

OVERSIGHT BOARD RESOLUTION NO. OB-2012-007
A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR
AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY
APPROVING THE LOW-MODERATE INCOME HOUSING FUND DUE
DILIGENCE REVIEW REPORT DATED OCTOBER 4, 2012.

WHEREAS, the Oversight Board of the Successor Agency to the Hawaiian Gardens Redevelopment Agency has been established to direct the Successor Agency to take certain actions to wind down the affairs of the Redevelopment Agency in accordance with the California Health and Safety Code as amended by AB X1 26 (2011) and AB 1484 (2012) (together, the "Dissolution Act"); and;

WHEREAS, as part of this wind up process, a "due diligence review" of the Low-Moderate Income Housing Fund of the former Redevelopment Agency was required to be performed by an independent licensed certified public accountant approved by the County Auditor-Controller; and

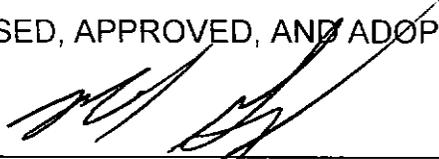
WHEREAS, on October 4, 2012, the firm of White Nelson Diehl Evans LLP completed the due diligence review and submitted a report of its findings; and

WHEREAS, pursuant to AB 1484 the Oversight Board held a special meeting on October 17, 2012 to conduct the five-day review of the due diligence report.

NOW THEREFORE, BE IT RESOLVED, by the Oversight Board of the Successor Agency to the Hawaiian Gardens Redevelopment Agency, as follows:

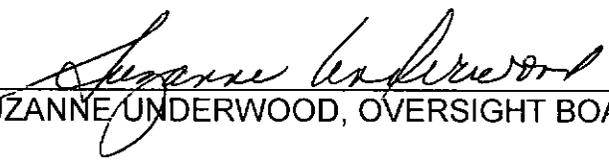
1. The Recitals set forth above are true and correct and incorporated herein by reference.
2. The October 4, 2012 due diligence report prepared by White Nelson Diehl Evans LLP of the Low-Moderate Income Housing Fund attached hereto as Exhibit A is hereby approved.
3. This Resolution shall be effective immediately upon adoption.
4. The Secretary of the Oversight Board shall certify to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 24th day of October, 2012.



MICHAEL GOMEZ, CHAIR

ATTEST:



SUZANNE UNDERWOOD, OVERSIGHT BOARD SECRETARY

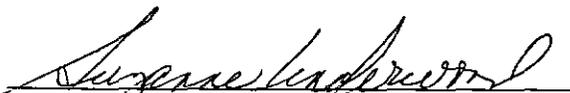
**OVERSIGHT BOARD
FOR SUCCESSOR AGENCY TO
THE REDEVELOPMENT AGENCY
OF THE CITY OF HAWAIIAN GARDENS**

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF HAWAIIAN GARDENS)

I, Suzanne Underwood, Secretary to the Oversight Board for Successor Agency to the Redevelopment Agency of the City of Hawaiian Gardens, do hereby certify that **Resolution No. OB-2012-007**, was duly and regularly passed and adopted by the Oversight Board on the **24TH DAY of OCTOBER 2012**, by the following votes as the same as appears on file and of record in the Office of the City Clerk.

AYES: IIZUKA, EL FATTAL, BLAIR, FRANZEN, COLOMBO, GOMEZ
NOES: NONE
ABSENT: STEFENHAGEN
ABSTAIN: NONE



SUZANNE UNDERWOOD
SECRETARY

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY

Independent Accountants' Report on Applying Agreed-Upon Procedures
On the Hawaiian Gardens Redevelopment Agency's

And

The Successor Agency to the Hawaiian Gardens Redevelopment Agency's
Low and Moderate Income Housing Fund

Pursuant to California Health and Safety Code Section 34179.5

**SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO THE
LOW AND MODERATE INCOME HOUSING FUND**

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**Independent Accountants' Report on Applying Agreed-Upon Procedures
Related to the Low and Moderate Income Housing Fund**

Oversight Board of the Successor Agency
to the Hawaiian Gardens Redevelopment Agency
Hawaiian Gardens, California

