

# Action Agenda

## City of Visalia Oversight Board of the Successor Agency of the Redevelopment Agency of Visalia

Chair: Mike Olmos, City of Visalia - Present  
Vice Chair: Phil Cox, Tulare County - Present  
Secretary: Mark Larsen, Kaweah Delta Water Conservation District - Present  
Board Member: Eric Frost, City of Visalia - Present  
Board Member: Nathan Hernandez, Visalia Unified School District - Absent  
Board Member: John Hess, Tulare County - Present  
Board Member: Greg Sherman, College of the Sequoias -Present

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Thursday, April 19, 2012  
5:30 p.m.  
City Hall, Council Chambers  
707 West Acequia, Visalia CA

5:31 p.m.

1. Welcome and public comment

(Remind board members that these meetings are subject to the Brown Act)

Meeting called to order by Chair Olmos. No Public Comments.

2. Review of March 29, 2012 Action Agenda

Secretary Larsen suggested introducing staff members at the meeting. He also suggested that any material passed out at the meeting be included with the action agenda online and to refer to it in the action agenda. The Board was in agreement.

3. Review Tulare County Presentation of Oversight Board Duties

(John Hess will review with the Board the ~~April 4, 2012~~ April 3, 2012 presentation he gave to all oversight board members in the County)

Board Member Hess reviewed the presentation he gave at the County on April 3, 2012.

4. Review of Visalia's former Redevelopment Agency's assets and liabilities

(~~Ruth Pena~~ Eric Frost will review with the board the former RDA's unaudited balance sheet.)

Board Member Frost distributed a revised staff report for item 4. There was a revision in Table 1 of the staff report.

5. Presentation of the Agreed Upon Procedures Report from Brown Armstrong

(The agreed upon procedures audit for the Successor Agency's ROPS is due to be completed prior to the meeting. As soon as it is available, staff will send the report to the oversight board.)

Finalized agreed upon procedures was emailed to Board Members prior to this meeting.

Board Member Frost introduced Eric Xin with Brown Armstrong, an accounting firm. Mr. Xin confirmed that his firm reviewed the ROPS and that it was properly established and documented. However, his firm is not authorized to determine if obligations purpose is authorized by law.

6. Approve the Required Obligations Payment Schedule (ROPS) for the period of January 2012 to June 2012

(Eric Frost will present to the Oversight board for their approval the ROPS for the period of January to June 2012.)

There was discussion amongst the Board Members whether the General Fund loan/advance are enforceable obligations. The Board concluded that they were and should be part of the ROPS for January 2012 to June 2012. This was based on the contract language between the City and the Redevelopment Agency for the loan and advance stating that if the agency is dismantled, then the note is due and payable in full.

Board voted to approve a revised ROPS to include the General Fund loan and the General Fund advance and to amend resolution to reflect this (Cox/Sherman 6-0, Hernandez absent).

7. Preliminary review of the proposed ROPS for the period of July to December 2012

(~~Ruth Pena~~ Eric Frost will review the proposed ROPS for the next time period of July to December 2012).

Board Member Frost reviewed the July to December 2012 ROPS. No action taken.

8. Additional Direction on meetings from the Oversight Board to staff, if needed

Vice Chair Cox requested that City staff look into putting money that the City loaned/advanced to the Redevelopment Agency in an escrow account until this matter is resolved. Chair Olmos asked that Board Member Frost put this item on the next agenda.

6:33pm

Meeting Adjourned

Next meeting:

May 3, 2012  
City Council Chambers

*In compliance with the American Disabilities Act, if you need special assistance to participate in meetings call (559) 713-4512 48-hours in advance of the meeting. For Hearing Impaired – Call (559) 713-4900 (TDD) 48-hours in advance of the scheduled meeting time to request signing services.*

*Any written materials relating to an item on this agenda submitted to the Oversight Board of the Successor Agency after distribution of the agenda are available for public inspection in the Office of the City Clerk, 425 E. Oak Street, Suite 301, Visalia CA 93921, during normal business hours.*

**RESOLUTION NO. 2012-02**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF VISALIA APPROVING THE REQUIRED OBLIGATIONS PAYMENT SCHEDULE (ROPS) FOR THE TIME PERIOD OF JANUARY TO JUNE 2012.**

**WHEREAS**, pursuant to Health and Safety Code section 34173(d), the City of Visalia (“Successor Agency”) elected to become the successor agency to the Redevelopment Agency of the City of Visalia by Resolution No. COV 12-01 on January 17, 2012; and

**WHEREAS**, Health and Safety Code section 34177 (l) (3), requires that the City of Visalia’s Successor Agency’s oversight board approve a Required Obligations Payment Schedule (ROPS) for the time period of January to June 2012; and

**WHEREAS**, the Oversight Board has received a report on the Successor Agency ROPS;

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF VISALIA, DOES HEREBY RESOLVE AS FOLLOWS:**

Approve the proposed Required Obligation Payment Schedule (ROPS) for the time period of January 2012 to June of 2012.

