTION:

Moved by Boardmember Peebles, seconded by Vice Chair Dunn, and unanimously carried to:

Adopt RESOLUTION No. 2012-15 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY APPROVING THE MINUTES OF THE OVERSIGHT BOARD MEETING OF JUNE 14, 2012

2. OVERVIEW OF ASSEMBLY BILL 1484

Agency Counsel Dan Slater provided an overview of AB 1484 and its provisions including amendments the bill made to AB1x26.

ACTION:

Received and filed.

3. APPROVE 2012 LOCAL AGENCY BIENNIAL NOTICE FOR THE OVERSIGHT BOARD'S CONFLICT OF INTEREST CODE

ACTION:

Moved by Vice Chair Dunn, seconded by Boardmember Compton, and unanimously carried to:

Adopt RESOLUTION No. 2012-16 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY APPROVING THE 2012 LOCAL AGENCY BIENNIAL NOTICE FOR THE OVERSIGHT BOARD'S CONFLICT OF INTEREST CODE AND DIRECTING THE SECRETARY TO FILE THE NOTICE WITH THE CITY COUNCIL BY OCTOBER 1, 2012

4. APPROVE REVISED REGULAR MEETING SCHEDULE

ACTION:

Moved by Boardmember Landers, seconded by Vice Chair Dunn, and unanimously carried to:

Adopt RESOLUTION No. 2012-17 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY APPROVING A REVISED REGULAR MEETING SCHEDULE FOR OVERSIGHT BOARD MEETINGS

5. FINDING THAT AGREEMENTS BETWEEN THE CITY OF IRVINE AND THE CITY OF IRVINE AS SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY WERE FOR LEGITIMATE REDEVELOPMENT PURPOSES, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.4 (B)(1) [ASSEMBLY BILL 1484]

ACTION:

Moved by Vice Chair Dunn, seconded by Boardmember Fogarty, and unanimously carried to:

- 1) Adopt RESOLUTION No. 2012-18 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY FINDING, PURSUANT TO HEALTH & SAFETY CODE SECTION 34191.4(b)(1), THE 2007 PURCHASE AND SALE AND FINANCING AGREEMENT BY AND BETWEEN THE CITY OF IRVINE AND THE CITY OF IRVINE AS SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES
- 2) Adopt RESOLUTION No. 2012-19 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY FINDING, PURSUANT TO HEALTH & SAFETY CODE SECTION 34191.4(b)(1), THE 2005 FINANCING AGREEMENT BY AND BETWEEN THE CITY OF IRVINE AND THE CITY OF IRVINE AS SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES
- 3) Adopt RESOLUTION No. 2012-20 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY FINDING, PURSUANT TO HEALTH & SAFETY CODE SECTION 34191.4(b)(1), THE 2006 FINANCING AGREEMENT BY AND BETWEEN THE CITY OF IRVINE AND THE CITY OF IRVINE AS SUCCESSOR AGENCY TO THE

DISSOLVED IRVINE REDEVELOPMENT AGENCY WAS FOR
LEGITIMATE REDEVELOPMENT PURPOSES

**6. ADOPTION OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE OF THE
FORMER IRVINE REDEVELOPMENT AGENCY AND THE ADMINISTRATIVE
BUDGET FOR THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE
REDEVELOPMENT AGENCY, FOR JANUARY 1, 2013 THROUGH JUNE 30,
2013**

ACTION:

Moved by Vice Chair Dunn, seconded by Boardmember Peebles, and
unanimously carried to:

- 1) Adopt RESOLUTION No. 2012-21 – A RESOLUTION OF THE
OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE
DISSOLVED IRVINE REDEVELOPMENT AGENCY APPROVING THE
RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD
JANUARY 1, 2013 THROUGH JUNE 30, 2013
- 2) Adopt the administrative budget for the Successor Agency for January 1,
2013 through June 30, 2013.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Moved by Boardmember Fogarty and seconded by Vice Chair Lucy Dunn, and
unanimously carried to adjourn the meeting at 2:16 p.m.

