CITY OF BRENTWOOD
Oversight Board
Terrace View Room – 2nd floor
Brentwood City Hall
150 City Park Way
Brentwood, CA 94513

A special meeting of the Brentwood Oversight Board is hereby called for:

Monday, November 26, 2012
2:00 p.m.

Oversight Board Members:

Bill Hill, Chair
Steve Barr
Bob Brockman
Paul Eldredge
Brian Swisher, Vice Chair
Kevin Horan
Eric Volta

MEETING AGENDA

1. Call to Order

2. Public Comment – *At this time the public is permitted to address the Board on items that are **not** on the agenda. Persons addressing the Board are required to limit their remarks to five (5) minutes unless an extension of time is granted by the Board.*

3. Approval of minutes from August 15, 2012 meeting

4. Receive the Due Diligence Review of the Low and Moderate Income Housing Fund and hold a public comment session pursuant to Health and Safety Code Section 34179.6. (Pam Ehler and Kerry Breen)

5. Suggestions for future agenda items

6. Adjournment

Dated: November 16, 2012

NOTICE

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact the City Clerk's Office at (925) 516-5440 or fax (925) 516-5441. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II}

POSTING STATEMENT

On **November 16, 2012** a true and correct copy of this agenda was posted on the City Hall Bulletin Board, outside City Hall, 150 City Park Way, Brentwood, CA 94513.

Agenda Item 3

THE CITY OF BRENTWOOD

Oversight Board
August 15, 2012
Brentwood City Hall
Terrace View Conference Room
Meeting Minutes

Present: Steve Barr, Bob Brockman, Paul Eldredge, Bill Hill, Brian Swisher, Eric Volta

Absent: Kevin Horan

1. Call to Order – Chair Bill Hill called the meeting to order at 4:07 p.m. Vice Chair Brian Swisher and Board Member Kevin Horan were absent.

2. Public Comment – None.

3. Consideration of minutes from July 18, 2012 minutes – M/S/C (Barr/Eldredge) to approve the minutes from the July 18, 2012 meeting. 5-0-0-2 (Horan and Swisher absent)

Vice Chair Swisher arrived at 4:10 p.m.

4. Consideration of the Administrative Budget and Recognized Obligation Payment Scheduled (ROPS) for January 1, 2013 to June 30, 2013. Kerry Breen, presented the staff report. Eric Volta inquired about the True Up Payment that was sent to the County in an amount less than what was request. Mr. Breen stated the payments were under review by the Department of Finance and that staff felt that the County had incorrectly calculated the amount by not crediting the Successor Agency for pass through payments which had been made. Mr. Breen felt staff should receive information from the State Department of Finance within three weeks. Pam Ehler clarified that the County was initially provided the method to calculate the True Up payment from the State which was then modified by the State Department of Finance the day prior to payments being due. M/S/C (Barr/Brockman) to adopt Resolution 2012-13 approving the Administrative Budget and the Recognized Obligation Payment Scheduled of the Successor Agency of the City of Brentwood for January 1, 2013 – June 30, 2012. (5-1-1-0) (Volta No/Horan Absent)

5. Consideration of a Resolution approving and authorizing the Brentwood City Manager to enter into a contract not to exceed $50,000 with a licensed accountant approved by the County-Auditor Controller to perform the due diligence reviews pursuant to Health and Safety Code Section 34179.5. Kerry Breen provided an overview of the staff report. M/S/C (Volta/Barr) to adopt Resolution 2012-14 approving and authorizing the City Manager to enter into the contract. (5/0/1/1) (Horan absent/Eldredge abstained due to a potential conflict, he would be signing the contract on behalf of the City)

6. Public Right-of-Way Grant Deed on Walnut Boulevard near Oak Street. Miki Tsubota provided an overview of the staff report. There was a brief discussion regarding the improvement to this portion of the roadway. M/S/C (Brockman/Eldredge) to Adopt Resolution 2012-15 confirming title with the City of Brentwood in and to the Public Right-of-Way on Walnut Boulevard, which is a portion of APN 013-232-006, pursuant to Health and Safety Code Section 34181. (5/0/1/1) (Horan absent/Swisher abstained due to a potential conflict as he owned property nearby)

