



**Berkeley
Redevelopment
Successor Agency**

OVERSIGHT BOARD MEETING AGENDA

Monday, October 1, 2012
4:00 P.M.

Location

Douglas Fir Room
2120 Milvia Street, 1st Floor
Berkeley, CA

All agenda items are for Discussion and Possible Action.

Public Comment Policy: *Members of the public may speak on any items on the Agenda and items not on the Agenda during the initial Public Comment period. Members of the public may also comment on any item listed on the agenda as the item is taken up. Members of the public may not speak more than once on any given item. The Chair may limit public comments to 3 minutes or less.*

1. Roll Call
2. Public Comment
3. Agenda Approval
4. Approval of Minutes of July 23, 2012 [Attachment A]
5. Approval of Minutes of August 27, 2012 [Attachment B]

6. Discuss and Approve Assignment of Alternate Member of the Joint Powers Finance Authority [Attachment C]
7. Receive Public Comment and Discussion – Review of Unobligated Balances of the Low and Moderate Income Housing Fund of the Berkeley Redevelopment Successor Agency [Attachment D]
8. Administrative Items
 - a) Review of the Brown Act as it relates to how Board members communicate with each other outside of the regularly scheduled board meetings
 - b) Discuss recording of minutes
9. Announcements
 - Next meeting: Tuesday, October 9, 2012, 4:00 p.m.
10. Future Agenda Items
 - October 9, 2012 – Oversight Board Approval of Review of Unobligated Balances of the Successor Agency
11. Adjourn

ATTACHMENTS:

- A. Draft Minutes of July 23, 2012 Oversight Board Meeting
- B. Draft Minutes of August 27, 2012 Oversight Board Meeting
- C. Report from Chris Lynch regarding Joint Powers Financing Authority
- D. Draft Report, “City of Berkeley Redevelopment Agency’s Successor Agency – Independent Accountant’s Report on Applying Agreed-Upon Procedures on the Low and Moderate Income Housing Fund of the RDA Successor Agency in Accordance with California Assembly Bill No. 1484”



Time: 4:03 p.m.

Douglas Fir Room
Permit Service Center
2120 Milvia Street – Berkeley, CA
Secretary – Lourdes Chang, (510) 981-5419

Draft Minutes of the July 23, 2012 Oversight Board Meeting

All agenda items are for Discussion and Possible Action.

1. Roll Call

Present: Arreguin, Decredico, Harper, Hoover and Riddle. Absent: Carson, Gerhard. Staff Present: Chang, Cosin and Hardaway. Public: None.

2. Approval of Agenda

Chair Arreguin recommended adding a section for Public Comment on the agenda for future meetings. Staff noted an item for Public Comment will be added to the agenda after Roll Call and prior to Approval of Agenda. The agenda was approved unanimously. (M/S/C: Riddle/Hoover. Unanimous)

3. Approval of Minutes of April 26, 2012

The minutes of the April 26, 2012 meeting were approved unanimously. (M/S/C: Harper/Decredico. Unanimous)

4. Recent Legislative Changes per Assembly Bill 1484, including Overview of Plans for Disposition of Assets

Wendy Cosin reviewed two major changes in the bill related to the disposition of assets and the definition of housing assets. The new legislation requires successor agencies to prepare a long-range property disposition management plan that addresses the disposition and use of real properties of the former redevelopment agency. The plan must be approved by the Oversight Board and Department of Finance. Upon approval of the plan, the properties must be transferred to a Community Redevelopment Property Trust Fund of the successor agency. The new bill also requires housing successor agencies to submit a list of all housing assets to the Department of Finance by August 1, 2012, with an explanation of how the assets meet the criteria set forth in the law. The new bill changed the definition of housing asset to include "any real property, interest in, or restriction on the use of real property...and

any personal property

provided in residences that were acquired for low- and moderate-income housing purposes.” Staff is working on finalizing the list of Housing Assets which will be submitted to the Department of Finance on August 1st. A few Board members were interested in learning more about the new requirements and changes to the legislation. Staff noted a copy of the Goldfarb & Lipman summary of the trailer bill will be sent to the Board members.