OVERSIGHT BOARD CHAIR

SECRETARY

October 3, 2012

OVERSIGHT BOARD RESOLUTION NO. 2012-XX

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED IRVINE REDEVELOPMENT AGENCY APPROVING THE MINUTES OF THE OVERSIGHT BOARD MEETING OF AUGUST 28, 2012

WHEREAS, the Oversight Board to the Successor Agency to the dissolved Irvine Redevelopment Agency met on October 3, 2012; and

WHEREAS, at the Oversight Board's meeting of October 3, 2012, the Oversight Board considered the minutes of the August 28, 2012, Oversight Board meeting and the approval of said minutes;

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

SECTION 1. The minutes of the Oversight Board's August 28, 2012 meeting are approved.

SECTION 2. The Secretary shall certify to the adoption of this Resolution.

PASSED AND ADOPTED by the Oversight Board at a special meeting held on the 3rd day of October, 2012.

MARIAN BERGESON, CHAIR

ATTEST:

SHARIE APODACA, SECRETARY

STATE OF CALIFORNIA)
COUNTY OF ORANGE)
CITY OF IRVINE)

I, SHARIE APODACA, Secretary to the Oversight Board, hereby certify that the foregoing resolution was duly adopted at a special meeting of the Oversight Board, held on the 28th day of August 2012.

AYES: 0 BOARDMEMBERS:

NOES: 0 BOARDMEMBERS:

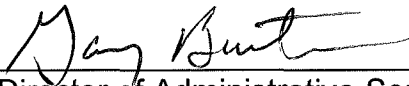
ABSENT: 0 BOARDMEMBERS:

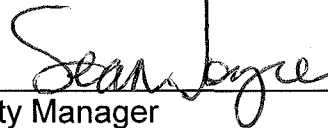
SHARIE APODACA, SECRETARY

REQUEST FOR OVERSIGHT BOARD ACTION

MEETING DATE: October 3, 2012

TITLE: PUBLIC COMMENT SESSION ON THE DUE DILIGENCE REVIEW OF THE LOW AND MODERATE INCOME HOUSING FUNDS, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5 AND 34179.6 [ASSEMBLY BILL 1484]


Director of Administrative Services


City Manager

RECOMMENDED ACTION

1. Receive public comment on the Due Diligence Review for the Low and Moderate Income Housing Funds as required by Health and Safety Code Section 34179.6 [Assembly Bill 1484]
2. Receive and File the Due Diligence Review for the Low and Moderate Income Housing Funds in anticipation of consideration of resolution of approval at October 11, 2012 Oversight Board meeting

EXECUTIVE SUMMARY

The purpose of this agenda item is for the Oversight Board to receive public comment on the due diligence review of the Low and Moderate Income Housing Fund (Housing Fund) of the dissolved Irvine Redevelopment Agency (Agency) in anticipation of formal action by the Oversight Board to approve the due diligence review at its meeting on October 11, 2012. State law requires the Oversight Board to first receive public comment on the due diligence review and then hold a second meeting at least five business days later to take formal action to approve the due diligence review.

The attached Independent Accountant's Report on Applying the Agreed-Upon Procedures on the Successor Agency to the dissolved Irvine Redevelopment Agency (Report) presents the results of this review. The Report found there were no unobligated fund balances in the Housing Fund for remittance to the County Auditor-Controller because all Housing Funds are transferred to the Irvine Community Land Trust (Land Trust) pursuant to the Affordable Housing Grant Agreement between the Agency and the Land Trust.

The Report was provided to the County Auditor-Controller, the State Controller and the Department of Finance (Department) on October 1, 2012 in accordance with the provisions of AB 1484. By October 15, 2012, the Oversight Board is required to review, approve, and transmit to the Department and the County Auditor-Controller the determination of the due diligence review for the Housing Fund including the amount of cash that is available for disbursement (which, in Irvine's case, is zero).

ANALYSIS

On June 27, 2012, the governor signed AB 1484 modifying provisions of the Dissolution Act and imposing new requirements on successor agencies. Section 34177(d) of the Health and Safety Code requires successor agencies to remit unobligated balances of redevelopment agency funds, including the unobligated balance of the Housing Fund, to the County Auditor-Controller for distribution to the taxing entities. Section 34179.5 to the Health and Safety Code requires successor agencies to hire a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting to conduct two due diligence reviews as noted below to determine the unobligated balances available for transfer to taxing entities. The accounting firm Macias, Gini & O'Connell (firm) was retained and approved by the County of Orange to perform the required due diligence reviews.