7. Approve Oversight Board Legal Services Agreement with Wendel Rosen Black & Dean. Paul Eldredge presented the staff report and stated that a subcommittee of he and Board Member Volta interviewed two firms and they were recommending that the contract be awarded to Wendel Rosen Black & Dean. M/S/C (Swisher/Eldredge) to approve the agreement with Wendel Rosen Black & Dean. (5/0/1/0) (Horan absent)

8. Suggestions for future agenda items – Board Member Volta requested a future item regarding the method the State will use to distribute funds from the former Redevelopment Agencies and if the funds were being allocated by the County Auditor Controller or being sent to the State for statewide distribution. Board Member Eldredge stated if Successor Agency staff could obtain the information a memo could be prepared and shared with the Oversight Board.

   It was stated the next regular meeting would be cancelled and that staff would be in contact regarding the date for a special meeting if needed.

9. The meeting was adjourned at 4:35 p.m.

CITY OF BRENTWOOD OVERSIGHT BOARD AGENDA ITEM 4

Meeting Date: November 26, 2012

Subject/Title: Receive the Due Diligence Review of the Low and Moderate Income Housing Fund and hold a public comment session pursuant to Health and Safety Code Section 34179.6

Submitted by: Kerry Breen, Assistant Finance Director

Approved by: Pamela Ehler, Director of Finance and Information Systems

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RECOMMENDATION

Hold a public comment session on the Due Diligence Review of the Low and Moderate Income Housing Fund Pursuant to Health and Safety Code Section 34179.6

PREVIOUS ACTION

On August 15, 2012 the City of Brentwood Oversight Board adopted Resolution 2012-13 approving the Recognized Obligation Payment Schedule of the Successor Agency City of Brentwood for January 1, 2013 – June 30, 2013.

On August 15, 2012 the City of Brentwood Oversight Board adopted Resolution 2012-14 authorizing the City Manager to enter into a contract not to exceed $50,000 with a licensed accountant or accounting firm approved by the County Auditor-Controller to perform the due diligence reviews required pursuant to Health and Safety Code Section 34179.

BACKGROUND

Pursuant to Health and Safety Code Section 34179.5, each successor agency must employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities. The Successor Agency hired the certified public accounting firm of Maze and Associates to conduct the due diligence reviews, with the due diligence review of the Low and Moderate Income Housing Fund (LMIHF) being presented for public comment this afternoon.

The due diligence review determines the net balance of LMIHF funds and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities as of June 30, 2012. In summary, such amount is calculated by determining the total value of assets and cash and cash equivalents in the LMIHF, and subtracting the following (Restricted Assets):

(1) Restricted funds,
(2) Assets that are not cash or cash equivalents,
(3) Amounts that are legally or contractually dedicated or restricted for the funding of an enforceable obligation, and
(4) Amounts that are needed to satisfy obligations that will be put on the Recognized Obligation Payment Schedule (ROPS) for the current fiscal year.

In addition, the amount determined to be available for allocation to taxing entities includes the value of assets, cash and cash equivalents transferred after January 1, 2011, through June

30, 2012, by the former Brentwood Redevelopment agency or the Successor Agency to the City, another public agency or private person if an enforceable obligation to make that transfer did not exist.

Health and Safety Code Section 34179.6 requires each successor agency to submit the due diligence review to its oversight board for review and approval. Upon receipt of the due diligence review, the oversight board must convene a public comment session to take place at least five business days before the oversight board conducts a vote concerning the approval of the due diligence review. The oversight board must also consider any opinions offered by the County Auditor-Controller regarding the results of the due diligence review submitted by the Successor Agency.

Following approval by the Oversight Board, the due diligence review is to be transmitted to the State Department of Finance (DOF) and the county auditor-controller. The DOF will then conduct its review and will notify the oversight board and the successor agency if it overturns or modifies any findings, determinations, or authorizations of the oversight board. The successor agency then has the option to meet and confer with DOF to discuss any modifications. At the completion of the LMIHF due diligence review process, the county auditor-controller must provide the DOF with a report specifying the amount submitted by each successor agency and specifically noting any successor agency that failed to remit the full required amount.

