

# 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 - Present  
Board Member: John Hess, Tulare County - Present  
Board Member: Greg Sherman, College of the Sequoias - Present

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Thursday, November 8, 2012

5:30 p.m.

City Hall, Council Chambers  
707 West Acequia, Visalia CA

5:30 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 November 1, 2012 Action Agenda

No Comments.

Moved by Board member Larsen, seconded by Board member Sherman to accept the action agenda (7-0).

3. Review of Successor Agency's Actions since August 30, 2012

Board Member Frost reviewed the events that have taken place since 8/30/12. The City will be having a Meet and Confer meeting with the Department of Finance on 11/15/12 at 4pm in Sacramento.

4. Review and Adoption of the Due Diligence Agreed Upon Procedures Audit  
(Eric Frost will review the findings of the AUP)

Board Member Frost reviewed the Agreed Upon Procedures Audits from Brown Armstrong. Frost explained that the AUP for All Other Funds was revised to include a payable to the now owner of the former Costco property on Mooney of \$97,121. He handed out documentation supporting this payable.

Moved by Board member Hernandez, seconded by Vice Chair Cox (7-0) to adopt **Resolution 2012-06** approving the report on the Due Diligence Review for the Low and Moderate Income Housing Fund and determining the amount of cash and cash equivalents that are available for the disbursement to the taxing entities.

Moved by Board member Frost, seconded by Board member Sherman (7-0) to adopt **Resolution 2012-07** approving the report on the Due Diligence Review for the All Other Funds and determining the amount of cash and cash equivalents that are available for disbursement to the taxing entities, and revising the resolution to reflect a payable to the now owner of the former Costco property of \$97,121.

5:55pm

Meeting adjourned.

Next meeting:

To be arranged.

Submitted by Gladys Ruiz, Recording Clerk for the Oversight Board.

*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. 2012-06**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF VISALIA, APPROVING THE REPORT ON THE DUE DILIGENCE REVIEW FOR THE LOW AND MODERATE INCOME HOUSING FUND AND DETERMINING THE AMOUNT OF CASH AND CASH EQUIVALENTS THAT ARE AVAILABLE FOR DISBURSEMENT TO THE TAXING ENTITIES**

**WHEREAS**, Health and Safety Code Section 34179.5 requires the Successor Agency to the Dissolved Redevelopment Agency of the City of Visalia (“Successor Agency”) to hire a licensed accountant, approved by the County Auditor-Controller, to conduct a Due Diligence Review to determine the unobligated balances available for transfer to taxing entities; and

**WHEREAS**, Brown Armstrong Accountancy Corporation conducted a review of the Low and Moderate Income Housing Fund to meet the requirements of Section 34179.5, and prepared a Report on that review; and

**WHEREAS**, pursuant to Health and Safety Code Section 34179.6(a), by October 1, 2012, the Successor Agency must provide the Oversight Board, County Auditor-Controller, State Controller, and the Department of Finance, the results of the Due Diligence Review of the Low and Moderate Income Housing Fund; and

**WHEREAS**, following receipt of the Report, the Oversight Board is required to convene a public comment session, to be held not less than 5 days prior to the approval vote by the Oversight Board; and

**WHEREAS**, the Oversight Board held a public comment session on the Due Diligence Review on November 1, 2012; and

**WHEREAS**, by October 15, 2012, for the Low and Moderate Income Housing Fund, the Oversight Board must review, approve, and transmit to the Department of Finance and the County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities; and

**WHEREAS**, staff realized that it was unable to complete the Due Diligence review by the due dates due to not having clear audit guidance from the Department of Finance until the end of August and the complicated effort required to review all the transactions for the past year in a non-standard fiscal year, resulting in the notification of the Department of Finance that the reports would be presented to the Oversight Board by November 8, 2012; and,

**WHEREAS**, Section 34179.6 empowers the Oversight Board to authorize the Successor Agency to retain certain assets or funds, such as restricted funds, including bond or grant funds or cash funds that are required to fund an enforceable obligation, physical assets such as

equipment or land; and funds to satisfy obligations that will be placed on the Recognized Obligation Payment Schedule for the current fiscal year; and

**WHEREAS**, an oversight board that makes that authorization must identify to the Department of Finance the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained; and

**WHEREAS**, the determination and authorization to retain funds and assets is then subject to the review and approval of the Department of Finance;

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

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The action of the Oversight Board to approve the Report on the Due Diligence Review, authorize the Successor Agency to retain certain assets and funds, and determine the cash and cash equivalents that are available for disbursement to the taxing entities does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

Section 3. Approval of Retention of Assets and Funds. Following its review of the Report on the Due Diligence Review, and the public comments received during the public comment session held on the Due Diligence Review, and pursuant to Health and Safety Code Section 34179.6(c), the Oversight Board hereby approves and authorizes the Successor Agency to retain those assets and funds identified in Exhibit A, attached hereto and incorporated herein by reference. The Oversight Board further approves the purposes for which those funds are being retained, as set forth in the attached Exhibit A.

