

SPECIAL MEETING AGENDA

City of El Cajon

Successor Agency – Oversight Board

8:00 a.m., Thursday, October 11, 2012

BOARD MEMBERS:

SAHAR ABUSHABAN

*Chancellor of the California
Community Colleges
Representative*

SCOTT BUXBAUM

*County Board of Education
Representative*

GLORIA CHADWICK

*Grossmont Healthcare District
Representative*

JIM GRIFFIN

*County Board of Supervisors
Representative*

MICHAEL GRIFFITHS

City of El Cajon

MANJEET RANU

*(Former RDA/MMPEG Employee)
City of El Cajon*

DEBRA TURNER-EMERSON

*County Board of Supervisors
Representative*

LEGAL COUNSEL MEYERS NAVE

SUCCESSOR AGENCY

STAFF:

DOUGLAS WILLIFORD

*Executive Director/
City Manager*

MORGAN FOLEY

General Counsel

MELISSA AYRES

*OB Secretary / Director, Community
Development
Department*

JENNY FICACCI

Housing Manager

HOLLY REED-FALK

Financial Operations Manager

VICTORIA DANGANAN

Senior Accountant

RON LUIS VALLES

Administrative Secretary

Meeting Location: El Cajon Police Station

Community Room #161

100 Civic Center Way, El Cajon, CA 92020

- I. CALL TO ORDER & PLEDGE OF ALLEGIANCE:
- II. ROLL CALL:
- III. AGENDA CHANGES:
- IV. PUBLIC COMMENT: (This is the opportunity for a member of the public to address the Oversight Board on any item of business within the jurisdiction of the Board that is not on the agenda. Under State law no action can be taken on items brought forward under Public Comment, except to refer the item to the staff for administrative action or to place it on a future agenda.)
- V. ACTION ITEMS:
 1. Action Minutes – October 4, 2012, special meeting
 2. Due Diligence Review report – Low- and Moderate-Income Housing Fund
 3. Domenico Donato (Mangia Bene) - Ground Lease – Request for Reduced Back Rent
 4. 2013 Calendar
- VI. OTHER ITEMS FOR CONSIDERATION:
- VII. STAFF COMMUNICATIONS:
 1. Upcoming work program
- VIII. BOARD REPORTS/COMMENTS:
- IX. ADJOURNMENT:

We endeavor to be in total compliance with the Americans with Disabilities Act. If you require assistance or auxiliary aids in order to participate at Oversight Board meetings, please contact staff at (619) 441-1741 as far in advance of the meeting as possible.



DRAFT SUMMARY MINUTES

City of El Cajon

**Successor Agency – Oversight Board
Special Meeting - Thursday, October 4, 2012
El Cajon Police Station Community Room #161
100 Civic Center Way, El Cajon, CA 92020**

BOARD PRESENT: Scott Buxbaum, Gloria Chadwick, Jim Griffin (Chair), and Manjeet Ranu

BOARD ABSENT: Sahar Abushaban, Michael Griffiths, and Debra Turner-Emerson

LEGAL COUNSEL: George H. Eiser III, Meyers Nave

STAFF PRESENT: Melissa Ayres, Jenny Ficacci, Holly Reed-Falk, Victoria Danganan, and Ron Luis Valles

CALL TO ORDER AND PLEDGE OF ALLEGIANCE:

The meeting was called to order at 8:00 a.m. by GRIFFIN.

PUBLIC COMMENT:

No public comment. No member of the public was present.

ACTION ITEM NO. 1: APPROVAL OF SUMMARY MINUTES – August 18, 2012.

CHADWICK made a motion, seconded by BUXBAUM, to approve the minutes. **Motion carried 4-0 (ABUSHABAN, GRIFFITHS AND TURNER-EMERSON – absent).**

ACTION ITEM No. 2: DUE DELIGENCE REVIEW – LOW- AND MODERATE-INCOME HOUSING FUND

GRIFFIN, FICACCI and REED-FAULK summarized the staff report. The Board reviewed the attached Due Diligence Review report; accepted public comment and input (none - there was no member of the public present); provided direction to staff that will lead to approval and transmission of the report to the Department of Finance (DOF), County Auditor-Controller (CAC), State Controller's Office (SCO) and required regulatory agencies.

No official action.