Section 34179.5 also requires a similar review of all other non-housing funds and accounts held by the successor agency to determine unobligated balances available for transfer to taxing entities. The review for all other non-housing funds and accounts must be completed by December 15, 2012 and the county auditor-controller has an April 20, 2013 deadline to provide DOF the report specifying the amount submitted by each successor agency from all other funds and accounts, and specifically noting any successor agency that failed to remit the full required amount.

Upon full payment of the amounts determined in the Due Diligence Review and the subsequent review conducted for all other funds and accounts, full payment of the "surplus" tax revenues due (AB 1484 True Up Payment) and any unpaid or underpaid pass through payments owed for fiscal year 2011-12, the DOF will issue the successor agency, within five business days, a Finding of Completion of the requirements of Section 34179.6. A Finding of Completion then allows, amongst other things, the Successor Agency to begin disposing of non-housing properties via an adopted and approved Property Management Plan.

Staff recommends that the Oversight Board provide comments and solicit public input on the due diligence review for the LMIHF prepared by Maze and Associates. Staff will bring forward the final due diligence review to the Oversight Board for approval by resolution in December.

FISCAL IMPACT

While there is no fiscal impact from receiving the due diligence review and convening a public comment session, the LMIHF due diligence review determined that there is an unobligated LMIHF fund balance of $83,053 available for remittance to the taxing entities. Should the Oversight Board approve the filing of the LMIHF due diligence review at its next meeting and the DOF not object, this amount would then ultimately be remitted for distribution to other taxing entities. The due diligence review confirms that the LMIHF cash balance is $227,193. Of this amount, $144,140 is needed to satisfy the obligations detailed in the Successor Agency's ROPS 3, covering January 2013 – June 2013, which was approved by both the Oversight Board and the Department of Finance.

Additional funds may become available pending the results of a meet-and-confer session the Successor Agency has requested with the DOF. The purpose of the meet-and-confer session is to determine if the City may retain $3,989,500 in funds pursuant to an agreement between the City and Successor Agency which allowed for reimbursement of the Meta Housing loan. Should the DOF deny this repayment the City would return these funds to the Successor Agency, with the funds ultimately being remitted to the County for purposes of redistribution.

Attachments
Due Diligence Review of LMIHF

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

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MAZE & ASSOCIATES

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

To the Oversight Board of the Successor Agency of
the Brentwood Redevelopment Agency
Brentwood, CA

We have applied the procedures below, which were agreed to by the Successor Agency of the Brentwood Redevelopment Agency, solely to assist you with respect to the procedures required under California Health and Safety Code Sections 34179.5(c)(1) through 34179.5(c)(3) and Sections 34179.5(c)(5) through 34179.5(c)(6) for the Low and Moderate Income Housing Fund of the Successor Agency of the Brentwood Redevelopment Agency for the year ended June 30, 2012, also referred to as the Due Diligence Review by the Code. These procedures were suggested by the Governmental Auditing and Accounting Committee, as agreed to by the California State Department of Finance and State Controller's Office. Management of the Successor Agency is responsible for the accounting records, the Attachments and information provided pertaining to the statutory compliance pursuant to Health and Safety Code Section 34179.5. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures you requested us to perform and our findings were as follows:

Citation:

34179.5(c)(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.

Suggested Procedure(s):

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

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
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Results:
We obtained the following listing from the staff of the City of Brentwood and agreed the amount transferred to the Successor Agency to the accounting records without exception.

	Redevelopment Agency Low and Moderate Income Fund Balances January 31, 2012 (Prior to transfer)	Balances transferred to Housing Successor on February 1, 2012	Balances transferred to the Successor Agency on February 1, 2012
ASSETS			
Cash and investments	$4,511,331	$4,284,138	$227,193
Prepaids	451	451	
Notes receivable	4,637,475	4,637,475	
Land held for resale	1,040,359	1,040,359	
Total Assets	$10,189,616	$9,962,423	$227,193

Citation:

34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Suggested Procedure(s):

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

   A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

   Results:
   The State Controller's Office has not yet completed its review of transfers. We obtained the listing of transfers from the Low and Moderate Income Housing Fund of the former Redevelopment Agency to the City, excluding payments for goods and services, from the staff of the City of Brentwood and agreed the amount transferred to the accounting records without exception. We noted that the listing consisted of one transfer on February 15, 2011 in the amount of $34,515 to pay the Low and Moderate Income Housing Fund's share of the former Redevelopment Agency's Other Post Employment Health Care Benefits (OPEB) Net Obligation as of that date, which appears to be an allowable enforceable obligation under Health and Safety Code Section 34171(d)(1)(A). The City subsequently paid the funds to the CalPERS OPEB Trust on February 16, 2011.