Section 4. Determination of Cash and Cash Equivalents Available for Disbursement to Taxing Entities. The Oversight Board hereby approves the Report on the Due Diligence Review of the Successor Agency's Low and Moderate Income Housing Fund, in substantially the form on file with the Secretary of the Oversight Board. Based on the information contained in the Report, and those assets and funds to be retained by the Successor Agency as set forth in Exhibit A, the Oversight Board hereby determines that the amount of cash and cash equivalents available for disbursement to the taxing entities is as set forth in the calculation attached hereto as Exhibit B and incorporated herein by reference.

Section 5. Submittal to Department of Finance. The Oversight Board hereby directs staff to submit to the Department of Finance and the County Auditor Controller, by November 9, 2012, a copy of the Report and the information on the cash and assets the Oversight Board has determined should be retained by the Successor Agency and the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities, as set forth in Exhibits A and B, attached hereto.



Section 6. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 7. Certification. The City Clerk of the City of Visalia, acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

Section 8. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED AND ADOPTED: 11/08/2012


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 2012-06 passed and adopted by the Oversight Board of the Successor Agency to the Redevelopment Agency at a regular meeting held on November 8, 2012.

Dated: November 9, 2012

MARK LARSEN, SECRETARY OF THE BOARD

  
By Gladys Ruiz, Recording Clerk

**EXHIBIT A**

**LISTING OF ASSETS AND FUNDS TO BE RETAINED  
BY THE SUCCESSOR AGENCY**

City of Visalia - Successor Housing Agency  
Low and Moderate Income Housing Fund

<u>Restriction Type</u>	<u>Asset Description</u>	<u>Restriction Length</u>	<u>Amount</u>
Restricted Cash	Final Payment on Kaweah Management Company Contract	Until expended for intended purpose	\$ 240,000.00
			<u>\$ 240,000.00</u>

City of Visalia - Successor Housing Agency  
Low and Moderate Income Housing Fund

<u>Asset Type</u>	<u>Asset Description</u>	<u>Valued At?</u>	<u>Amount</u>
Low-Mod Housing	Land Held for Resale - 1035 E. Douglas Ave.	Purchase Cost	\$ 34,359
Vacant Land	Land Held for Resale - 111 NW 5th Ave.	Purchase Cost	108,000
Vacant Land	Land Held for Resale - 113 NW 5th Ave.	Purchase Cost	365,000
Vacant Land	Land Held for Resale - 830 E. Roosevelt	Purchase Cost	107,224
Vacant Land	Land Held for Resale - 116 NW 5th Ave.	Purchase Cost	1,000
Vacant Land	Land Held for Resale - 1105 N. Court Ave.	Purchase Cost	24,644
Parking Lot	Land Held for Resale - 409 E. Murray	Purchase Cost	175,000
Long-Term Receivable	Loans Receivable - Kimball Court Associates (TCHA)	Book Value	1,055,100
Long-Term Receivable	Loans Receivable - Visalia Senior Housing II (TCHA)	Book Value	900,000
Long-Term Receivable	Loans Receivable - Visalia Senior Housing (TCHA)	Book Value	114,000
Long-Term Receivable	Loans Receivable - Tulare County Housing Authority	Book Value	47,500
Long-Term Receivable	Loans Receivable - Kaweah Management Co.	Book Value	814,671
Long-Term Receivable	Loans Receivable - Single Family Housing Rehabilitation	Book Value	41,863
Long-Term Receivable	Loans Receivable - Single Family Acquisition and Rehabilitation	Book Value	161,751
Long-Term Receivable	Loans Receivable - Single Family Home Loan	Book Value	1,136,216
Long-Term Receivable	Advances Receivable - East Visalia RDA	Book Value	237,067
Long-Term Receivable	Advances Receivable - Mooney Blvd RDA	Book Value	370,406
Long-Term Receivable	Advances Receivable - Downtown Low/Mod	Book Value	54,054
Long-Term Receivable	Advances Receivable - Central Low/Mod	Book Value	864,188
Long-Term Receivable	Advances Receivable - Downtown RDA	Book Value	35,834
Long-Term Receivable	Advances Receivable - Central Visalia	Book Value	988,966
			<u>\$ 7,636,843</u>

## EXHIBIT B

### CALCULATION OF THE AMOUNT OF CASH AND CASH EQUIVALENTS AVAILABLE FOR DISBURSEMENT TO 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)	\$ 7,886,226
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)	(240,000)
Less assets that are not considered to be liquid assets (e.g., physical assets) - (procedure 7)	(7,636,853)
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	<u>\$ 9,373</u>

*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.*

**RESOLUTION NO. 2012-07**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF VISALIA, APPROVING THE REPORT ON THE DUE DILIGENCE REVIEW FOR THE ALL OTHER FUNDS AND DETERMINING THE AMOUNT OF CASH AND CASH EQUIVALENTS THAT ARE AVAILABLE FOR DISBURSEMENT TO THE TAXING ENTITIES**