STAFF COMMUNICATIONS:

George H. Eiser III, legal counsel to the Oversight Board, was introduced. Staff asked the board if they would like to have the auditor present at the next meeting, and they said it was not necessary.

BOARD REPORTS/COMMENTS:

CHADWICK informed that she attended a recent California Special Districts Association conference and noted there are new rules that were presented and forthcoming.

ADJOURNMENT:

GRIFFIN made a motion, seconded by RANU, to adjourn the special meeting of the El Cajon Successor Agency Oversight Board at 8:11 a.m. this 4th day of October, 2012, until October 11, 2012, at 8:00 a.m. in the Police Station's Community Room, 100 Civic Center Way, El Cajon, California.

Motion carried 4-0 (ABUSHABAN, GRIFFITHS AND TURNER-EMERSON – absent).

APPROVED:

Debra Turner-Emerson, Chairperson

ATTEST:

Melissa Ayres, Oversight Board Secretary

**SPECIAL MEETING AGENDA REPORT
CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD
October 11, 2012, Meeting**

SUBJECT: DUE DILIGENCE REVIEW Report – LOW- AND MODERATE-INCOME HOUSING FUND

RECOMMENDED ACTION: That the Oversight Board adopt the proposed resolution to:

1. Approve the attached Due Diligence Review report for the Low- and Moderate-Income Housing Fund (“Report”), with such changes as may be directed by the Board;
2. Authorize transmission of the Report to the Department of Finance (DOF), County Auditor-Controller (CAC), State Controller’s Office (SCO) and required regulatory agencies by October 15, 2012; and
3. Authorize remittance of \$1,336,712.00 to the County Auditor-Controller for disbursement to affected taxing entities within five (5) business days of the DOF approval of the Report.

BACKGROUND:

On October 4, 2012, and in accordance with Assembly Bill 1484 amending Health and Safety Code (H&SC) Section 34179.5, the Oversight Board held a public meeting to: 1) review the Due Diligence Review report for the Low- and Moderate-Income Housing Fund; 2) accept public comment; and 3) provide direction to staff that would lead to approval and transmission of the Report to the DOF, CAC, SCO and other required regulatory agencies. No member of the public was present to provide public comment, nor was any direction provided by the Board. The Board is now being requested to approve the Report.

In the event the DOF disputes or overturns any amounts outlined or available for remittance in the Report, staff will prepare a supplementary report to the Board at the next available meeting for review and subsequent action.

As a reminder, the deadlines for the Low- and Moderate-Income Housing Fund review are as follows:

1. By October 1, 2012, Successor Agency must provide to the Oversight Board, SCO and the DOF the results of the review pursuant to Section 34179.5 (*submitted September 27, 2012*);
2. By October 15, 2012, the Oversight Board shall review, approve and transmit to the DOF and CAC results of the review;
3. By November 9, 2012, DOF must review and take action for the Low- and Moderate-Income Housing (LMIH) Asset Fund and notify the Oversight Board and Successor Agency of its decision to overturn any actions;

4. Within five (5) business days of the DOF review, but not later than November 16, 2012, the Successor Agency may request to “meet and confer” with DOF about its approval and/or disapproval of matters in the due diligence report;
5. The DOF shall either confirm or modify its determinations and decisions within 30 days of the request to meet and confer;
6. Funds determined due by the DOF must be transmitted to the County Auditor-Controller with five (5) working days upon receipt of DOF notification or the “meet and confer” determination, whichever is later.

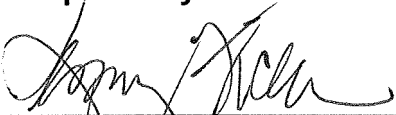
FISCAL IMPACT:

Adoption of the proposed resolution will authorize the remittance of \$1,336,712.00 in LMIH Asset Fund monies, within five (5) business days of the DOF approval of the Report, to the County Auditor-Controller for subsequent distribution to affected taxing entities.

ATTACHMENTS:

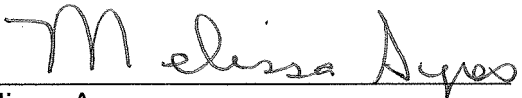
1. Proposed Resolution
2. Due Diligence Review report dated September 26, 2012

Prepared by:



Jenny Ficacci,
Housing Manager

Reviewed by:



Melissa Ayres,
Community Development Director

Approved by:



Douglas Williford
Executive Director/City Manager

RESOLUTION NO. OB-06-12

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE DUE DILIGENCE REVIEW REPORT FOR THE LOW- AND MODERATE-INCOME HOUSING FUND.