Two due diligence reviews are required to be performed; one for the Housing Funds, and one for non-housing funds. This report is related to the Housing Funds review and has been completed and submitted to the County and State as required. The due diligence review on the non-housing funds is required to be completed by December 15, 2012, and will be presented to the Oversight Board at a special meeting after that date as required by State law.

Section 34179.5 of the Health and Safety Code identifies the general requirements of the due diligence reviews. After its review of the law, the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants developed Agreed-Upon Procedures to satisfy these requirements with input from the State Controller's Office and the Department. The procedures include identifying assets transferred to the Successor Agency, the City, other public agencies or private parties; identifying assets remaining; and calculating the remaining balance available. The firm followed these procedures in determining there are no Housing Funds of the dissolved Agency to be distributed to the taxing entities.

Prior to the dissolution of redevelopment, the Agency and the Land Trust had entered into an Affordable Housing Grant Agreement (Agreement). The Agreement provides that all Housing Funds be transferred to the Land Trust. The Land Trust will use these funds to increase, improve and preserve affordable housing within the City of Irvine. On February 1, 2012, the dissolution date, redevelopment agencies were required to transfer the unencumbered balances of the Housing Fund to the Successor Agency. Because of the Agreement, there were no unobligated Housing Funds remaining in the Agency to transfer to the Successor Agency.

The Housing Fund did hold a receivable of \$1.35 million from the City of Irvine for a loan made for affordable housing purposes. The loan agreement stipulated that the repayment was required to be made from housing-in-lieu fees collected by the City, and were to be deposited into the Housing Fund. Because the City elected to become the Housing Successor, this receivable was transferred to the City upon dissolution. The

receivable was included on the Housing Asset List submitted to and approved by the State of California. It is being held in a City Housing Successor Fund and, when repaid, will be available for affordable housing uses.

The due diligence review also identified a transfer of \$849,000 to the Land Trust in January 2012. This transfer was for Housing Funds received by the Agency through January 31, 2012. The transfer was made in accordance with the Agreement and, therefore, did not result in any unobligated Housing Funds required to be paid to the County Auditor-Controller.

As required by Section 34179.6 of the Health and Safety Code, on October 1, 2012, staff submitted the due diligence review for the Housing Fund and a copy of the January through June 2013 Recognized Obligation Payment Schedule to: the Oversight Board, the State Controller, the Department, and the County Auditor-Controller. By October 15, 2012, the Oversight Board is required to review, approve, and transmit to the Department and the County Auditor-Controller the determination of the amount of cash that is available for disbursement from the Housing Funds. As confirmed in Exhibit C of the Report, there is no cash available for disbursement.

The Oversight Board is required to convene a public comment session at least five business days prior to the Oversight Board approving the due diligence review. Today's meeting is being held to convene the public comment session as required by law. The next Oversight Board meeting is scheduled for October 11, 2012 for the purpose of requesting the Oversight Board's approval of the due diligence review for transmittal to the required parties.

ALTERNATIVES CONSIDERED

AB 1484 requires the preparation of a due diligence review by a licensed accountant to determine the unobligated balance in the Housing Fund of the dissolved Agency, and that a public hearing be held before the Oversight Board considers approving the due diligence review. To remain in compliance with the law, no other alternatives were considered.

FINANCIAL IMPACT

There is no financial impact associated with these actions.

REPORT PREPARED BY Donna Mullally, Manager of Fiscal Services
Amy Roblyer, Senior Management Analyst

ATTACHMENT Independent Accountant's Report on Applying Agreed-Upon Procedures on the Successor Agency to the Irvine Redevelopment Agency

**SUCCESSOR AGENCY TO
THE IRVINE REDEVELOPMENT AGENCY**

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

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



Certified Public Accountants.

**SUCCESSOR AGENCY TO
THE IRVINE REDEVELOPMENT AGENCY**

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Successor Agency to
the Irvine Redevelopment Agency
Irvine, California

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

We have performed procedures enumerated in Attachment A, which were agreed to by the Successor Agency to the Irvine Redevelopment Agency (Successor Agency), the California State Controller's Office, and the California Department of Finance (collectively referred to as Specified Parties), solely to assist you in determining the balances available for transfer to taxing entities from assets transferred to the Successor Agency from the Low and Moderate Income Housing Funds of the former redevelopment agency, as prescribed in Section 34179.5 of the California Health and Safety Code (Code). Management of the Successor Agency is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Specified Parties. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment A, either for the purpose for which this report has been requested, or for any other purpose.