5. Approval to Sell Successor Agency-Owned Property

Wendy Cosin provided background on the sale of the vacant single-family dwelling located at 1654 Fifth Street. The City Council had approved the sale of the property. To comply with a 1987 agreement between the City and the former redevelopment agency and as required by the U.S. Department of Housing and Urban Development (HUD), the proceeds of the sale must be treated as program income to the Community Development Block Grant Program. Since the property is now an asset of the Successor Agency, the Oversight Board must also approve the sale of the property.

A motion to approve the plan to sell the real property located at 1654 Fifth Street was approved unanimously. (M/S/C: Hoover/Riddle. Unanimous)

6. Review and Approve Revised Third Recognized Obligation Payment Schedule for the Period of January 1, 2013 through June 30, 2013

A motion to approve the third Recognized Obligation Payment Schedule (ROPS) for the Period of January 1, 2013 through June 30, 2013 was approved unanimously. (M/S/C: Harper/Hoover. Unanimous)

7. Authorize Successor Agency to Retain the Services of the County Auditor Controller’s (CAC) Office or a CAC-approved Auditor, to Conduct Required Review of the Unobligated Balances in the Low-Moderate Income Housing (LMIHF)

A motion was passed unanimously to authorize the Successor Agency staff to retain services of the County Auditor-Controller, or an independent accountant approved by the county auditor-controller, to conduct a review on behalf of the Successor Agency of the unobligated fund balances of the former Redevelopment Agency (M/S/C: Harper/Riddle. Unanimous)

8. Reschedule October Meeting of the Oversight Board to meet AB 1484 Requirements

A motion was passed unanimously to schedule a meeting on or about September 24, 2012, @ 4 p.m. to hold a public hearing to receive comments on the results of the review of the unobligated fund balances. (M/S/C: Hoover/Harper. Unanimous)

A motion was passed unanimously to reschedule the October meeting of the Oversight Board to Monday, October 1, 2012, @ 4 p.m. to meet AB 1484 Requirements. (M/S/C: Harper/Riddle. Unanimous)

9. Information Items

Staff shared the 5/25/12 letter from Department of Finance approving the first and second ROPS for the periods of January 1, 2012 through June 30, 2012 and July 1, 2012 through December 31, 2012. Staff also provided a breakdown of the Successor Agency staffing and existing consultant contracts.

10. Adjourn

The meeting was adjourned at 5:40 p.m. (M/S/C: Hoover/Riddle. Unanimous).

Approved on _____

_____, Lourdes Chang, Secretary



Time: 4:06 p.m.

Douglas Fir Room
 Permit Service Center
 2120 Milvia Street – Berkeley, CA
 Secretary – Lourdes Chang, (510) 981-5419

Draft Minutes of the August 27, 2012 Oversight Board Meeting

All agenda items are for Discussion and Possible Action.

1. Roll Call

Present: Arreguin, Gerhard, Hoover and Riddle. Absent: Carson, Decredico and Harper.
Staff Present: Chang, Cosin and Hardaway. Public: None.

2. Public Comments

There were none.

3. Approval of Agenda

The agenda was approved unanimously. (M/S/C: Riddle/Hoover. Unanimous)

4. Approval of Minutes of July 23, 2012

Approval of the minutes of the July 23, 2012, meeting was deferred to the next Oversight Board meeting in September with the following amendments: (1) Include date of the meeting in heading; and (2) in Item #3 of minutes, change the date to April 26, 2012.

Chair Arreguin suggested to note in minutes the inquiry made by Board Member Greg Harper at the July meeting that staff provide an analysis of the outstanding bonds and assets of the Successor Agency and to evaluate how quickly it can dispose of its assets.

Discussion followed on what should be recorded in the minutes. Staff has been documenting Board actions only. The board members who were present at the meeting agreed to defer discussion of this issue until the next Oversight Board meeting in September.