WHEREAS, California Health and Safety Code section 34179.5 (the "Act") provides that the Successor Agency of the former El Cajon Redevelopment Agency (the "Successor Agency") is required to employ a licensed accountant, approved by the San Diego County Auditor-Controller, conduct a due diligence review of funds held by the Successor Agency from unencumbered balances of the funds of the El Cajon Redevelopment Agency (the "Agency"), for transfer and distribution to the interested taxing entities, including a due diligence review of the Agency's Low- and Moderate-Income Housing Fund; and

WHEREAS, section 34179.6 of the Act requires the Successor Agency to provide the results of the due diligence review of the Agency's Low- and Moderate-Income Housing Fund (the "Report") to the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency (the "Oversight Board"), the San Diego Auditor-Controller, the State of California Controller, the Department of Finance, and required regulatory agencies, not later than October 1, 2012, and further requires the Oversight Board to convene a public comment session at least five (5) business days prior to holding an approval vote of the due diligence review; and

WHEREAS, the Oversight Board held a special meeting on October 4, 2012, to review the Report for transmission to the Department of Finance, the San Diego County Auditor-Controller, the State Controller's Office, and required regulatory agencies; to convene the required public comment period; to accept public comment; and to provide direction to staff in preparation of the October 11, 2012 meeting to take action on the Report; and

WHEREAS, the Oversight Board again considered the Report and any public comments on the report, presented during the comment period, at its special meeting held on October 11, 2012, meeting;

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER CITY OF EL CAJON REDEVELOPMENT AGENCY, AS FOLLOWS:

A. The Oversight Board finds that:

1. The recitals above are true and correct and have been incorporated herein by reference.

- 2. Approval of the Due Diligence Review report for the Low- and Moderate-Income Housing Fund is exempt from the California Environmental Quality Act ("CEQA") under Section 15061 (b) (3) (General Rule) of the CEQA Guidelines because the proposed amendments will not cause a significant adverse physical change to the environment either directly or indirectly.

- B. The Oversight Board hereby APPROVES the Report dated September 26, 2012, in the form and content attached hereto and incorporated herein by this reference, subject to any changes approved by the Oversight Board.

- C. The Oversight Board hereby AUTHORIZES transmission of the Report to the Department of Finance, the San Diego County Auditor-Controller, the State Controller's Office and other required regulatory agencies not later than October 15, 2012.

- D. Upon review and approval of the Report (with or without modification) by the Department of Finance, the Oversight Board hereby AUTHORIZES Successor Agency staff to remit to the County Auditor-Controller for disbursement to affected taxing entities the amount of \$1,336,712.00 (or such amount as approved by the Department of Finance). The remittance shall be made not later than five (5) business days of the Department of Finance approval of the Report, or not later than five (5) business days following a final decision on the Report by the Department of Finance, after any meet and confer process between the Successor Agency and the Department of Finance as provided in section 334179.6(e) of the Act.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a regularly scheduled meeting held this 11th day of October 2012, by the following vote to wit:

AYES :
 NOES :
 ABSENT :
 ABSTAIN :

Debra Turner-Emerson, Chairperson

ATTEST:

Melissa Ayres, Oversight Board Secretary



CITY OF EL CAJON

www.ci.el-cajon.ca.us

FINANCE


September 25, 2012

Rogers, Anderson, Malody & Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, CA 92408

In connection with your engagement to apply agreed-upon procedures to ensure the dissolved redevelopment agency (Housing Authority) is complying with its statutory requirements with respect to AB1484 (Health and Safety §34179.5(a)) for the period January 1, 2011 through June 30, 2012, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the presentation of the information as required by Health and Safety §34179.5(a) in accordance with the criteria as set by the code section which was provided to you in the form of excel schedules.
2. For the period January 1, 2011 through June 30, 2012, the presentation of the information is required by Health and Safety §34179.5(a) in accordance with the criteria as set by the code section.
3. We are responsible for selecting the criteria and for determining that such criteria are appropriate for our purposes.
4. We have disclosed to you all known matters contradicting the presentation of the information as required by Health and Safety §34179.5(a).
5. There have been no communications from regulatory agencies, internal auditors and other independent practitioners or consultants relating to presentation of the information as required by Health and Safety §34179.5(a), including communications received between the period January 1, 2011 through June 30, 2012 and September 25, 2012.
6. We have made available to you all information that we believe is relevant to presentation of the information as required by Health and Safety §34179.5(a).
7. We are 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.
8. We have responded fully to all inquiries made to us by you during the engagement.
9. No events have occurred subsequent to June 30, 2012 that would require adjustment to or modification of the presentation of the information as required by Health and Safety §34179.5(a).