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

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

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

Macias Jini & O'Connell LLP

Newport Beach, California
September 26, 2012

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**SUCCESSOR AGENCY TO
THE IRVINE REDEVELOPMENT AGENCY
Attachment A – Agreed-Upon Procedures and Findings (Continued)
Low and Moderate Income Housing Funds**

Our procedures and findings are as follows:

1) **Procedure:**

Obtain from the Successor Agency a listing of all assets that were transferred from the Low and Moderate Income Housing Funds of the former redevelopment agency to the Successor Agency on or about February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Finding: No assets were transferred from the Low and Moderate Income Housing Funds of the former redevelopment agency to the Successor Agency.

2) **Procedures:**

If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers from the Low and Moderate Income Housing Funds of the former redevelopment agency (excluding payments for goods and services) 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 from the Low and Moderate Income Housing Funds of the former redevelopment agency (excluding payments for goods and services) of the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Findings: We noted that the State Controller's Office has not completed its review of transfers as of the date of this report.

For procedure 2A, we noted Advances Receivable, in the amount of \$1,350,000, which were transferred to the Housing Successor. Please refer to Exhibit A for the results of the procedures performed.

**SUCCESSOR AGENCY TO
THE IRVINE REDEVELOPMENT AGENCY
Attachment A – Agreed-Upon Procedures and Findings (Continued)
Low and Moderate Income Housing Funds**

Procedure 2B is not applicable to the Successor Agency, as there were no transfers from the Low and Moderate Income Housing Funds of the former redevelopment agency to the City for the period from February 1, 2012 through June 30, 2012.

For procedure 2C, we reviewed the letter from the California Department of Finance (DOF), dated September 5, 2012, notifying the City that the DOF had completed its review of the Housing Asset Transfer Form (Form) submitted pursuant to Health and Safety Code (HSC) Section 34176(a)(2) for the period February 1, 2012 through July 31, 2012, and did not object to any assets or transfers of assets identified on the Form.

3) Procedures:

If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers from the Low and Moderate Income Housing Funds of the former redevelopment agency (excluding payments for goods and services) to any other public agency or private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
- B. Obtain a listing prepared by the Successor Agency of transfers from the Low and Moderate Income Housing Funds of the former redevelopment agency (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

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

For procedure 3A, we noted a transfer to the Irvine Community Land Trust on January 1, 2012, in the amount of \$849,006. Please refer to Exhibit B for the results of the procedures performed.

Procedure 3B is not applicable, as there were no transfers of assets from the Low and Moderate Income Housing Funds of the former redevelopment agency to any other public agency or private parties for the period beginning February 1, 2012 through June 30, 2012.

**SUCCESSOR AGENCY TO
THE IRVINE REDEVELOPMENT AGENCY
Attachment A – Agreed-Upon Procedures and Findings (Continued)
Low and Moderate Income Housing Funds**

For procedure 3C, we reviewed the letter from the California Department of Finance (DOF), dated September 5, 2012, notifying the City that the DOF had completed its review of the Housing Asset Transfer Form (Form) submitted pursuant to Health and Safety Code (HSC) Section 34176(a)(2) for the period February 1, 2012 through July 31, 2012, and did not object to any assets or transfers of assets identified on the Form.

4) Procedure:

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.

Finding: Based on our discussion with City Management, all of the assets of the Low and Moderate Income Housing Fund of the former redevelopment agency were transferred to the Housing Successor upon dissolution. As such, there were no assets transferred from the Low and Moderate Income Housing Funds to the Successor Agency. We verified the results of our inquiry with management through inspection of the Successor Agency's accounting records.

5) Procedures:

Obtain from the Successor Agency a listing of asset balances transferred from the Low and Moderate Income Housing Fund 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.

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THE IRVINE REDEVELOPMENT AGENCY
Attachment A – Agreed-Upon Procedures and Findings (Continued)
Low and Moderate Income Housing 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).
- 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.
- D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Finding: We noted no restricted asset balances held on June 30, 2012, which were transferred from the Low and Moderate Income Housing Fund of the former redevelopment agency to the Successor Agency.