5. Approval of the Revised Third Recognized Obligated Payment Schedule (ROPS), January 1, 2013 – June 30, 2013

Danita Hardaway distributed a revised draft of the ROPS dated 08/27/2012 that reflects

updated information regarding Statutory Pass Through Payments to the taxing agencies. Line Item H of *Summary of ROPS* was amended to read, "\$1,270,782", which represents the actual numbers from Department of Finance. The amount noted in Line Number 18 on the chart, *Prior Period Estimated Obligations vs. Actual Payments*, was increased from \$158,754 to \$201,167, to reflect the actual amount owed to the taxing agencies for the period covering January 1, 2013 through June 31, 2013.

Wendy Cosin provided an update on Board Member Harper's e-mail requesting additional information on Items #2 and #3 of the ROPS. Meyers-Nave, the Oversight Board's attorney, was consulted and determined that Item #2, is enforceable by an existing loan agreement. Additional information was needed for Meyers-Nave to evaluate the City Loan noted in Item #3. Board Member Kathryn Hoover recommended that staff obtain a written response from Meyers-Nave on its evaluation of the two items. Ms. Cosin noted she would request a written response from Meyers-Nave in time for the next Oversight Board meeting.

A motion was made to approve the Third ROPS as revised on 08/28/2012. (M/S/C: Riddle/Hoover. Unanimous).

6. Announcements

Staff reminded the board of the next meetings scheduled for September 24th and October 1st. The purpose of the meeting on September 24, 2012, is to hold a public hearing on the audit of the Successor Agencies unobligated balances as required by AB 1484.

7. Future Items

The following items will be addressed at the meeting on September 24, 2012:

- a) Approval of July 23, 2012, meeting minutes
- b) Review process for making requests for attorney consultation on items and issues being reviewed by the Oversight Board
- c) Review of the Brown Act as it relates to how Board members communicate with each other outside of the regularly scheduled board meetings
- d) Discuss recording of minutes

8. Adjourn

The meeting was adjourned at 4:38 p.m. (M/S/C: Hoover/Riddle. Unanimous).

Approved on _____

_____, Lourdes Chang, Secretary



**Berkeley
Redevelopment
Successor Agency**

Date: October 1, 2012

To: Berkeley Redevelopment Successor Agency Oversight Board

From: Chris Lynch, Jones Hall

Via: Lourdes Chang, Oversight Board Secretary

Subject: Berkeley Joint Powers Financing Authority: Amended and Restated Joint Exercise of Powers Agreement

RECOMMENDATION

Adopt a Resolution approving an Amended and Restated Joint Exercise of Powers Agreement for the Berkeley Joint Powers Financing Authority.

FISCAL IMPACTS OF RECOMMENDATION

None. The resolution authorizes an amendment to the Joint Exercise of Powers Agreement that will ultimately result in the Berkeley Redevelopment Successor Agency withdrawing as a member of the Berkeley Joint Powers Financing Authority. The obligations of the Berkeley Joint Powers Financing Authority are not obligations of its members.

BACKGROUND; CURRENT SITUATION AND ITS EFFECTS

The City of Berkeley (the "City") issues many of its financing obligations through the Berkeley Joint Powers Financing Authority (the "JPFA"). The JPFA was created as a joint exercise of powers authority by the City and the Berkeley Redevelopment Agency pursuant to a Joint Exercise of Powers Agreement dated as of January 11, 1994.

Pursuant to recent amendments to the Community Redevelopment Law enacted by ABx1 26, the Berkeley Redevelopment Agency has been dissolved and has been succeeded by the Berkeley Redevelopment Successor Agency. However, pursuant to Section 34187(b), which was enacted by AB 1484, the Berkeley Redevelopment Successor Agency will dissolve within one year after the last debt of the Successor Agency has been satisfied. The Successor Agency's last debt will be satisfied before currently outstanding debt of the JPFA will mature and before lease revenue bonds that the JPFA proposes to issue in 2012 would mature. Because it is necessary for a joint exercise of powers agreement to have two members, City staff and legal counsel recommend an amendment of the Joint Exercise of Powers Agreement to add the

California Municipal Finance Authority (the "CMFA") as a third member to replace the Successor Agency as the second party.

Section 34180(h) requires oversight board approval of a request by the Successor Agency to enter into an agreement with the City, as the entity that formed the Berkeley Redevelopment Agency.