**WHEREAS**, Health and Safety Code Section 34179.5 requires the Successor Agency to the Dissolved Redevelopment Agency of the City of Visalia (“Successor Agency”) to hire a licensed accountant, approved by the County Auditor-Controller, to conduct a Due Diligence Review to determine the unobligated balances available for transfer to taxing entities; and

**WHEREAS**, Brown Armstrong Accountancy Corporation conducted a review of the All Other Funds to meet the requirements of Section 34179.5, and prepared a Report on that review; and

**WHEREAS**, pursuant to Health and Safety Code Section 34179.6(a), by December 15, 2012, the Successor Agency must provide the Oversight Board, County Auditor-Controller, State Controller, and the Department of Finance, the results of the Due Diligence Review of the All Other Funds; and

**WHEREAS**, following receipt of the Report, the Oversight Board is required to convene a public comment session, to be held not less than 5 days prior to the approval vote by the Oversight Board; and

**WHEREAS**, the Oversight Board held a public comment session on the Due Diligence Review on November 1, 2012; and

**WHEREAS**, by January 15, 2013, for All Other Funds, the Oversight Board must review, approve, and transmit to the Department of Finance and the County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities; and

**WHEREAS**, Section 34179.6 empowers the Oversight Board to authorize the Successor Agency to retain certain assets or funds, such as restricted funds, including bond or grant funds or cash funds that are required to fund an enforceable obligation, physical assets such as equipment or land; and funds to satisfy obligations that will be placed on the Recognized Obligation Payment Schedule for the current fiscal year; and

**WHEREAS**, an oversight board that makes that authorization must identify to the Department of Finance the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained; and

**WHEREAS**, the determination and authorization to retain funds and assets is then subject to the review and approval of the Department of Finance;

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

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The action of the Oversight Board to approve the Report on the Due Diligence Review, authorize the Successor Agency to retain certain assets and funds, and determine the cash and cash equivalents that are available for disbursement to the taxing entities does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

Section 3. Approval of Retention of Assets and Funds. Following its review of the Report on the Due Diligence Review, and the public comments received during the public comment session held on the Due Diligence Review, and pursuant to Health and Safety Code Section 34179.6(c), the Oversight Board hereby approves and authorizes the Successor Agency to retain those assets and funds identified in Exhibit A, attached hereto and incorporated herein by reference. The Oversight Board further approves the purposes for which those funds are being retained, as set forth in the attached Exhibit A.

Section 4. Determination of Cash and Cash Equivalents Available for Disbursement to Taxing Entities. The Oversight Board hereby approves the Report on the Due Diligence Review of the Successor Agency's All Other Funds, in substantially the form on file with the Secretary of the Oversight Board. Based on the information contained in the Report, and those assets and funds to be retained by the Successor Agency as set forth in Exhibit A, the Oversight Board hereby determines that the amount of cash and cash equivalents available for disbursement to the taxing entities is as set forth in the calculation attached hereto as Exhibit B and incorporated herein by reference.

Section 5. Submittal to Department of Finance. The Oversight Board hereby directs staff to submit to the Department of Finance and the County Auditor Controller, by January 15, 2013, a copy of the Report and the information on the cash and assets the Oversight Board has determined should be retained by the Successor Agency and the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities, as set forth in Exhibits A and B, attached hereto.

Section 6. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.



Section 7. Certification. The City Clerk of the City of Visalia, acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

Section 8. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED AND ADOPTED: 11/08/2012

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 2012-07 passed and adopted by the Oversight Board of the Successor Agency to the Redevelopment Agency at a regular meeting held on November 8, 2012.

Dated: November 9, 2012

MARK LARSEN, SECRETARY OF THE BOARD

  
By Gladys Ruiz, Recording Clerk

## EXHIBIT A

### LISTING OF ASSETS AND FUNDS TO BE RETAINED BY THE SUCCESSOR AGENCY

City of Visalia - Successor Agency  
Operation and Debt Service Funds - Restricted Assets

<u>Restriction Type</u>	<u>Project Area</u>	<u>Asset Description</u>	<u>Restriction Length</u>	<u>Amount</u>
Bond Proceeds	East	Cash with Fiscal Agent (Bond Proceeds - Project Fund)	Until expended for intended purpose	\$ 702,229.00
				<u>\$ 702,229.00</u>

City of Visalia - Successor Agency  
Operating and Debt Service Funds

<u>Asset Type</u>	<u>Asset Description</u>	<u>Valued At?</u>	<u>Amount</u>
Long-Term Receivable	Notes Receivable - Willow Street Development	Book Value	\$ 318,362
Long-Term Receivable	Taxes Receivable - Unapportioned Delinquent Taxes	Book Value	116,426
			<u>\$ 434,788</u>