6) **Procedures:**

- A. Obtain from the Successor Agency a listing of assets transferred from the Low and Moderate Income Housing Fund as of June 30, 2012, that are not liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value, as recently estimated by the Successor Agency.
- B. If the assets listed at 6A are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
- C. For any differences noted in 6B, inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

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Low and Moderate Income Housing Funds**

- D. If the assets listed at 6A are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Finding: We noted no assets transferred from the Low and Moderate Income Housing Fund of the former redevelopment agency to the Successor Agency. Therefore, these procedures are not applicable.

7) **Procedures:**

- A. If the Successor Agency believes that asset balances transferred from the Low and Moderate Income Housing Fund need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012, that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.
- B. If the Successor Agency believes that future revenues, together with balances transferred from the Low and Moderate Income Housing Fund dedicated or restricted to an enforceable obligation, are insufficient to fund future obligation payments, and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012, and for the six month period July 1, 2012 through December 31, 2012.

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- ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
 - iii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.
- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.
- D. If procedures 7A, B, or C were performed, calculate the amount of current unrestricted balances of assets transferred from the Low and Moderate Income Housing Fund necessary for retention in order to meet the enforceable obligations by performing the following procedures.
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
 - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
 - iii. Include the calculation in the AUP report.

Finding: We noted no assets transferred from the Low and Moderate Income Housing Fund of the former redevelopment agency to the Successor Agency. Therefore, these procedures are not applicable

8) **Procedure:**

If the Successor Agency believes that, as of June 30, 2012, cash balances transferred from the Low and Moderate Income Housing Fund need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through

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Low and Moderate Income Housing Funds**

June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012, and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash transferred from the Low and Moderate Income Housing Fund that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Finding: We noted no cash balances transferred from the Low and Moderate Income Housing Fund of the former redevelopment agency to the Successor Agency. Therefore, this procedure is not applicable.

9) **Procedure:**

Include a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities from assets transferred to the Successor Agency from the Low and Moderate Income Housing Fund. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012, as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment.

Finding: Please refer to Exhibit C for the results of the procedures performed.

- 10) Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from assets of the Low and Moderate Income Housing Fund from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012, that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

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

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SUCCESSOR AGENCY TO THE IRVINE REDEVELOPMENT AGENCY
EXHIBIT A - FORMER REDEVELOPMENT AGENCY'S LOW AND MODERATE INCOME HOUSING FUND ASSET TRANSFERS
TO THE CITY FOR THE PERIOD OF JANUARY 1, 2011 THROUGH JANUARY 31, 2012

Asset Description	Name of the Recipient	Date of Transfer	Book Value of Asset at Date of Transfer	Describe the purpose of the transfer and specify the enforceable obligation or other legal requirement for such transfer	Finding
1 Advances Receivable	Housing Successor (City)	January 31, 2012	\$ 1,350,000	Per ABIX 26 and the adoption of City Resolution No. 12-11, dated January 10, 2012, the City elected to become the Housing Successor of the former redevelopment agency. The transfer of housing assets was approved by the California State Department of Finance.	No findings noted

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**SUCCESSOR AGENCY TO THE IRVINE REDEVELOPMENT AGENCY
EXHIBIT B - FORMER REDEVELOPMENT AGENCY'S LOW AND MODERATE INCOME HOUSING FUND ASSET TRANSFERS
TO PUBLIC AGENCIES FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 2012**

Asset Description	Name of the Recipient	Date of Transfer	Book Value of Asset at Date of Transfer	Describe the purpose of the transfer and specify the enforceable obligation or other legal requirement for such transfer	Finding
1 Cash	Irvine Community Land Trust (ICLT)	January 1, 2012	\$ 849,006	The transfer of cash to ICLT in accordance with the Affordable Housing Grant Agreement entered into on February 8, 2011, is to fund affordable housing projects.	No findings noted.

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SUCCESSOR AGENCY TO THE IRVINE REDEVELOPMENT AGENCY
EXHIBIT C - LOW AND MODERATE INCOME HOUSING FUND ASSETS TRANSFERRED TO THE SUCCESSOR
AGENCY THAT ARE AVAILABLE TO DISTRIBUTE TO AFFECTED TAXING ENTITIES
SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$	-
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)		-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)		-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)		-
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	\$	-

Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.

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