RATIONALE FOR RECOMMENDATION

The proposed action will allow the JPFA to continue to operate and will result in withdrawal of the Successor Agency from the JPFA.

ALTERNATIVE ACTIONS CONSIDERED

None

CONTACT PERSON

Lourdes Chang, Community Development Project Coordinator, 981-5419

Attachments:

- 1: Resolution Approving an Amended and Restated Joint Exercise of Powers Agreement Relating to the Berkeley Joint Powers Financing Authority

RESOLUTION NO. _____

RESOLUTION APPROVING AN AMENDED AND RESTATED JOINT
EXERCISE OF POWERS AGREEMENT RELATING TO THE BERKELEY
JOINT POWERS FINANCING AUTHORITY

WHEREAS, the City of Berkeley (the "City") and the Berkeley Redevelopment Agency (the "Agency") entered into a Joint Exercise of Powers Agreement dated as of January 11, 1994 (the "Original Agreement") creating the Berkeley Joint Powers Financing Authority (the "Berkeley Authority"); and

WHEREAS, the Berkeley Authority was formed for the purposes specified in the Original Agreement, and, to that end, has issued more than one series of revenue bonds that remain outstanding (the "Bonds") and entered into other financing-related agreements; and

WHEREAS, pursuant to ABx1 26, passed by the Legislature of the State of California and signed by the Governor of the State of California in June 2011 ("AB 26"), and the California Supreme Court's decision in *California Redevelopment Assn. v. Matosantos*, the Agency was dissolved on February 1, 2012, and the Berkeley Redevelopment Successor Agency (the "Successor Agency"), pursuant to Section 34178 of the California Health and Safety Code, succeeded the Agency as a party to the Original Agreement; and

WHEREAS, recent legislation of the State of California, known as AB 1484, added Section 34187(b) to the California Health and Safety Code, which section provides that within one year after all of the debts of a redevelopment agency are retired or paid off, its successor agency shall terminate its existence; and

WHEREAS, the latest scheduled maturity date of the outstanding indebtedness of the Agency is more than one year before the final maturity date of the outstanding bonds of the Authority; and

WHEREAS, it is uncertain whether the dissolution of the Successor Agency will impact the existence of the Authority; and

WHEREAS, the California Municipal Finance Authority ("CMFA"), upon authorization by its Board of Directors, acting pursuant to the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with section 6500) of the California Government Code (the "JPA Act"), may enter into a joint exercise of powers agreement with one or more other public agencies pursuant to which the contracting parties may jointly exercise any power common to them; and

WHEREAS, to ensure the continuation of the Authority following the dissolution of the Successor Agency, the City has asked CMFA to enter into an Amended and Restated Joint Exercise of Powers Agreement (the "Amended Agreement") relating to the Berkeley Authority pursuant to the JPA Act, in order to have CMFA replace the Successor Agency as a member of the Berkeley Authority; and

WHEREAS, there has been prepared an Amended and Restated Joint Exercise of Powers Agreement (the "Amended Agreement") relating to the Authority that provides for the CMFA to become a member of the Authority and for the withdrawal of the Successor Agency;

NOW, THEREFORE, BE IT RESOLVED by the Berkeley Redevelopment Successor Agency Oversight Board, as follows:

Section 1. The Oversight Board hereby approves execution of the Amended Agreement by the Successor Agency, in substantially the form placed on file with the Secretary, with such changes as are approved by the Executive Director of the Successor Agency.

Section 2. This Resolution shall take effect immediately upon its passage and adoption.

PASS AND ADOPTED at a meeting of the Oversight Board of the Successor Agency to the dissolved Redevelopment Agency of the City of Berkeley held on the 1st day of October 2012 by the following vote:

AYES:

NOES:

ABSTAINED:

ABSENT:

Jesse Arreguin, Oversight Board Chairperson

ATTEST:

Lourdes Chang, Oversight Board Secretary



Date: October 1, 2012

To: Berkeley Redevelopment Successor Agency Oversight Board

From: Lourdes Chang, Oversight Board Secretary

Subject: Draft Report on the Low and Moderate Income Housing Fund of the Berkeley Redevelopment Successor Agency

RECOMMENDATION

Receive public comment on draft report.