We have performed the minimum required agreed-upon procedures (AUP) enumerated in Attachment A, which were agreed to by the California Department of Finance, the California State Controller's Office, the Los Angeles County Auditor-Controller, and the Successor Agency to the Hawaiian Gardens Redevelopment Agency (Successor Agency), (collectively, the Specified Parties), solely to assist you in meeting the statutory requirements of Health and Safety Code Section 34179.5 related to the Low and Moderate Income Housing Fund of the former Hawaiian Gardens Redevelopment Agency and Successor Agency. Management of the Successor Agency is responsible for meeting the statutory requirements of Health and Safety Code Section 34179.5 related to the Low and Moderate Income Housing Fund. 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 scope of this engagement was limited to performing the agreed-upon procedures as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on whether the Successor Agency has met the statutory requirements of Health and Safety Code Section 34179.5 related to the Low and Moderate Income Housing Fund. 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 Oversight Board and management of the Successor Agency to the Hawaiian Gardens Redevelopment Agency, the California Department of Finance, the California State Controller's Office, and the Los Angeles County Auditor-Controller, and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Diehl Evans LLP
Irvine, California
October 4, 2012

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

1. **Procedure:**

Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency's Low and Moderate Income Housing Fund 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.

Finding:

We agreed the amounts listed on Schedule 1 to the Successor Agency's accounting records without exceptions. The former redevelopment agency transferred \$4,930,465 in assets to the Successor Agency as detailed in Schedule 1.

2A. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund of the former redevelopment agency to the city 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.

Finding:

This procedure is not applicable as the former redevelopment agency did not make any transfers from the Low and Moderate Income Housing Fund to the City of Hawaiian Gardens other than payments for goods and services during the period from January 1, 2011 through January 31, 2012.

2B. **Procedure:**

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

Finding:

This procedure is not applicable as the Successor Agency did not make any transfers from the Low and Moderate Income Housing Fund to the City of Hawaiian Gardens other than payments for goods and services during the period from February 1, 2012 through June 30, 2012.

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

2C. Procedure:

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the 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.

Finding:

This procedure is not applicable since no transfers were identified as a result of Procedures 2A and 2B.

3A. Procedure:

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund of 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 the AUP report.

Finding:

This procedure is not applicable as the former redevelopment agency did not make any transfers to other public agencies or private parties from the Low and Moderate Income Housing Fund other than payments for goods and services during the period from January 1, 2011 through January 31, 2012.

3B. Procedure:

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund of the Successor Agency to any other public agency or to 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 described 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.

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

3B. Finding:

The Hawaiian Gardens Public Housing Authority adopted Resolution No. 2012-002 on January 24, 2012 whereby the Authority elected to accept the housing assets and functions previously performed by the former Hawaiian Gardens Redevelopment Agency as the Successor Housing Agency. After the adoption of Resolution No. 2012-002, for accounting purposes, housing assets were transferred as detailed in Schedule 2 to the Authority as the Successor Housing Agency in accordance with Health and Safety Code Section 34176(a)(2). The transfer of these assets was reported on the Housing Asset List form filed on July 27, 2012 with the California Department of Finance ("DOF"). The DOF, in a letter dated August 25, 2012, indicated its approval of the housing assets transferred as detailed in Schedule 2.

We also noted that on June 30, 2012, the Successor Agency repaid \$590,010 of the SERAF loans receivable to the Successor Housing Agency from resources in the Redevelopment Property Tax Trust Fund (RPTTF). This loan repayment was listed on page 2, line 4 of the approved ROPS 1 for the period February 1, 2012 to June 30, 2012 and the Successor Agency did receive the funds from the County to make the repayment. California Health and Safety Code Section 34176(e)(6)(B) prohibits such repayments until fiscal year 2013-2014 and describes the maximum repayment amount authorized in any given year.

3C. Procedure:

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the 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.

Finding:

Schedule 2 in the report shows the details for the enforceable obligation or other legal requirement supporting the transfers.