10. Your report is intended solely for the information and use of the California Department of Finance, the California State Controller's Office and the Housing Authority and is not intended to be and should not be used by anyone other than those specified parties.

Signature: 

Title: Executive Director

Signature: 

Title: Fiscal Officer

Pursuant to the Redevelopment Agency Trailer Bill
AB1484 of 2012

El Cajon Housing Authority

Independent Accountant's Report on
Applying Agreed-upon Procedures

**EI Cajon Housing Authority
Due Diligence Review AB1484**

Table of Contents

Independent Accountant's Report on Applying Agreed-upon Procedures 1

Attachment A: Minimum Agreed-upon Procedures 2

Attachments 3A and 3B 12

Attachment 5..... 13

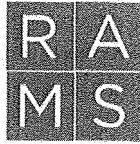
Attachments 6A, 6B and 6C 14

Attachment 7..... 15

Attachments 8A, 8B, 8C and 8D..... 18

Attachment 9..... 19

Attachment 10..... 21



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscca.net

El Cajon Housing Authority
200 Civic Center Way
El Cajon, CA 92020

Independent Accountant's Report on Applying Agreed-upon Procedures

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Matthew B. Wilson, CPA, MSA
Scott W. Manno, CPA
Leena Shanbhag, CPA, MST
Jay H. Zercher, CPA (Retired)
Phillip H. Waller, CPA (Retired)

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
Bradford A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Katie L. Millsom, CPA
Papa Matar Thilaw, CPA, MBA
Maya S. Ivanova, CPA, MBA
Danielle E. Odgers, CPA
William C. Clayton, CPA
Peter E. Murray, CPA
Genivive Schwarzkopf, CPA
Megan Hackney, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA

We have performed the minimum required agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office, the State of California Department of Finance (Agencies) and the El Cajon Housing Authority (Authority) solely to assist you in ensuring that the dissolved redevelopment agency is complying with its statutory requirements with respect to AB1484 (Health and Safety §34179.5(a)). Management of the Authority is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety §34179.5(a).

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 minimum required agreed-upon procedures as set forth in Attachment A along with 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 as to the appropriateness of the results summarized after each procedure in Attachment A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the applicable Agencies and the Authority, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

September 26, 2012

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

Our procedures and results are as follows:

Citation:

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

Procedure(s):

1. We obtained from the Authority a listing of all assets that were transferred from the former redevelopment agency (Low and Moderate Income Housing Fund) to the Authority on February 1, 2012. We agreed the amounts on this listing to account balances established in the accounting records of the Authority.

No exceptions were noted as a result of this procedure. The total amount of assets transferred to the Authority from the former redevelopment agency Low and Moderate Income Housing Fund was \$21,255,747.

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 Authority 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.

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 agreed-upon procedures (AUP) report. If this has not yet occurred, perform the following procedures:
 - A. We obtained a listing prepared by the Authority 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 Authority described the purpose of the transfer and described in what sense the transfer was required by one of the Authority's enforceable obligations or other legal requirements.

No exceptions were noted as a result of this procedure. There were no transfers from the former redevelopment agency Low and Moderate Income Housing Fund (LMIHF) to the city, county or city and county from January 1, 2011 through January 31, 2012.

- B. We obtained a listing prepared by the Authority of transfers (excluding payments for goods and services) from the Authority 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 Authority described the purpose of the transfer and described in what sense the transfer was required by one of the Authority's enforceable obligations or other legal requirements.

No exceptions were noted as a result of this procedure. There were no transfers from the former redevelopment agency LMIHF to the city, county or city and county from February 1, 2012 through June 31, 2012.

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

No exceptions were noted as a result of this procedure. There were no transfers from the former redevelopment agency LMIHF to the city, county or city and county during the above mentioned timeframes.