PASSED AND ADOPTED: 04/19/12

MARK LARSEN, SECRETARY OF THE BOARD

STATE OF CALIFORNIA )  
COUNTY OF TULARE ) ss.  
CITY OF VISALIA )

I, Mark Larsen, Secretary of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Visalia, certify the foregoing is the full and true Oversight Board Resolution 2012-02 passed and adopted by the Oversight Board of the Successor Agency to the Redevelopment Agency at a regular meeting held on April 19, 2012.

Dated: April 24, 2012

MARK LARSEN, SECRETARY OF THE BOARD

  
By Gladys Ruiz, Recording Clerk

City of Visalia  
Oversight Board of the  
Successor Agency of the Redevelopment Agency of Visalia

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|                |  |  |
|----------------|--|--|
| MEETING DATE:  | 4/19/2012  | <b>Review:</b><br><br>Dept. Head <u>ef</u><br>(Initials & date required)<br><br>City Atty _____<br>(Initials & date required or N/A) |
| TO:            | Successor Agency Oversight Board   |  |
| FROM:          | Eric Frost, Administrative Services Director                             |  |
| SUBJECT:       | Review of Visalia's former Redevelopment Agency's assets and liabilities |  |
| AGENDA ITEM #: | 4 <b>REVISED TABLE I</b>   |  |

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Recommendation:

That the Oversight Board receive this unaudited report on the former RDA's balance sheet as of January 31, 2012.

Discussion:

The Visalia Redevelopment Agency was dissolved on January 31, 2012. From that dissolution, agency's debts are to be paid and assets distributed. To assist the oversight board in understanding the Agency's fiscal position at its dissolution, staff has prepared a preliminary balance sheet as of January 31, 2012.

Staff has taken the audited June 30, 2011 balance sheet and included this year's activity to prepare a January 31, 2012 balance sheet. This is an unaudited balance sheet which is subject to change based upon review by the City's auditors. However, it is our best indication as to the state of the Agency's finances as of dissolution.

To understand the balance sheet, a couple of key concepts need to be understood, namely:

- **Governmental Funds do not carry their associated debt within their fund.** Debt for governmental funds are not shown in their fund balance. Rather, this debt is shown in a General Long-term Debt Account Group. For this presentation, however, staff has listed the associated debt to complete the presentation.
  
- **Long-term assets which are not readily available are offset by a deferred revenue liability.** The Redevelopment Agency had a number of long-term

notes that were not due for a number of years. Further, the Housing Funds or 20% monies reserved for affordable housing had a number of notes against housing to be used for low-cost housing. If those units remain available to individuals of lesser income for 45 years, the underlying notes are forgiven. Most of the notes in the 20% or Affordable Housing funds are of this nature.

Staff believes the most important numbers to review are two: 1) available fund balance before debt, and, 2) available fund balance after debt.

The summary position is shown in Table I, Visalia Redevelopment Agency, as follows

**Table I**  
**Visalia Redevelopment Agency**  
**All amounts in thousands**

|   | Redevelopment Districts |                      | 20% or Affordable Housing |                      |
|---|-------------------------|----------------------|---------------------------|----------------------|
|   | 6/30/11<br>Audited      | 1/31/12<br>Unaudited | 6/30/11<br>Audited        | 1/31/12<br>Unaudited |
| <b>Assets</b>                               |                         |                      |                           |                      |
| Cash  | 13,170                  | 14,912               | 3,590                     | 1,478                |
| Accounts Receivable                         | 712                     | 706                  | 0                         | 2                    |
| Taxes Receivable                            | 246                     | 123                  | 0                         | 123                  |
| Notes Receivable                            | 331                     | 318                  | 4,277                     | 4,181                |
| Advance to                                  | 0                       | 0                    |                           | 1,632                |
| Land  | 0                       | 0                    | 756                       | 815                  |
| Assets                                      | 14,459                  | 16,059               | 8,623                     | 8,231                |
| <b>Liabilites</b>                           |                         |                      |                           |                      |
| Accounts, Interest and<br>Contracts Payable | 689                     | 57                   | 16                        | 9                    |
| Deferred Revenue                            | 1,139                   | 1,126                | 4,277                     | 4,181                |
| Advances from                               | 3,416                   | 5,027                | 12                        | 0                    |
| Customer Deposit                            | 50                      | 50                   | 0                         | 0                    |
| Liabilites                                  | 5,294                   | 6,260                | 4,305                     | 4,190                |
| Fund Balance                                | 9,165                   | 9,799                | 4,318                     | 4,041                |

After paying all liabilities, the proposed balance sheet shows some \$11.4 million available in the General Redevelopment Funds. This amount is potentially higher because debt is assigned by project area and the consolidated report combines negative fund balance with positive fund balance among the project area funds.