City of Visalia - Successor Agency  
Operating and Debt Service Funds

<u>Asset Type</u>	<u>Explanation</u>	<u>ROPS Reference<sup>1</sup></u>	<u>Amount</u>
Cash	To defease the total principal outstanding on the 2004 West America Bank loan.	ROPS "Other - Central" Line 1	\$ 1,439,484
Cash	General Fund loan. Note that this ROPS item did not qualify as an enforceable obligation as defined by HSC Section 34171(d) per review by the California State Department of Finance.	ROPS "Other Central" Line 2	3,420,929
Cash	To pay accrued interest due on the 2004 West America Bank loan.	ROPS "Other - Central" Line 1	24,845
Cash	To pay accrued interest due on the 2004 West America Bank loan.	ROPS "RPTTF-Mooney" Line 2	37,922
Cash	To defease the total principal on the 2003 West America Bank loan.	ROPS "Other-Downtown" Line 1	817,551
Cash	with Visalia Unified School District. Note that this ROPS item did not qualify as an enforceable obligation as defined by HSC Section 341714(d) per review by the California State Department of Finance.	ROPS "RPTTF-East" Line 5	142,125
Cash	with Visalia Unified School District. Note that this ROPS item did not qualify as an enforceable obligation as defined by HSC Section 341714(d) per review by the California State Department of Finance.	ROPS "RPTTF-Mooney" Line 6	257,135
Cash	To pay amount accrued as part of pass-through agreement with Visalia Unified School District. Note that this ROPS item did not qualify as an enforceable obligation as defined by HSC Section 341714(d) per review by the California State Department of Finance.	ROPS "RPTTF-Central" Line 5	456,299
Subtotal			6,596,290
Cash	To pay amount accrued as part of tax increment reimbursement agreement with Costco Wholesale Corporation. This ROPS item qualified as an enforceable obligation as defined by HSC Section 341714(d) per review by the California State Department of Finance. This obligation is for the period between January 1, 2012 and June 30, 2012. However, it has not been paid.	ROPS   "RPTTF-Mooney" Line 16	97,121
Total			<u>\$ 6,693,411</u>

## EXHIBIT B

### CALCULATION OF THE AMOUNT OF CASH AND CASH EQUIVALENTS AVAILABLE FOR DISBURSEMENT TO TAXING ENTITIES

Successor Agency to the City of  
Visalia Redevelopment Agency

#### SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

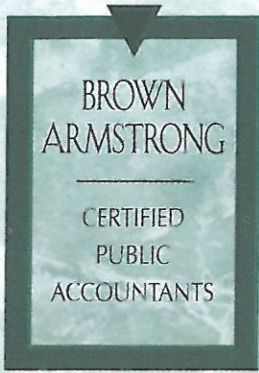
Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 10,084,630
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did 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)	(702,229)
Less assets that are not considered to be liquid assets (e.g., physical assets) (procedure 7)	(434,788)
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)	(6,693,411)
Less the amount of payments made on July 12, 2012, to the County Auditor-Controller as directed by the California Department of Finance	<u>(443,813)</u>
Amount to be remitted to county for disbursement to taxing entities	<u>\$ 1,810,389</u>

*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.





BROWN ARMSTRONG  
*Certified Public Accountants*

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

**ALL OTHER FUNDS OF THE SUCCESSOR AGENCY,  
EXCLUDING THE LOW AND MODERATE INCOME HOUSING FUND**

Oversight Board of the Successor Agency  
City of Visalia  
Visalia, California 93202

We have performed the minimum required agreed-upon procedures (AUP) enumerated in Attachment A, which were agreed to by the California State Controller's Office and the Department of Finance solely to assist you in ensuring that the Successor Agency of the City of Visalia Redevelopment Agency (the Agency) is complying with its statutory requirements with respect to Assembly Bill (AB) 1484. Management of the Agency is responsible for the accounting records pertaining to statutory compliance pursuant to the Health and Safety Code. This AUP engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the minimum required AUP as set forth in Attachment A. The results of the procedures performed are listed under each related testing step in Attachment A.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A. 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 management of the Agency and applicable State agencies, and 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.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
November 1, 2012

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REGISTERED with the Public Company  
Accounting Oversight Board and  
MEMBER of the American Institute of  
Certified Public Accountants



**ATTACHMENT A**  
**List of Procedures for Due Diligence Review**

**General Information Regarding These Procedures:**

1. The procedures associated with Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5(c)(6) are to be applied separately to (a) the Low and Moderate Income Housing Fund of the Successor Agency and to (b) all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund).
2. The due date for the report associated with the Low and Moderate Income Housing Fund is October 1, 2012.
3. The due date for the report associated with all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund) is December 15, 2012.
4. Because the procedures required by Section 34179.5(c)(4) pertain to the Successor Agency as a whole, these procedures should be addressed in the report that is due on December 15, 2012.

Fiscal year references below refer to fiscal years ending on June 30. This language should be modified for those agencies that have a different fiscal year-end.