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 Authority 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.

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 the AUP report. If this has not yet occurred, perform the following procedures:

- A. We obtained a listing prepared by the Authority 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 Authority described the purpose of the transfer and described in what sense the transfer was required by one of the Authority's enforceable obligations or other legal requirements. See Attachment 3A.

No exceptions were noted as a result of this procedure.

- B. Obtain a listing prepared by the Authority of transfers (excluding payments for goods and services) from the Authority to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Authority should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Authority's enforceable obligations or other legal requirements. See Attachment 3B.

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure. This procedure was also performed during the agreed upon procedures engagement performed in accordance with HSC 34182(a)(1) which was performed by another firm.

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.

Procedure(s):

4. We performed the following procedures:

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

Not applicable for the Housing Authority report as this code section applies to the Successor Agency as a whole.

- B. We ascertained that for each period presented, the total of revenues, expenditures, and transfers accounted fully for the changes in equity from the previous fiscal period.

Not applicable for the Housing Authority report as this code section applies to the Successor Agency as a whole.

- 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.

Not applicable for the Housing Authority report as this code section applies to the Successor Agency as a whole.

- D. We compared amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules.

Not applicable for the Housing Authority report as this code section applies to the Successor Agency as a whole.

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.

Procedure(s):

5. We obtained from the Authority 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. The attached schedule includes only those assets of the Low and Moderate Income Housing Fund that were held by the Authority as of June 30, 2012 and excludes all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. We agreed the assets so listed to recorded balances reflected in the accounting records of the Authority. See Attachment 5.

No exceptions were noted as a result of this procedure.

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.

Procedure(s):

6. We obtained from the Authority a listing of asset balances held on June 30, 2012 that were restricted for the following purposes: See Attachments 6A, 6B and 6C.

A. Unspent bond proceeds:

- i. We obtained the Authority's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.).

Not applicable.

- ii. We traced individual components of this computation to related account balances in the accounting records, or to other supporting documentation.

Not applicable.

- iii. We obtained from the Authority a copy of the legal document that sets forth the restriction pertaining to these balances (If applicable, we noted in our report the absence of language restricting the use of the balances that were identified by the Authority as restricted).

Not applicable.

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

- i. We obtained the Authority's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).

No exceptions were noted as a result of this procedure.

- ii. We traced individual components of this computation to related account balances in the accounting records, or to other supporting documentation.

No exceptions noted were noted as a result of this procedure. We utilized the Authority's trial balances as provided by the Authority.

- iii. We obtained from the Authority a copy of the grant agreement that sets forth the restriction pertaining to these balances.

Exception noted:

The Authority did not provide a legal document, but referenced Community Redevelopment Law §33000 as justification for the restriction.

The Authority has received a letter from the California Department of Finance dated August 23, 2012, approving its Housing Assets Transfer Form which approved Section 34176(e)(4) Rents, Operations. The form included the items listed in Attachment 6B.

C. Other assets considered to be legally restricted:

- i. We obtained the Authority's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).

Not applicable.

- ii. We traced individual components of this computation to related account balances in the accounting records, or to other supporting documentation.

Not applicable.

- iii. We obtained from the Authority a copy of the legal document that sets forth the restriction pertaining to these balances (if applicable, we noted in our report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted).

Not applicable.

- D. We attached the above mentioned Authority prepared schedule(s) as an exhibit to our report. For each restriction identified on these schedules, the period of time for which the restrictions are in effect is noted. Restrictions in effect until the related assets are expended for their intended purpose are indicated in the schedules.

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.

Procedure(s):

7. We performed the following procedures:

- A. We obtained from the Authority 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 we ascertained if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Authority) or market value as recently estimated by the Authority. See Attachment 7.

No exceptions were noted as a result of this procedure.

- B. If the assets listed at 7(A) were listed at purchase cost, we traced the amounts to a previously audited financial statement (or to the accounting records of the Authority) and noted any differences.

No exceptions were noted as a result of this procedure.

- C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Authority trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

Not applicable.

- 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.

Not applicable.

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 Authority 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 Authority, together with both the amount and timing of the bond debt service payments of the Authority, for the period in which the oversight board anticipates the Authority will have insufficient property tax revenue to pay the specified obligations.