The Housing funds show available fund balance at \$4.0 million. However, only cash would be transferred to the Successor Agency. All other assets remain with the Housing Successor Agency, except for advances between the RDA General and the 20% or Affordable Housing Funds. These advances are extinguished because the asset is offset by the liability when the asset is transferred to the Successor Agency.

The next analysis is to match up the available fund balance in the General Redevelopment funds against outstanding debt. Such an analysis is shown in Table II, Redevelopment Available Fund Balance vs. Outstanding Debt.

Table II  
Redevelopment Available Fund Balance Vs. Outstanding Debt  
All Amount in Thousands

|   | East Visalia   | Mooney         | Downtown   | Central      | Total          |
|---|----------------|----------------|------------|--------------|----------------|
| Available Fund Balnce   | 565            | 7,252          | 1,243      | 5,765        | 14,825         |
| <b><i>Outstanding Debt</i></b>  |                |                |            |              |                |
| 2003 East Visalia TARB  | 3,290          |                |            |              | 3,290          |
| 2003 Downtown<br>Stockman's Bank Loan   |                |                | 861        |              | 861            |
| 2004 Central Note<br>Payable  |                |                |            | 1,469        | 1,469          |
| 2004 Mooney Note<br>Payable   |                | 2,158          |            |              | 2,158          |
| 2007 Mooney Citizens<br>Bank Loan   |                | 6,245          |            |              | 6,245          |
| 2009 Central General<br>Fund Loan   |                |                |            | 3,421        | 3,421          |
| East Visalia Advance  | 3,633          |                |            |              | 3,633          |
| <b>Outstanding Debt</b>   | <b>6,923</b>   | <b>8,403</b>   | <b>861</b> | <b>4,890</b> | <b>21,077</b>  |
| <b>Net Available</b>  | <b>(6,358)</b> | <b>(1,151)</b> | <b>382</b> | <b>875</b>   | <b>(6,252)</b> |
| Note: The following reconciliation to fund balance is need to trace the available assets back to the previous display |                |                |            |              |                |
| Available Fund Balance:   |                |                | 14,825     |              |                |
| <b>Less:</b>  |                |                |            |              |                |
| Low/Mod Advance Eliminations  |                |                | (1,632)    |              |                |
| East Visalia Advance  |                |                | (3,394)    |              |                |
| Fund Balance from Balance Sheet<br>January 31, 2012, Unaudited  |                |                | 9,799      |              |                |

Without other restrictions, staff would recommend paying off the 2007 Mooney Citizens Business Bank Loan, 2003 Downtown Loan and the 2009 Central General Fund loan from available fund balance. This action would eliminate \$9.8 million of debt and future interest costs. However, state law does not allow such action until after July 1, 2012.

Attachments: #1 Detailed Balance Sheet Information (Draft and Unaudited)

# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the City of Visalia

We have performed the procedures enumerated below, which were agreed to by the City of Visalia (the City), solely to assist you with respect to the accounting records of the City as of April 17, 2011. The City's management is responsible for the City's 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 those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

### Required Obligation Payment Schedule

We compared the presented Required Obligation Payment Schedule (ROPS) against underlying agreements. In order to accomplish this, we first identified the section of the underlying agreements which require the Redevelopment Agency of the City of Visalia to make payments as per the ROPS. We then verified that reported payments per ROPS were adequately supported by underlying agreements. We also verified that underlying agreements were properly approved by the appropriate authoritative bodies.

### Findings

No findings noted at this time.

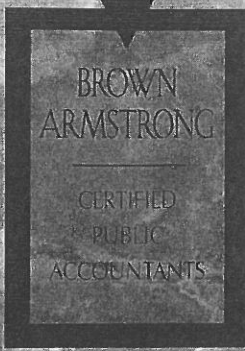
We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Visalia and is not intended to be and should not be used by anyone other than those specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



Bakersfield, California  
April 17, 2011



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