For purposes of the procedures below and the related exhibits, the amount of the assets presented should be based upon generally accepted accounting principles (GAAP), unless otherwise noted.

To the extent the procedures listed below are duplicative to the agreed-upon procedures that were performed pursuant to Health and Safety Code (HSC) 34182 (a)(1), it is acceptable to obtain and use information from the HSC 34182 (a)(1) procedures for purposes of this due diligence review without having to re-perform the procedures. When this is done, the due diligence report should refer to the report that was issued for the agreed-upon procedures performed under HSC 34182 (a)(1).

Certain assets may qualify as a deduction under more than one category of deduction. In such cases, care should be taken to ensure that such assets have been included as a deduction in the summary schedule only once.

**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.

Result:

On February 1, 2012, the former redevelopment agency transferred assets totaling \$15,827,306 to the Successor Agency. We found no exceptions as a result of the procedures performed.

**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.*

- 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 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.

Result:

These procedures are not applicable for the Successor Agency's Operations and Debt Service Funds as there were no transfers of cash or cash equivalents for the time period of January 1, 2011, through June 30, 2012.

**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 the attached schedule 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.

Result:

We obtained audited Financial Statements for fiscal years ended June 30, 2010, and June 30, 2011. We obtained general ledger reports for fiscal periods ended January 31, 2012, and June 30, 2012, and compared amounts to the summary of financial transactions for the Successor Agency Fund in Attachment C. We found no exceptions as a result of the procedures performed.

**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.

Result:

We found no exceptions as a result of the procedures performed. Please see the final column of the summary of financial transactions for the Successor Agency Fund in Attachment C.

**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.
  - B. Grant proceeds and program income that are restricted by third parties:
    - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
    - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
    - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by 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.

Result:

We obtained Successor Agency's computation of the restricted balance. The restriction represents unspent bond proceeds with respect to the 2003 Tax Allocation Refunding Bonds. We found no exceptions as a result of the procedures performed for the Operations and Debt Service Funds. Please see Attachment D for details.

**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.
- 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.
- 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.
- 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.



Result:

We obtained from the Successor Agency a listing of assets as of June 30, 2012. No disposition of assets occurred and no assets are listed at recently estimated market value. Please see Attachment E for a list of assets that are not liquid. We found no exceptions as a result of the procedures performed for the Operations and Debt Service Funds.

**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.
- 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.
    - 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 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.

**Result:**

These procedures are not applicable for the Successor Agency's Operations and Debt Service Funds as there are no current balances legally or contractually dedicated or restricted for the funding of an enforceable obligation.

**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.

Result:

We obtained current restricted balances available to fund recognized obligations. Please see Attachment F for details. We found no exceptions as a result of the procedures performed.

**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. 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).

Result:

We found no exceptions as a result of the procedures performed for the Operations and Debt Service Funds. Please see Attachment G for details.

**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.

Result:

We received the representation letter, which included all required information, on November 1, 2012.



## Attachment B – Listing of Transfers

City of Visalia - Successor Agency

Listing of Transfers from the former Redevelopment Agency to the City of Visalia

All the transfers below are from the Successor Agency or Redevelopment Agency funds other than the Low and Moderate Income Housing Fund. There were no transfers from the Low and Moderate Income Housing Fund or the Successor Housing Agency. There were also no transfers occurring between the period from February 1, 2012, through June 30, 2012.

January 1, 2011, through January 31, 2012

<u>Date</u>	<u>Description</u>	<u>Recipient</u>	<u>Amount</u>
3/7/2011	Land Held for Resale (East Project Area)	City of Visalia	\$ 3,534,327.00
3/7/2011	PBID Obligation (Central Project Area)	City of Visalia	<u>670,000.00</u>
Grand Total			<u>\$ 4,204,327.00</u>