4. Procedure:

Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency for the fiscal periods ended June 30, 2010, June 30, 2011, January 31, 2012 and June 30, 2012. Ascertain that for each period presented, the total of revenues, expenditures and transfers account fully for the changes in equity from the previous fiscal period. Compare amounts for the fiscal period ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period. Compare the amounts for the other fiscal periods presented to the account balances in the accounting records or other supporting schedules.

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

4. **Finding:**

This procedure is required by Section 34179.5(c)(4) for the Successor Agency as a whole and therefore will be addressed in the AUP report associated with all other funds of the Successor Agency due December 15, 2012.

5. **Procedure:**

Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund (excluding assets held by the entity that assumed the housing function previously performed by the former redevelopment agency) as of June 30, 2012. Agree the assets on the listing to the accounting records of the Successor Agency.

Finding:

As of June 30, 2012, the Successor Agency's total assets related to the former redevelopment agency's Low and Moderate Income Housing Fund amounted to \$4,934,915 as shown in Schedule 3.

6. **Procedure:**

Obtain from the Successor Agency a listing of asset balances related to the former redevelopment agency's Low and Moderate Income Housing Fund on June 30, 2012 that were restricted for the following purposes:

- unspent bond proceeds,
- grant proceeds and program income restricted by third parties, and
- other assets with legal restrictions.

6A. **Procedure - Unspent Bond Proceeds:**

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain the legal document that sets forth the restriction pertaining to these balances.

Finding:

This procedure is not applicable as the Successor Agency's assets related to the former redevelopment agency's Low and Moderate Income Housing Fund did not have unspent bond proceeds as of June 30, 2012.

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

6B. Procedure - Grant Proceeds and Program Income Restricted by Third Parties:

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain a copy of the grant agreement that sets forth the restriction pertaining to these balances.

6B. Finding:

This procedure is not applicable as the Successor Agency's assets related to the former redevelopment agency's Low and Moderate Income Housing Fund did not have grant proceeds and program income restricted by third parties as of June 30, 2012.

6C. Procedure - Other Assets Considered to be Legally Restricted:

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records or other supporting documentation. We obtained the legal document that sets forth the restriction pertaining to these balances.

Finding:

This procedure is not applicable as the Successor Agency's assets related to the former redevelopment agency's Low and Moderate Income Housing Fund did not have other assets considered to be legally restricted as of June 30, 2012.

7. Procedure:

Obtain from the Successor Agency a listing of assets of the former redevelopment agency's Low and Moderate Income Housing Fund as of June 30, 2012 that are not liquid or otherwise available for distribution and ascertain if the values are listed at either purchase cost or market value as recently estimated by the Successor Agency. For assets listed at purchased cost, trace the amount to a previously audited financial statement or other accounting records of the Successor Agency and note any differences. For any differences noted, inspect evidence of asset disposal subsequent to January 31, 2012 and ascertain that the proceeds were deposited into the Successor Agency's trust fund. For assets listed at recently estimated market value, inspect evidence supporting the value and note the methodology used.

Finding:

As of June 30, 2012, the Successor Agency held non-liquid assets of the former redevelopment agency valued at a historical cost of \$1,300,752 as detailed in Schedule 4.

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

8A. Procedure:

If the Successor Agency identified that existing asset balances were needed to be retained to satisfy enforceable obligations, obtain an itemized schedule of asset balances (resources) as of June 30, 2012 that were dedicated or restricted for the funding of enforceable obligations. Compare the information on the schedule to the legal documents that formed the basis for the dedication or restriction of the resource balance in question. Compare all current balances which needed to be retained to satisfy enforceable obligations to the amounts reported in the accounting records of the Successor Agency or to an alternative computation. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule (ROPS) approved by the California Department of Finance. If applicable, identify any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Finding:

This procedure is not applicable as Successor Agency did not identify any assets to be retained to fund enforceable obligations.

8B. Procedure:

If the Successor Agency identified 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 include a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements. Compare the enforceable obligations to those that were approved by the California Department of Finance 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. Compare the forecasted annual spending requirements to the legal document supporting the enforceable obligation and obtain the Successor Agency's assumptions relating to the forecasted annual spending requirements. Obtain the Successor Agency's assumptions for the forecasted annual revenues. Disclose the major assumptions for the forecasted annual spending requirements and the forecasted annual revenues in this AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not identify any assets to be retained to fund future obligation payments.