FISCAL IMPACTS OF RECOMMENDATION

None.

BACKGROUND

Under AB 1484 Section 34179.5 (a), each successor agency is required to conduct a review of the unobligated balances of the Low and Moderate Income Housing Fund (LMIHF) of the Successor Agency, specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities. Under Section 34179.6 (a), by October 1, 2012, each successor agency must provide to the oversight board, the auditor-controller, the state controller and the Department of Finance a copy of the results of the review. Upon receipt of the review, the oversight board must convene a public comment session to take place at least five business days before the oversight board approves the review.

CURRENT SITUATION AND ITS EFFECTS

The purpose of the October 1, 2012, meeting is to receive public comment on the draft review completed by Badawi and Associates on behalf of the Successor Agency. At the time of the mailing of board packets, staff received a draft of the review (Draft 09/25/12, attached). A final draft will be distributed at the meeting on October 1st, and comments from the public will be taken at that time. The Board will have more time to review the final draft of the review before it takes action to approve the results of the review. The meeting to approve the review is scheduled for Tuesday, October 9, 2012.

RATIONALE FOR RECOMMENDATION

Under AB 1484, the Successor Agency is required to conduct a review of the unobligated balances of the LMIHF of the Successor Agency and hold a public

comment session five days before the oversight board takes action to approve the results of the review.

ALTERNATIVE ACTIONS CONSIDERED

None.

CONTACT PERSON

Lourdes Chang, Community Development Project Coordinator, 981-5419

Attachments:

- 1: Draft Report, "City of Berkeley Redevelopment Agency's Successor Agency – Independent Accountant's Report on Applying Agreed-Upon Procedures on the Low and Moderate Income Housing Fund of the RDA Successor Agency in Accordance with California Assembly Bill No. 1484"

City of Berkeley Redevelopment Agency's Successor Agency

Berkeley, California

*Independent Accountant's Report on
Applying Agreed-Upon Procedures on the
Low and Moderate Income Housing Fund of
the RDA Successor Agency in Accordance with
California Assembly Bill No. 1484*

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES ON THE
LOW AND MODERATE INCOME HOUSING FUND OF THE RDA SUCCESSOR AGENCY IN
ACCORDANCE WITH CALIFORNIA ASSEMBLY BILL NO. 1484**

To the Oversight Board of
the City of Berkeley Redevelopment Agency's Successor Agency
Berkeley, California

We have performed the procedures enumerated below, which were agreed to by the City of Berkeley Redevelopment Agency's Successor Agency (Successor Agency), solely to assist you in meeting the requirement of the due diligence review of the Low and Moderate Income Housing Fund of the Successor Agency, as required by the California Assembly Bill No 1484. The Successor Agency's management is responsible for all schedules and exhibits prepared for this due diligence review. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings are described below:

1. We obtained 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. We agreed the amounts on this listing to account balances established in the accounting records of the Successor Agency. The listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012 was attached to this report as Exhibit 1.

Finding: No exceptions were noted as a result of our procedures.

2. A. We obtained a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the City of Berkeley (City) that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012.

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. The listing of the transfers was attached as Exhibit 2.

C. For each transfer, we obtained the legal document that formed the basis for the enforceable obligation or other legal requirements that required such transfer.

Finding: No exceptions were noted as a result of our procedures.

3. A. We obtained 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.

B. We 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.

C. For each transfer, we obtained the legal document that formed the basis for the enforceable obligation that required any transfer.

Finding: Not applicable, there were no transfers made to public agencies or private parties.

4. A. We obtained from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency for the following periods: June 30, 2010; June 30, 2011; January 31, 2012 and June 30, 2012. The summary of the financial transactions was attached as Exhibit 3.

B. We verified 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. We compared 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. We compared amounts in the schedule for the other fiscal periods presented to account balances in general ledger reports

Finding: No exceptions were noted as a result of our procedures.

5. A. We obtained from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012. The schedule is attached as Exhibit 4.

B. We agreed the assets so listed to recorded balances reflected in the accounting records of the Successor Agency.

Finding: No exceptions were noted as a result of our procedures.