### Attachment C – Financial Transactions

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
<b>Assets (modified accrual basis)</b>				
Cash and Investments	\$ 13,489,823	\$ 11,842,232	\$ 7,487,146	\$ 7,805,543
Restricted Cash and Investments	2,009,531	2,028,595	7,569,033	1,844,299
Accounts Receivable	19,612	711,630	-	-
Taxes Receivable	214,058	245,776	116,425	116,426
Advances Receivable	-	-	-	-
Notes and Loans Receivable	345,579	331,178	318,362	318,362
Land Held for Redevelopment	2,785,640	-	-	-
<b>Total Assets</b>	<b>\$ 18,864,243</b>	<b>\$ 15,159,411</b>	<b>\$ 15,490,966</b>	<b>\$ 10,084,630</b>
<b>Liabilities (modified accrual basis)</b>				
Accounts Payable	\$ 445,820	\$ 755,612	\$ 283,975	\$ 1,522,671
Deferred Revenue	345,579	1,139,059	434,876	434,876
Due to Other Governmental Units	802,076	833,132	-	-
Advances from the City	7,132,495	3,416,649	3,416,649	6,837,578
Advances Payable	-	-	1,632,273	1,632,273
Customer Deposits	50,000	50,000	50,000	-
<b>Total Liabilities</b>	<b>\$ 8,775,970</b>	<b>\$ 6,194,452</b>	<b>\$ 5,817,773</b>	<b>\$ 10,427,398</b>
<b>Equity</b>	<b>10,088,273</b>	<b>8,964,959</b>	<b>9,673,193</b>	<b>(342,768)</b>
<b>Total Liabilities and Equity</b>	<b>\$ 18,864,243</b>	<b>\$ 15,159,411</b>	<b>\$ 15,490,966</b>	<b>\$ 10,084,630</b>
<b>Total Revenues</b>	<b>\$ 6,655,229</b>	<b>\$ 7,304,565</b>	<b>\$ 2,326,288</b>	<b>\$ 146,032</b>
<b>Total Expenditures<sup>1</sup></b>	<b>\$ 7,028,687</b>	<b>\$ 6,820,722</b>	<b>\$ 948,054</b>	<b>\$ 7,949,976</b>
<b>Total Transfers</b>	<b>\$ 3,600,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,208,912</b>
<b>Net Change in Equity</b>	<b>3,226,542</b>	<b>483,843</b>	<b>1,378,234</b>	<b>(6,595,032)</b>
<b>Beginning Equity</b>	<b>6,861,731</b>	<b>10,088,273</b>	<b>8,964,959</b>	<b>9,673,193</b>
<b>Audit Adjustments<sup>2</sup>:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,420,929)</b>
<b>Prior Period Adjustments<sup>3</sup>:</b>	<b>-</b>	<b>(1,607,157)</b>	<b>(670,000)</b>	<b>-</b>
<b>Ending Equity</b>	<b>\$ 10,088,273</b>	<b>\$ 8,964,959</b>	<b>\$ 9,673,193</b>	<b>\$ (342,768)</b>
<b>Other Information (show year-end balances for all three years presented):</b>				
Capital assets as of end of year	\$ -	\$ -	\$ -	\$ -
Long-term debt as of end of year	\$ 18,331,071	\$ 17,806,244	\$ 17,259,855	\$ 17,244,317

**Notes**

<sup>1</sup> Expenditures have been reduced by \$670,000 to reflect the transaction as a Prior Period Adjustment; see Note 3.

<sup>2</sup> Central Advance from the General Fund was not shown in the June 30, 2011 Financial Statements; Equity has been reduced to reflect the Advance.

<sup>3</sup> Prior Period Adjustment to reflect PBID payments for 10 years as approved by the City Council on March 7, 2012.

## Attachment D – Restricted Assets Listing

City of Visalia - Successor Agency  
Operation and Debt Service Funds - Restricted Assets

<u>Restriction Type</u>	<u>Project Area</u>	<u>Asset Description</u>	<u>Restriction Length</u>	<u>Amount</u>
Bond Proceeds	East	Cash with Fiscal Agent (Bond Proceeds - Project Fund)	Until expended for intended purpose	<u>\$ 702,229.00</u>
				<u><u>\$ 702,229.00</u></u>

## Attachment E – Non-Liquid Assets Listing

City of Visalia - Successor Agency  
Operating and Debt Service Funds

<u>Asset Type</u>	<u>Asset Description</u>	<u>Valued At?</u>	<u>Amount</u>
Long-Term Receivable	Notes Receivable - Willow Street Development	Book Value	\$ 318,362
Long-Term Receivable	Taxes Receivable - Unapportioned Delinquent Taxes	Book Value	<u>116,426</u>
			<u>\$ 434,788</u>

## Attachment F – Assets Held to Satisfy Enforceable Obligations

City of Visalia - Successor Agency  
Operating and Debt Service Funds

Asset Type	Explanation	ROPS Reference <sup>1</sup>	Amount
Cash	To defease the total principal outstanding on the 2004 West America Bank loan.	ROPS "Other - Central" Line 1	\$ 1,439,484
Cash	General Fund loan. Note that this ROPS item did not qualify as an enforceable obligation as defined by HSC Section 34171(d) per review by the California State Department of Finance.	ROPS "Other Central" Line 2	3,420,929
Cash	To pay accrued interest due on the 2004 West America Bank loan.	ROPS "Other - Central" Line 1	24,845
Cash	To pay accrued interest due on the 2004 West America Bank loan.	ROPS "RPTTF-Mooney" Line 2	37,922
Cash	To defease the total principal on the 2003 West America Bank loan.	ROPS "Other-Downtown" Line 1	817,551
Cash	with Visalia Unified School District. Note that this ROPS item did not qualify as an enforceable obligation as defined by HSC Section 341714(d) per review by the California State Department of Finance.	ROPS "RPTTF-East" Line 5	142,125
Cash	with Visalia Unified School District. Note that this ROPS item did not qualify as an enforceable obligation as defined by HSC Section 341714(d) per review by the California State Department of Finance.	ROPS "RPTTF-Mooney" Line 6	257,135
Cash	To pay amount accrued as part of pass-through agreement with Visalia Unified School District. Note that this ROPS item did not qualify as an enforceable obligation as defined by HSC Section 341714(d) per review by the California State Department of Finance.	ROPS "RPTTF-Central" Line 5	456,299
	Subtotal		6,596,290
Cash	To pay amount accrued as part of tax increment reimbursement agreement with Costco Wholesale Corporation. This ROPS item qualified as an enforceable obligation as defined by HSC Section 341714(d) per review by the California State Department of Finance. This obligation is for the period between January 1, 2012 and June 30, 2012. However, it has not been paid.	ROPS I "RPTTF-Mooney" Line 16	97,121
	Total		<u>\$ 6,693,411</u>