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

8C. Procedure:

If the Successor Agency identified 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 a schedule demonstrating this insufficiency. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement. Obtain the assumptions for the forecasted property tax revenues and other general purpose revenues and disclose them in this AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not identify any assets to be retained to fund bond debt service payments.

8D. Procedure:

If Procedures 8A, 8B and 8C were performed, calculate the amount of unrestricted balances necessary for retention in order to meet enforceable obligations. Combine the amount identified as currently restricted balances and the forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations. Reduce the total resources available by the amount of forecasted annual spending requirements. Include the calculation in this AUP report.

Finding:

This procedure is not applicable since no retention of unrestricted balances has been identified in Procedures 8A, 8B or 8C.

9. Procedure:

If the Successor Agency identified 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 identify (a) any dollar amount of existing cash that was needed to satisfy the obligation, and (b) the Successor Agency's explanation as to why the Successor Agency believes that such balances were needed to satisfy the obligation. Include this schedule as an attachment to this AUP report.

Finding:

This procedure is not applicable as the Successor Agency did not identify any cash balances to be retained to satisfy obligations on the ROPS for the period July 1, 2012 through June 30, 2013.

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

10. **Procedure:**

Present a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Agencies. Amounts included in the calculation should agree to the results of the procedures performed above. Agree any deductions for amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance to evidence of payment.

Finding:

The schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Agencies is shown in Schedule 5. The computation indicates that the Successor Agency has \$3,634,163 available for allocation to affected taxing agencies.

11. **Procedure:**

Obtain a representation letter from management of the Successor Agency acknowledging their responsibility for the data provided and the data presented in the report or in any schedules or exhibits to the report. Included in the representations is 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 this AUP report and its related schedules or exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Finding:

No exceptions were noted as a result of this Procedure.

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO THE
 LOW AND MODERATE INCOME HOUSING FUND

LISTING OF ASSETS TRANSFERRED TO SUCCESSOR AGENCY

As of February 1, 2012

	ASSETS	Total as of <u>February 1, 2012</u>
Cash and investments		\$ 3,629,713
Loans receivable		25,500
Land held for resale		<u>1,275,252</u>
		<u>\$ 4,930,465</u>

NOTE:

(A) For accounting purposes, the following assets recorded in the Low and Moderate Income Housing Fund at January 31, 2012 were transferred to the Hawaiian Gardens Public Housing Authority (Housing Successor) on February 1, 2012 pursuant to Health and Safety Code Section 34176(a)(2).

SERAF loans	<u>\$ 2,950,050</u>
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SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO THE
 LOW AND MODERATE INCOME HOUSING FUND

TRANSFERS TO THE HAWAIIAN GARDENS PUBLIC HOUSING AUTHORITY

FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 30, 2012:

Date of Transfer	Description of Transfer	Purpose of Transfer	Amount	Enforceable Obligation/Other Legal Requirement Supporting Transfer
2/1/2012	Transfer of SERAF Loans Receivable to the Hawaiian Gardens Public Housing Authority	Transfer Housing Assets to the Hawaiian Gardens Public Housing Authority as Successor Housing Agency	<u>\$ 2,950,050</u>	Health and Safety Code Section 34176(a)(2) Assets transferred and reported on Housing Asset List filed with the Department of Finance

NOTE:

On June 30, 2012, the Successor Agency repaid \$590,010 of the SERAF loans receivable to the Successor Housing Agency from resources in the Redevelopment Property Tax Trust Fund (RPTTF). This loan repayment was listed on page 2, line 4 of the approved ROPS 1 for the period February 1, 2012 to June 30, 2012 and the Successor Agency did receive the funds from the County to make the repayment. California Health and Safety Code Section 34176(c)(6)(B) prohibits such repayments until fiscal year 2013-2014 and describes the maximum repayment amount authorized in any given year.