B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to this Agreed Upon Procedures report.

Results:

We obtained the following listing of transfers from the Low and Moderate Income Housing Fund of the Successor Agency to the City, excluding payments for goods and services, from the staff of the City of Brentwood and agreed the amount transferred to the accounting records without exception. All of the transfers below were made on February 1, 2012 to transfer the Housing Assets to the City as Housing Successor:

Item #	Source of Transfer	Date Contract for Enforceable Obligation was Executed	Purpose of Transfer	Amount Transferred
1	First ROPS (Jan - June 2012) Line 9	DOF Approval of ROPS 5/24/12	Office/Phone/Utility costs	$2,442
2	First ROPS Line 9 (PFM Asset Management)	Contract with PFM 2/13/2007	Investment Management Fees	1,927
3	First ROPS Line 9 (Seifel Consulting)	Contract with Seifel June 30, 2011	Professional Services -	11,804
4	First ROPS Line 9 (Maze and Associates)	Contract with Maze and Associates Feb 9, 2010	Professional Services - Annual External Audit	997
5	First ROPS Line 9 (Burke, Williams and Sorenson; and Best, Best and Krieger)	Contract with Burke June 23, 2011; BBK July 7, 2011	Legal Expenses	18,229
6	First ROPS Line 16	DOF Approval of ROPS 5/24/12	Housing Monitoring / Compliance - Staff costs	109,224
7	Low Income Housing Apartments	4/16/2011	City/ Grove Sunset, L.P. (Meta)	3,989,500
8	Second ROPS (July - Dec 2012) Line 16	DOF Approval of ROPS 5/24/12	Housing Monitoring / Compliance - Staff costs	107,031
9	Second ROPS Line 11	DOF Approval of ROPS 5/24/12	Office/Phone/Utility costs	2,500
10	Second ROPS Line 11 (Burke, Wiliams and Sorenson; and Best, Best and Krieger)	Contract with Burke June 23, 2011; BBK July 7, 2011, contracts updated in August 2012	Legal Expenses	18,584
11	Second ROPS Line 11	Contract with Maze and Associates Feb 9, 2010	Professional Services - Annual External Audit	2,000
12	Second ROPS Line 11	Contract with Seifel June 30, 2011, updated in August 2012	Professional Services - Advisory	17,400
13	Second ROPS Line 11	Contract with PFM 2/13/2007	Investment Management Fees	2,500
14	Prepaid Expenses	N/A - Prepaid Expenses	Housing Asset - 34176(e)	451
15	Brentwood/202 Senior Housing	N/A - Loan Receivable	Housing Asset - 34176(e)	314,550
16	Christian Church Homes/Sycamore Place II	N/A - Loan Receivable	Housing Asset - 34176(e)	667,383
17	Christian Church Homes/Sycamore Place II	N/A - Loan Receivable	Housing Asset - 34176(e)	276,188
18	Eden Housing	N/A - Loan Receivable	Housing Asset - 34176(e)	119,875
19	Mercy Housing California XII	N/A - Loan Receivable	Housing Asset - 34176(e)	1,613,500
20	Brentwood Green Valley Associates	N/A - Loan Receivable	Housing Asset - 34176(e)	452,046
21	Brentwood Green Valley Associates	N/A - Loan Receivable	Housing Asset - 34176(e)	793,933
22	Brentwood Senior Commons	N/A - Loan Receivable	Housing Asset - 34176(e)	400,000
23	Vacant Land Parcel - 1907 Jane Way	N/A - Land Held for Resale	Housing Asset - 34176(e)	650,510
24	Vacant Land Parcel - 1909 Jane Way	N/A - Land Held for Resale	Housing Asset - 34176(e)	389,849
			Total Transferred:	$9,962,423