<sup>1</sup> Note that ROPS references are based on the final ROPS for the period of July 1, 2012, through December 31, 2012, except for the last item in the amount of \$97,121, which is based on the ROPS for the period of January 1, 2012, through June 30, 2012.

## Attachment G – Available Calculation

Successor Agency to the City of  
Visalia Redevelopment Agency

### 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)	\$ 10,084,630
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)	(702,229)
Less assets that are not considered to be liquid assets (e.g., physical assets) (procedure 7)	(434,788)
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)	(6,693,411)
Less the amount of payments made on July 12, 2012, to the County Auditor-Controller as directed by the California Department of Finance	<u>(443,813)</u>
Amount to be remitted to county for disbursement to taxing entities	<u>\$ 1,810,389</u>

*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.

Name of Successor Agency:  
County:

City of Visalia Successor Agency  
Tulare

Item 4: Handout

Pursuant to Health and Safety Code section 34186 (a)  
PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS I)  
January 1, 2012 through June 30, 2012

Page/Form	Line	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	RPTTF		Ref #
						Estimate	Actual	
		<b>Grand Total</b>				\$ 2,265,626	\$ 1,564,057	
3	1	2003 Tax Allocation Bond Principal	US Bank Trustee	Bonds issued for non-housing projects	East	245,000		
3	2	2003 Tax Allocation Bond interest	US Bank Trustee	Bonds issued for non-housing projects	East	63,166	63,166	8
3	3	General Fund Advance	City of Visalia General Fund	Payment for advance of funds for purchase	East	253,747		
3	4	Developer Agreement	Willow Street Development	Payment of ongoing maintenance costs	East			
3	5	Pass-Through Agreement	US Bank	Per agreement with Visalia Unified School District	East	142,125	142,125	7
5	6	Agency Administration	City of Visalia	Successor Agency Administrative Allowance	East			
6	7	Pass-Through Agreement	College of the Sequoias	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	East	12,462	12,462	2
6	8	Pass-Through Agreement	Visalia Memorial District	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	East	486	486	9
6	9	Pass-Through Agreement	Visalia Cemetery District	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	East	443	443	10
6	10	Pass-Through Agreement	Delta Vector Control District	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	East	5,901	5,901	4
6	11	Pass-Through Agreement	Delta Vector Control District	100 % of delayed payment of prior pass-through payment	East	9,441	9,441	4
8	12	2004 West America Bank Loan-Principal	West America Bank	Loan for public works projects	Mooney	43,132	43,136	11
8	13	2004 West America Bank Loan-Interest	West America Bank	Loan for public works projects	Mooney	47,426	47,420	11
8	14	2007 Citizens Bank Loan-Principal	Citizens Bank	Loan for public works projects	Mooney			1
8	15	2007 Citizens Bank Loan-Interest	Citizens Bank	Loan for public works projects	Mooney	204,202	173,525	1
8	16	Developer Note-Costco	Costco	Tax increment reimbursement	Mooney	97,121	97,121	10
8	17	Pass-Through Agreement	US Bank	Per agreement with Visalia Unified School District	Mooney	257,135	257,135	7
10	18	Agency Administration	City of Visalia	Successor Agency Administrative Allowance	Mooney			
11	19	Pass-Through Agreement	College of the Sequoias	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	Mooney	22,550	22,550	2
11	20	Pass-Through Agreement	Tulare County Schools	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	Mooney	7,942	7,942	6
11	21	Pass-Through Agreement	Visalia Memorial District	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	Mooney	2,685	2,685	9
11	22	Pass-Through Agreement	Visalia Cemetery District	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	Mooney	2,509	2,509	10
11	23	Pass-Through Agreement	Mosquito Abatement District	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	Mooney	2,459	2,459	5
11	24	Pass-Through Agreement	Delta Vector Control District	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	Mooney	32,513	32,513	4
11	25	Pass-Through Agreement	Delta Vector Control District	100 % of delayed payment of prior pass-through payment	Mooney	16,494	16,494	4
13	26	2003 West America Bank Loan-Principal	West America Bank	Loan for public works projects	Downtown	43,597	42,759	12
13	27	2003 West America Bank Loan-Interest	West America Bank	Loan for public works projects	Downtown	18,681	18,964	12
15	28	Agency Administration	City of Visalia	Successor Agency Administrative Allowance	Downtown			
18	29	2004 West America Bank Loan-Principal	West America Bank	Loan for public works projects	Central	29,359	29,363	13
18	30	2004 West America Bank Loan-Interest	West America Bank	Loan for public works projects	Central	32,282	32,277	13
18	31	2009 General Fund Loan-Principal	City of Visalia General Fund	Loan for public works projects	Central	83,143		
18	32	2009 General Fund Loan-Interest	City of Visalia General Fund	Loan for public works projects	Central	88,452		
18	33	Pass-Through Agreement	US Bank	Per agreement with Visalia Unified School District	Central	456,299	456,299	7
20	34	Agency Administration	City of Visalia	Successor Agency Administrative Allowance	Central			
21	35	Pass-Through Agreement	Visalia Memorial District	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	Central	3,202	3,202	9
21	36	Pass-Through Agreement	Visalia Cemetery District	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	Central	2,910	2,910	10
21	37	Pass-Through Agreement	Delta Vector Control District	50 % of annual pass-through payment; remaining 50% to be paid by the County Auditor Controller	Central	38,760	38,760	4