6. We 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. We obtained 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. We traced individual components of this computation to related account balances in the accounting records, or to other supporting documentation.
- iii. We obtained from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances, and verified the existence of language restricting the use of the balances.

Finding: Not applicable, there were no unspent bond proceeds.

B. Grant proceeds and program income that are restricted by third parties:

- i. We obtained the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. We traced individual components of this computation to related account balances in the accounting records, or to other supporting documentation.
- iii. We obtained from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances, and verified the existence of language restricting the use of the balances.

Finding: Not applicable, there were no grant proceeds and program income.

C. Other assets considered to be legally restricted (Attached as Exhibit 5):

- i. We obtained the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. We traced individual components of this computation to related account balances in the accounting records, or to other supporting documentation.

- iii. We obtained from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances, and verified the existence of language restricting the use of the balances.

Finding: No exceptions were noted as a result of our procedures.

- 7. A. We obtained 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.).

B. If the assets are listed at purchase cost, we traced the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency).

Finding: Not applicable, no non-liquid assets are held by the Successor Agency as of June 30, 2012.

C. If the assets are listed at recently estimated market value, we inspected the evidence supporting the value and note the methodology used.

Finding: Not applicable, no non-liquid assets are held by the Successor Agency as of June 30, 2012.

- 8. A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, we obtained 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.

- i. We compared 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. We compared all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
- iii. We compared the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.

Finding: Not applicable, the Successor Agency does not believe asset balances need to be retained to satisfy enforceable obligations.

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, we obtained 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. Compared the enforceable obligations to those that were approved by the California Department of Finance.
- ii. Compared the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
- iii. Obtained from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclosed major assumptions associated with the projections.
- iv. For the forecasted annual revenues, we obtained from the Successor Agency its assumptions for the forecasted annual revenues and disclosed major assumptions associated with the projections.

Finding: Not applicable, the Successor Agency believes that future revenues will be sufficient to fund future obligations.

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),

We obtained from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.

- i. Compared the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
- ii. Obtained the assumptions for the forecasted property tax revenues and disclosed major assumptions associated with the projections.
- iii. Obtain the assumptions for the forecasted other general purpose revenues and disclosed major assumptions associated with the projections.

Finding: Not applicable. The Successor Agency does not have bond outstanding.

D. We calculated the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.

- i. Combined 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. Reduced 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.

Finding: Not applicable. The Successor Agency does not need to retain current unrestricted balances.

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,
 - A. We obtained 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.
 - B. For each obligation listed on the ROPS, we verified the Successor Agency added 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.

Finding: Not applicable. The Successor Agency does not need cash balances to be retained to satisfy obligations.

10. We obtained a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. We agreed the amounts included in the calculation to the results of the procedures performed in each section above, and agreed the amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance to evidence of payment. The schedule is attached as Exhibit 6.

Finding: No exceptions were noted as a result of our procedures.

11. We obtained a representation letter from Successor Agency management acknowledging their responsibility for the data provided to us and the data presented in the report or in any attachments to the report. We verified the Successor Agency management in the representation letter acknowledged 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.

Finding:

To the Oversight Board of
the City of Berkeley Redevelopment's Successor Agency
Berkeley, California

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying schedules attached to this report. 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 State of California Department of Finance, the Successor Agency Oversight Board and management of the Successor Agency and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Badawi and Associates
Oakland, CA

Draft 9.25.12

City of Berkeley Redevelopment Agency's Successor Agency
 Exhibit 1- Listing of All Assets Transferred From Low Mod to Successor Agency Fund
 As of February 1, 2012

	(Fund 662) LOW/MOD	(Fund 664) LOW/MOD	TOTAL
ASSETS			
Cash & Investment:			
Cash and investment in treasury	\$ 119,755	\$ 20,398	\$ 140,153
Total Assets	\$ 119,755	\$ 20,398	\$ 140,153

Draft 9.25.12

City of Berkeley Redevelopment Agency's Successor Agency
 Exhibit 2- Listing of Transfers From LMIHF to the City
 Period of February 1, 2012 to June 30, 2012