C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Results:
We obtained documentation for all transfers included in the table in Procedure 2A above and noted that the transfers appear to be related to enforceable obligations or housing assets as defined by Health and Safety Code Section 34176(e), except for the $3,989,500 transfer for the Grove Sunset, L.P., Meta Housing Project. Although the Agency Board authorized expending funds on the project on April 26, 2011, the former Redevelopment Agency did not enter into a loan agreement with Grove Sunset, L.P., in the amount of $3,950,000 until January 31, 2012. The City of Brentwood funded the loan on June 15, 2012 with non-housing funds, and the City entered into an assignment and contingent repayment agreement with the Successor Agency on June 20, 2012 to assume the loan agreement. The loan agreement was amended on June 20, 2012 to replace the Agency with the City. The assignment agreement also indicates that should the loan agreement be deemed an enforceable obligation, the Successor Agency would reimburse the City for the cost of the loan. This loan agreement was executed after June 27, 2011 and was also rejected as an enforceable obligation by the State Department of Finance. City staff has indicated that they believe it is an enforceable obligation and is pursuing the issue with the State through the "meet and confer" process.

Citation:

34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Suggested Procedure(s):

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

   A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to this Agreed Upon Procedures report.

   Results:
   The State Controller's Office has not yet completed its review of transfers. We obtained the list of transfers from the Low and Moderate Income Housing Fund of the former Redevelopment Agency to private parties, other than for goods and services, from the staff of the City of Brentwood and agreed the amount transferred to the accounting records without exception. The transfers consisted of two payments to Brentwood Green Valley Associates in the amounts of $458,886 and $800,000 to fund a loan related to a loan agreement executed in January 2011.

   Per City staff, there were no transfers to other public agencies.

B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to this Agreed Upon Procedures report.

Results:
Per inquiry of City staff, the Low and Moderate Income Housing Fund of the Successor Agency did not make any transfers to any other public agency or to private parties, other than for payments of goods and services, for the period from February 1, 2012 through June 30, 2012.

C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Results:
We obtained documentation for the transfers in 3A above without exception and noted that the transfers appear to be enforceable obligations.

Citation:

34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.

Suggested Procedure(s):

4. Perform the following procedures:

   A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in Attachment A for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.

   B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.

   C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

   D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

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

Citation:

34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

(A) A statement of the total value of each fund as of June 30, 2012.

Suggested Procedure(s):

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

   Results:
   We obtained the listing of assets of the Low and Moderate Income Housing Fund of the Successor Agency provided by City staff and noted that the assets as of June 30, 2012 are comprised of cash in the amount of $227,193. We agreed the balance to the accounting records without exception.

Citation:

34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

Suggested Procedure(s):

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:

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

Results:
Per inquiry of City staff, there are no such assets related to the Low and Moderate Income Housing Funds as of June 30, 2012.

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

Results:
Per inquiry of City staff, there are no such proceeds or program income related to the Low and Moderate Income Housing Funds as of June 30, 2012.

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

Results:
Per inquiry of City staff, there are no other assets related to the Low and Moderate Income Housing Funds as of June 30, 2012.

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

Results:
Not applicable.

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.

Results:
Per inquiry of City staff, there were no non-liquid assets related to the Low and Moderate Income Housing Funds as of June 30, 2012.

Citation:

34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.

Suggested Procedure(s):

8. Perform the following procedures:

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

      i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
      ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
      iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
      iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

   Results:
   Per inquiry of City staff, asset balances related to the Low and Moderate Income Housing Funds of the Successor Agency do not need to be retained to satisfy enforceable obligations for the period January 1, 2012 to June 30, 2012, because those funds were transferred to the Housing Successor as noted in procedures #1 and 2B above.

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

      i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
      ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
         1. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
      iii. For the forecasted annual revenues:
         1. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Results:
Per inquiry of City staff, there are no projected future revenues for the Low and Moderate Income Housing Fund of the Successor Agency. Therefore, the cash balance noted in procedures #1 and 2B above was transferred to the Housing Successor to fund enforceable obligations for the period January 1, 2012 through June 30, 2012, and the cash balances to be retained for the period January 1, 2013 through June 30, 2013 enforceable obligations are noted in procedure #9 below.