Procedure(s):

8. We performed the following procedures See Attachments 8A, 8B, 8C and 8D:
 - A. If the Authority believed that asset balances needed to be retained to satisfy enforceable obligations, we obtained from the Authority an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and performed the following procedures (the schedule identified 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. 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.

This procedure was also performed during the agreed upon procedures engagement performed in accordance with HSC 34182(a)(1) which was performed by another firm.
 - ii. We compared all current balances to the amounts reported in the accounting records of the Housing Authority or to an alternative computation.

This procedure was also performed during the agreed upon procedures engagement performed in accordance with HSC 34182(a)(1) which was performed by another firm.

- 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.

Exception noted: We were able to use the Jun-Dec 2012 ROPS which was approved by the California Department of Finance, but we also had to utilize the Jan-June 2013 ROPS which has yet to be approved by the California Department of Finance.

- iv. We attached as an attachment to the report the listing obtained from the Housing Authority. We identified in the report any listed balances for which the Housing Authority was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation, if applicable.

No exceptions were noted as a result of this procedure.

- B. If the Authority 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 Authority 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:

Not applicable, the Authority believes future revenues together with balances dedicated will be sufficient to fund future payments.

- 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.

Not applicable.

- ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Authority its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.

Not applicable.

- iii. For the forecasted annual revenues:
 - a. Obtain from the Authority its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Not applicable.

- C. If the Authority believes that projected property tax revenues and other general purpose revenues to be received by the Authority are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Authority a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.

Not applicable, per the Authority, there are no debt service payments to be made.

- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.

Not applicable.

- ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.

Not applicable.

- iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Not applicable.

- 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.

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure.

- iii. Include the calculation in the AUP report.

No exceptions were noted as a result of this procedure.

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.

Procedure(s):

9. The Authority 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, so 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. For each obligation listed on the ROPS, the Authority added columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Authority's explanation as to why the Authority believes that such balances are needed to satisfy the obligation. See Attachment 9.

No exceptions were noted as a result of this procedure. We utilized the ROPS January – June 2013 which is still subject to Department of Finance approval.

Procedure:

10. We included (prepared by the Authority) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. We agreed amounts included in the calculation to the results of the procedures performed in each section above. The schedule did not 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 since the payments were made by the Successor Agency, not the Housing Authority. See Attachment 10.

Procedure:

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

No exceptions were noted as a result of this procedure.

3A. Transfers from former RDA to Other Public Agency/Private Parties January 1, 2011 through January 31, 2012

TRANSFER DESCRIPTION	TRANSFER AMOUNT	TRANSFER DATE	OTHER PUBLIC AGENCY OR PRIVATE PARTIES	ENFORCEABLE OBLIGATION	
				Required by	IF YES, DATE
First-time homebuyer loans (9)	\$ 446,050	07/25/2011 - 12/23/2011	(9) Weiland Homebuyers	Affordable Housing Agreement	03/11/2009
Total	\$ 446,050				

3B. Transfers from former RDA to Other Public Agency/Private Parties February 1, 2012 through June 30, 2012

TRANSFER DESCRIPTION	TRANSFER AMOUNT	TRANSFER DATE	OTHER PUBLIC AGENCY OR PRIVATE PARTIES	ENFORCEABLE OBLIGATION	
				Required by	IF YES, DATE
First-time homebuyer loans (2)	\$ 51,230	03/07/2012 & 03/30/2012	(2) Weiland Homebuyers	Affordable Housing Agreement	03/11/2009
Construction loan - Senior Affordable Housing	1,785,134	03/14/2012 - 07/12/2012	Chambers Senior Residences L.P.	Disposition and Developer Agreement	03/23/2010
Total	\$1,836,364				

5. Listing of Assets of Housing Authority (LMIHAF) Fund as of June 30, 2012

GL Account	ASSET DESCRIPTION	Housing Authority (Housing Successor)		
		LMIHAF	Capital Assets	TOTAL
1011	Cash - pooled	\$ 5,891,424	\$ -	\$ 5,891,424
1033	Investment fair market value	5,011	-	5,011
1141	Loans receivable	9,819,799	-	9,819,799
1142	Loans receivable - forgivable	302,500	-	302,500
1170	Interest receivable	4,301	-	4,301
1710	Land	-	5,602,215	5,602,215
	Totals	\$ 16,023,035	\$ 5,602,215	\$ 21,625,250

LMIHAF = Low and Moderate Income Housing Asset Fund

6A. Listing of Unspent Bond Proceeds as of June 30, 2012

There are no unspent bond proceeds in the Housing Authority (LMIHAF).