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO THE
 LOW AND MODERATE INCOME HOUSING FUND

LISTING OF ASSETS

As of June 30, 2012

ASSETS	
Cash and investments	\$ 3,634,163
Loans receivable	25,500
Land held for resale	<u>1,275,252</u>
	<u>\$ 4,934,915</u>

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO THE
 LOW AND MODERATE INCOME HOUSING FUND

SCHEDULE OF NON-LIQUID ASSETS

As of June 30, 2012

	<u>Valuation Method</u>	<u>Amount</u>
Land held for resale	Historical Cost	\$ 1,275,252
Loans receivable	Historical Cost	<u>25,500</u>
		<u>\$ 1,300,752</u>

SUCCESSOR AGENCY TO THE HAWAIIAN GARDENS REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO THE
LOW AND MODERATE INCOME HOUSING FUND

SUMMARY OF BALANCE AVAILABLE FOR ALLOCATION TO AFFECTED TAXING AGENCIES

As of June 30, 2012

Total amount of assets held by the Successor Agency as of June 30, 2012 - (Procedure 5)	\$ 4,934,915
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)	(1,300,752)
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	-
Add the amount of any assets transferred to the City 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)	-
Amount to be remitted to County for disbursement to affected taxing agencies	<u>\$ 3,634,163</u>



**OVERSIGHT BOARD FOR
SUCCESSOR AGENCY TO
REDEVELOPMENT AGENCY OF
THE CITY OF HAWAIIAN
GARDENS
STAFF REPORT**

Agenda Item No.: A-1

Meeting Date: 10/24/2012

Executive Dir.: _____

CITY OF HAWAIIAN GARDENS

ACTION:

- Approved
- Denied
- Amended
- Receive & File

Other
Board member
Representative Absent

VOTE: 6-0-1

DATE: 10/24/2012

TO: Honorable Chairperson and Members of the Board

FROM: David Sung, Finance Director

DATE: October 24, 2012

SUBJECT: Approval of Low-Moderate Income Housing Fund Due Diligence Review Report.

SUMMARY AND DISCUSSION

As part of the State's budget, the State Legislature adopted AB 1484 effective June 27, 2012. AB 1484 added Sections 34179.5 and 34179.6 to the Health and Safety Code, as part of the Redevelopment Dissolution Statute adopted at the end of June 2011 (ABX1 26).

AB 1484 requires a due diligence review of the Low-Moderate Income Housing Fund by an independent licensed accountant approved by the County Auditor-Controller. The review is based upon procedures established by the Auditor-Controller and California Department of Finance. The review was due on October 1, 2012 with approval by the Oversight Board by October 15, 2012. Prior to approving the report, the Oversight Board was required to conduct a meeting where it could hear public comments on the report at least five days before the Oversight Board approves the report.

Because most public agencies, including the City and Successor Agency close their books on June 30 each year, and because bonding obligations require annual audited statements of their books, the October 1st deadline conflicts with the regular audits of the books of most public agencies. The California Department of Finance has indicated that it is aware of the conflicts and expected many agencies not to meet the deadline. The report for the Successor Agency for the Hawaiian Gardens Redevelopment Agency was completed by White Nelson Diehl Evans LLP on October 4, 2012 and it was forwarded to the Oversight Board, Department of Finance and County Auditor-Controller on October 8, 2012. The five-day review of the Board took place at its special meeting on October 17, 2012 and is now being presented for approval.

RECOMMENDATION

Adopt the attached Resolution approving the Low-Moderate Income Housing Fund Due Diligence Review Report.

FISCAL IMPACT

The auditor found that the Successor Agency repaid \$590,010 of the SERAF loans receivable to the Successor Housing Agency on June 30, 2012 pursuant to the ROPS approved for the period of February 1 through June 30, 2012. As you recall, the ROPS was approved in February 2012. However, AB 1484 amended Section 34176(e)(6)(B) to prevent SERAF repayment until fiscal year 2013-2014. This repayment will therefore be reversed to comply with AB 1484. The repayment will instead be included in the ROPS for the period of July-December 2013, subject to the new requirements of AB 1484.

ATTACHMENTS

Resolution approving the Low-Moderate Income Housing Fund Due Diligence Review Report.