## Eric Frost

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**From:** Eric Frost  
**Sent:** Monday, November 05, 2012 10:09 AM  
**To:** Eric Xin (exin@bacpas.com); Sarah Smigiera (ssmigiera@bacpas.com)  
**Subject:** I wish I did not have to do this.  
**Attachments:** ROPS III prior ROPS payment backup.pdf; SKMBT\_60112110510450.pdf

I worked this weekend to provide the County with some back up detail on our expenditures this last ROPS. The expenditures all checked out except for one, a payment of the property taxes to the old Costco property. It appears that Ruth put that down as an expenditure for the period, but it did not take place because the property had changed hands and we did not and still not know who should receive that money. In any case, we believe we have an obligation to pay the Costco payment, so I need to ask your indulgence and help me add the cost of \$97,121 as a payable, reserving that money in the calculation.

I have attached my summary which show the payment was not made. I have also attached the owner participation agreement which shows the old RDA's liability. The note obligation begins on page 91.

Can you help me?

**Eric Frost**

City of Visalia  
Administrative Services Director  
Finance

(559) 713-4474 Work  
efrost@ci.visalia.ca.us  
707 West Acequia  
Visalia, CA 93292



OWNER PARTICIPATION AGREEMENT

By and Between

THE VISALIA COMMUNITY REDEVELOPMENT AGENCY

and

PAYNTER-WILLSEY PROPERTIES, INC.

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08/24/89

*WJ*

from Phase II of the Site shall be subject to further negotiation between Agency and Participant.

B. (\$702) Agreement to Be Recorded Affecting Real Property; Agency Payments.

1. Within the time set forth in the Schedule of Performance (Attachment No. 3), Participant shall execute and record against that portion of the Site developed in Phase I of the Project the Agreement To Be Recorded Affecting Real Property in the form attached hereto as Attachment No. 4, conveying to Agency the interest in that portion of the Site specified therein, for the time periods set forth therein. In consideration for Participant's conveyance to Agency of the property interest in that portion of the Site developed in Phase I of the Project set forth in the Agreement To Be Recorded Affecting Real Property (Attachment No. 4.), and contingent upon Participant's timely completion of construction of Phase I of the Project as provided herein, Agency shall pay to Participant the sum of One Million Two Hundred Twenty-Eight Thousand Two Hundred Eight Dollars (\$1,228,208.00), plus interest on the unpaid principal amount accruing at the rate of seven percent (7%) per annum, with such interest accrual commencing with the date (the "Interest Accrual Commencement Date") that Participant closes escrow on parcels comprising all or a portion of Phase I totalling no less than fifteen (15) acres, and continuing thereafter until accrued interest and principal are paid in full or any unpaid

balance is forgiven and discharged as provided herein; provided, however, that in the event Participant has not completed construction of so much of the entire Phase I of the Project so as to be entitled to Agency's issuance of its Phase I Certificate of Completion pursuant to Section 325 herein, or a Partial Certificate of Completion enabling Costco to open for business pursuant to Section 325, within fourteen (14) months after the Interest Accrual Commencement Date, no additional interest shall accrue until Participant has completed such construction. Payments shall be credited first to accrued interest and then to reduction of principal. Payments shall be made from the sources, in the amounts, at the times, and subject to the terms and conditions set forth herein below:

- (i) Notwithstanding any other provision herein to the contrary, Agency's payment obligation is a special, not a general, obligation of Agency, payable out of the sole source of "Net Property Tax Increment Revenues From Phase I of The Site" received by Agency for the full fiscal years (July 1 - June 30) commencing immediately following Agency's issuance of its Partial Certificate of Completion for the building or buildings to be occupied by Costco Wholesale Corporation (contemplated to be Building A as shown on the Site Map) and ending the earlier of (A) June 14,

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