C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
    i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
    ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
    iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Results:
Not applicable, per inquiry of City staff, the former Redevelopment Agency's Low and Moderate Income Housing Fund revenues were not pledged for the repayment of bonds.

D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
    i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
    ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
    iii. Include the calculation in the AUP report.

Results:
Per inquiry of City staff, there are no projected future revenues for the Low and Moderate Income Housing Fund of the Successor Agency. Therefore, see the calculation in #9 below and Attachment A.

Citation:

34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.

Suggested Procedure(s):

9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

   Results:
   We obtained the copy of the final ROPS for the period January 1, 2013 through June 30, 2013 (Attachment A). See column "LMIHF" on Attachment A for the amounts proposed to be retained by the Successor Agency totaling $144,140 to fund enforceable obligations. Per inquiry of City staff, the Low and Moderate Income Housing Fund has no other revenue sources and as such has no other means by which to pay the enforceable obligations.

Citation:

34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

Suggested Procedure(s):

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities (Attachment B). Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

    Results:
    See Attachment B.

Suggested Procedure(s):

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

    Results:
    Management signed and provided the representation letter dated October 12, 2012 without exception.

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

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

Mayer & Associates

October 12, 2012

ATTACHMENT A

Name of Successor Agency: City of Brentwood

County: Contra Costa County

Oversight Board Approval Date: 08/15/12

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)
January 1, 2013 through June 30, 2013