6B. Listing of Grant Proceeds and Program Income as of June 30, 2012

Restrictions are in effect per CRL 33000 and are encumbered by Low-Moderate Housing Covenant per CRL 33000.

Account #	Account Name	Description	GL	LMIHAF
FTHB0129R	Lockart	Housing loan repayment-Principal	6990	\$ 1,500
FTHB0213R	Stewart	Housing loan repayment-Principal	6990	900
FTHB0412R	Lewis	Housing loan repayment-Principal	6990	697
FTHB0413R	Jimenez	Housing loan repayment-Principal	6990	692
FTHB0504R	Rodriguez	Housing loan repayment-Principal	6990	375
FTHB0602R	Coghill	Housing loan repayment-Principal	6990	584
FTHB0605R	Martinez	Housing loan repayment-Principal	6990	1,200
FTHB0702R	Miller	Housing loan repayment-Principal	6990	348
FTHB1117R	Young	Housing loan repayment-Principal	6990	1,702
PE95GOVE	Gove	Housing loan repayment-Principal	6990	933
PE95LUNA	Luna Lara	Housing loan repayment-Principal	6990	1,800
PE95MACDON	Macdonald	Housing loan repayment-Principal	6990	1,500
PE95TURNER	Turner	Housing loan repayment-Principal	6990	1,800
WEILAND	Weiland Development Co.	Housing loan repayment-Principal	6990	608,823
WEILAND	Weiland Development Co.	Housing loan repayment- Interest	5340	10,717
	Various borrowers	Subordination Fee & other misc loan fees	6520	590
	Various lessees	Tax reimbursement per lease agreement	6520	1,757
		Interest allocation on cash balance	5310/5350	9,917
Total Program Income - Restricted				\$ 645,835

6C. Listing of Other Assets-Restricted as of June 30, 2012

There are no Other Assets-Restricted identified in the Housing Authority (LMIHAF).

7. Listing of Assets Not Liquid or Available for Distribution as of June 30, 2012 - Housing Authority (LMIHAF)

Asset Information				
ID#	Account Name	Description	GL	LMIHAF
	City Pool	Fair market value 06/30/2012	1033	\$ 5,011
FTHB0129R	Lockart, Duane	Homebuyer Loan	1141	22,000
FTHB0130R	Suarez, German	Homebuyer Loan	1141	25,000
FTHB0133R	Parkinson, George	Homebuyer Loan	1141	25,000
FTHB0134R	Williams, Scott	Homebuyer Loan	1141	25,000
FTHB0204R	Allen, Melissa	Homebuyer Loan	1141	25,000
FTHB0206R	Sieburh, Barbara	Homebuyer Loan	1141	25,000
FTHB0211R	Burton, Michael	Homebuyer Loan	1141	21,430
FTHB0213R	Stewart, Mary	Homebuyer Loan	1141	21,271
FTHB0217R	Merino, Juan	Homebuyer Loan	1141	24,268
FTHB0308R	Jepsen, Ernest	Homebuyer Loan	1141	58,800
FTHB0313R	Enriquez, Alicia	Homebuyer Loan	1141	60,000
FTHB0315R	Elliott, Jason	Homebuyer Loan	1141	42,180
FTHB0321R	Hurd, Shawn	Homebuyer Loan	1141	53,380
FTHB0322R	Lomenick, Michael	Homebuyer Loan	1141	60,800
FTHB0328R	Generazzo, Vincent	Homebuyer Loan	1141	60,000
FTHB0329R	Paul , Scott	Homebuyer Loan	1141	65,000
FTHB0337R	Bouziane, Nour	Homebuyer Loan	1141	22,100
FTHB0338R	Gonzales, Christopher	Homebuyer Loan	1141	52,469
FTHB0408R	Phillips, Cynthia	Homebuyer Loan	1141	30,000
FTHB0412R	Lewis, Ramsey	Homebuyer Loan	1141	42,169
FTHB0413R	Jimenez, Romano	Homebuyer Loan	1141	59,754
FTHB0418R	Lara, Francisco	Homebuyer Loan	1141	58,880
FTHB0502R	Ceja, Alfonso	Homebuyer Loan	1141	65,000
FTHB0504R	Rodriguez, Juan	Homebuyer Loan	1141	56,260
FTHB0507R	Andrade, Nicholas	Homebuyer Loan	1141	62,980
FTHB0509R	McGowan, Kevin	Homebuyer Loan	1141	100,476
FTHB0602R	Coghill, Christopher	Homebuyer Loan	1141	84,344
FTHB0603R	Archer, Sr, Philip	Homebuyer Loan	1141	141,500
FTHB0604R	Wiggans, Brian	Homebuyer Loan	1141	80,450
FTHB0605R	Martinez, Alberto	Homebuyer Loan	1141	89,900
FTHB0606R	Logue, Kathy	Homebuyer Loan	1141	81,470
FTHB0609R	Phung, Howard	Homebuyer Loan	1141	61,770
FTHB0612R	Rosales, Jose	Homebuyer Loan	1141	69,770
FTHB0621R	Ross, Michael	Homebuyer Loan	1141	85,700
FTHB0623R	Alonzo, Paolo	Homebuyer Loan	1141	67,970
FTHB0624R	Stedt, Deborah	Homebuyer Loan	1141	76,970
FTHB0625R	Rufenacht, Shelly	Homebuyer Loan	1141	80,000
FTHB0701R	Medina, Edgar	Homebuyer Loan	1141	86,300
FTHB0704R	Halsema, Tricia	Homebuyer Loan	1141	74,000
FTHB0707R	Burton, Richardo	Homebuyer Loan	1141	124,100
FTHB0711R	Carlton, Lauren	Homebuyer Loan	1141	88,250