1. List of Transfers from the Successor Agency (LMIHF) to the City for the period from February 1, 2012 through June 30, 2012

Date	Amount	Purposes	Describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements
2/1/2012	\$ 245,355	Interest Receivable	Per AB 1484, Loans receivables & related interest receivables are housing assets
	2,114,083	Loans Receivable	Per AB 1484, Loans receivables & related interest receivables are housing assets
		Deferred Revenue related to interest receivables	Same As above
Total	<u>\$ 2,114,083</u>		

Draft 9.25.12

City of Berkeley Redevelopment Agency's Successor Agency
 Exhibit 3- Summary of the Financial Transactions of the Redevelopment Agency and the Successor Agency
 Period ended June 30, 2012

	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
Assets (modified accrual basis)				
Cash and Investment	\$ 234,462	\$ 262,928	\$ 140,153	\$ 140,158
Rents Receivable				
Interest Receivable	228,504	239,147	245,355	-
Notes Receivable	1,991,263	1,991,263	2,114,083	-
Grants Receivable				
Restricted Cash and Investment				
Assets Held for Sale				
	-	-	-	-
	-	-	-	-
Total Assets	\$ 2,454,229	\$ 2,493,338	\$ 2,499,591	\$ 140,158
Liabilities (modified accrual basis)				
Accounts Payable				
Advanced from the City				
Accrued Other Liabilities				
Deferred revenue	228,504	239,147	245,355	-
	-	-	-	-
	-	-	-	-
Total Liabilities	\$ 228,504	\$ 239,147	\$ 245,355	\$ -
	-	-	-	-
Equity	2,225,725	2,254,191	2,254,236	140,158
Total Liabilities + Equity	\$ 2,454,229	\$ 2,493,338	\$ 2,499,591	\$ 140,158
Total Revenues:	\$ 5,180	\$ 293	\$ 45	\$ 140,158
Total Expenditures:	\$ -	\$ -	\$ -	\$ -
Total Transfers:	\$ 28,383	\$ 28,173	\$ -	\$ -
Net change in equity	\$ 33,563	\$ 28,466	\$ 45	\$ 140,158
Beginning Equity:	\$ 2,192,162	\$ 2,225,725	\$ 2,254,191	\$ -
Ending Equity:	\$ 2,225,725	\$ 2,254,191	\$ 2,254,236	\$ 140,158
Other Information (show year end balances for all four periods presented):				
Capital assets as of end of year	NA	NA	NA	NA
Long-term debt as of end of year	NA	NA	NA	NA

There is no difference between the account balance from SCO report FY10 and the modified accrual basis fund statement FY10

City of Berkeley Redevelopment Agency's Successor Agency
 Exhibit 4- Listing of All Assets of the Low and Moderate Income Housing Fund as of June 30, 2012
 Period ended June 30, 2012

	(Fund 982) LOW/MOD	(Fund 983) LOW/MOD	TOTAL June 30, 2012
ASSETS			
Cash & Investment:			
Cash and investment in treasury	\$ 119,760	\$ 20,398	\$ 140,158
Total assets	\$ 119,760	\$ 20,398	\$ 140,158

Draft 9.25.12

City of Berkeley Redevelopment Agency's Successor Agency
Exhibit 5- Restricted Assets
Period ended June 30, 2012

Savo Island Cooperative Home Inc. (Corporation) and the former Redevelopment Agency (Agency) have a loan agreement. The Agency issued a loan to the Corporation in 2010, which the Corporation has not received the entire loan amount.

Loan agreement	\$	135,000
Disbursed/transferred as of 6/30/2012		<u>122,820</u>
Restricted Asset balance (to be disbursed)	\$	<u>12,180</u>

Period Restricted for: Funds are restricted until the Corporation requests the remaining disbursement of the loan.

Draft 9.25.12

City of Berkeley Redevelopment Agency's Successor Agency
Exhibit 6- Summary of Balances Available for Allocation to Affected Taxing Entities
Period ended June 30, 2012

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)	\$ 140,158
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)	(12,180)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-
Amount to be remitted to county for disbursement to taxing entities	<u>\$ 127,978</u>