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	Funding Source: LMIHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	Six-Month Total
	Grand Total						$ 77,789,792	$ 8,379,414	$ 4,094,140	$ -	$ 152,741	$ 250,000	$ 2,105,837	$ -	$ 6,802,718
1	Bonds - Debt Service	9/27/2001	Completion of Debt Service	U.S. Bank	2001 CIP Bond Reserve Funds	Merged	1,382,301.00	0.00		-					-
2	Bonds - Debt Service	9/27/2001	Completion of Debt Service	U.S. Bank	2001/2012 Tax Allocation Bond Debt Service	Merged	27,127,150.00	1,364,081.25					425,119		425,119
3	Bonds - Debt Service (See Note RE: payment source)	10/1/2009	Completion of Debt Service	U.S. Bank	2009 Lease Revenue Bond Debt Service	Merged	28,778,123.52	1,050,086.65			152,741		291,299		444,040
4	Enforceable Agreements - Debt Service Processing	9/22/1981	Completion of Debt Service	City of Brentwood	Bond Debt Service Administration	Merged	81,480.00	2,910.00					1,455		1,455
5	Legally Binding - Administrative Cost Allowance	See Notes	N/A - Allowed by law	City of Brentwood	2012/13 Administrative Cost Allowance	Merged	225,417.00	225,417.00				225,417			225,417
6	Contracts for Administration of Agency - General Need	Ongoing	Completion of Winddown	Various	General Office/Insurance/Operating	Merged	980,000.00	35,000.00	7,500				10,000		17,500
7	Enforceable Contracts - Prof Serv for Housing/Projects/Gen	7/18/2012	6/30/2014	Seifel Consulting	Prof Assistance with Housing/Project/General	Merged	50,000.00	25,000.00	2,500			5,000	5,000		12,500
8	Enforceable Contracts - Legal Serv for Housing/Projects/Gen	7/18/2012	6/30/2013	Burke, Williams & Sorrenson	Legal Assistance with Housing/Project/General	Merged	50,000.00	50,000.00	5,000			10,000	10,000		25,000
9	Enforceable Contracts - Legal Serv for Housing/Projects/Gen	7/18/2012	6/30/2015	Best, Best and Krieger	Legal Assistance with Housing/Project/General	Merged	50,000.00	16,667.00	1,667			3,333	3,333		8,333
10	Enforceable Contracts - Legal Serv for Public Works Law	7/18/2012	6/30/2014	Best, Best and Krieger	Legal Assistance - Construction / PW Law	Merged	50,000.00	25,000.00				6,250	6,250		12,500
11	Payments - Required by State (annual audit)	2/9/2010	12/31/2014	Maze and Associates	Annual Independent Audit	Merged	7,615.00	7,615.00	762				3,046		3,808
12	Payments - Required by State (special audits)	TBD (See Notes)	Completion of Services	Licensed Accountant/City	Special Audits RDA/SA required by AB 1484	Merged	50,000.00	50,000.00	15,000				35,000		50,000
13	Enforceable Contracts - City Park CIP	Completion of Project	US Bank/City of Brentwood	Various	City Park Project per Agmnts/Proj Mgmt	Merged	1,299,825.65	515,000.00					515,000		515,000
14	Enforceable Contracts - Community Center CIP	Completion of Project	Completion of Project	Various	Community Center Project per Agmnts/Proj Mgmt	Merged	2,162,529.90	685,455.00					685,455		685,455
15	Enforceable Contracts - Downtown Infrastructure CIP	See Notes	Completion of Project	Various	Downtown Infrastructure Project per Agmnts/Proj Mgmt	Merged	2,216,365.65	0.00					-		-
16	Enforceable Contracts - Downtown Streetscapes CIP	See Notes	Completion of Project	Various	Downtown Streetscapes Project per Agmnts/Proj Mgmt	Merged	860,995.97	0.00					-		-
17	Enforceable Agreements - Pass Throughs Owed	5/14/1991	N/A (See Notes)	BBK Union Cemetery	FY 2011/12 Pass Throughs Owed	Merged	6,000.00	6,000.00					6,000		6,000
18	Enforceable Agreements - Pass Throughs Owed	6/25/1991	N/A (See Notes)	Co Co Community Col Dist	FY 2011/12 Pass Throughs Owed	Merged	70,000.00	70,000.00					70,000		70,000
19	Loans or Moneys Borrowed by Agency (Contingent Loan)	TBD	N/A (See Notes)	City of Brentwood	Contingent loan agreement to meet enforc obligtns	Merged	1,546,045.00	0.00					-		-
20	Payments - Pension Obligations	N/A (See Notes)	N/A (See Notes)	CalPERS / City of Brentwood	Unfunded pension obligations	Merged	727,451.00	0.00	-				-		-
21	Payments - Unemployment Obligations	N/A (Due to layoffs)	Completion of Benefits	EDD	Unemployment for staff layoffs	Merged	42,120.00	42,120.00	4,680				16,380		21,060
22	Payments - Staff for covenant compliance and monitoring	Ongoing	Completion of Winddown	City of Brentwood	Low Mod Compliance/Monitoring Staff	Merged	6,993,736.00	214,062.00	107,031						107,031
23	Enforceable Contracts - Meta Housing Funding	See Notes	N/A (See Notes)	City of Brentwood / Meta	Low/Mod Apartment Loan	Merged	3,950,000.00	3,950,000.00	3,950,000						3,950,000
24	Enforceable Contracts - Legal Serv for Oversight Board	TBD	6/30/2013	TBD - Legal Counsel	Legal Counsel requested by Oversight Board	Merged	45,000.00	45,000.00					22,500		22,500
25	Payments - Accrued Employee Benefits	Ongoing	Completion of Winddown	City of Brentwood	Compensated Absences and OPEB Liability	Merged	37,636.48	-	-				-		-
															-
															-

Less Funds Transferred to / Retained by the Housing Successor (See Procedure #2B) (3,950,000)

Total Cash to be Retained to Satisfy Obligations 144,140

ATTACHMENT B

SUCCESSOR AGENCY TO THE BRENTWOOD REDEVELOPMENT AGENCY

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

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	$227,193	
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)	3,989,500	(A)
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)	(144,140)	
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-	
Gross calculation of the amount to be remitted to county for disbursement to taxing entities	4,072,553	
Less amount pending resolution of the "meet and confer" process	(3,989,500)	(A)
Net amount to be remitted to county, pending resolution of the "meet and confer" process	$83,053	(B)

(A) See exception in Procedure 2C. The $3,989,500 was transferred to the Housing Successor to fund a loan for the Grove Sunset, LP, Meta Housing Project that has been denied by the Department of Finance. The City has challenged the ruling, contending that it is an enforceable obligation, and is requesting a "meet and confer" with the Department of Finance for a final ruling.

(B) The amount to be remitted to the county for disbursement to taxing entities is contingent upon the result of the final ruling in regard to the exception discussed in (A) above and in Procedure 2C, therefore the calculation is being reported net of that adjustment until the ruling is final.