Asset Information				
ID#	Account Name	Description	GL	LMIHAF
FTHB0712R	Olsen, Karen	Homebuyer Loan	1141	77,000
FTHB0713R	Najor, Peter	Homebuyer Loan	1141	83,000
FTHB0714R	Trent, Tristie	Homebuyer Loan	1141	77,000
FTHB0715R	Bloom, Heidi	Homebuyer Loan	1141	115,000
FTHB0716R	Bullock, Doug	Homebuyer Loan	1141	96,000
FTHB0718R	Price, Brian	Homebuyer Loan	1141	25,000
FTHB0719R	Hancock, Lisa	Homebuyer Loan	1141	114,000
FTHB0702R	Miller, Bob	Homebuyer Loan	1141	94,373
FTHB0721R	Rodriguez, Elizabeth	Homebuyer Loan	1141	50,000
FTHB0724R	Fronczek, Julie Ann	Homebuyer Loan	1141	25,000
FTHB0801R	Erwin (Magoon), Joanne	Homebuyer Loan	1141	140,800
FTHB0803R	Beach, Brenda	Homebuyer Loan	1141	93,500
FTHB0901R	Boyle II, Robert	Homebuyer Loan	1141	68,211
FTHB0902R	McDaniel, Carol	Homebuyer Loan	1141	68,190
FTHB0905R	Willweber, Paul	Homebuyer Loan	1141	155,000
FTHB0911R	Tendvahl II, Eugene	Homebuyer Loan	1141	58,679
FTHB0914R	Fogerson II, Donald	Homebuyer Loan	1141	56,900
FTHB0915R	Zhang, Zhongqi	Homebuyer Loan	1141	49,302
FTHB0918R	Bolis, Asaad	Homebuyer Loan	1141	139,400
FTHB1103R	Adams, Christopher	Homebuyer Loan	1141	131,700
FTHB1102R	Rangel, Ryan	Homebuyer Loan	1141	174,100
FTHB1104R	Narlock, Adrian	Homebuyer Loan	1141	104,950
FTHB1105R	Robertson, Nathan	Homebuyer Loan	1141	191,500
FTHB1106R	Petrea, Clifford	Homebuyer Loan	1141	177,700
FTHB1107R	Balagot, Vincent	Homebuyer Loan	1141	25,600
FTHB1108R	DeBerg, Fredrick	Homebuyer Loan	1141	25,750
FTHB1109R	Rivera, Rose Maria	Homebuyer Loan	1141	98,100
FTHB1110R	Chakaneh, Mohammad	Homebuyer Loan	1141	25,600
FTHB1112R	Reese, Adria Ann	Homebuyer Loan	1141	164,600
FTHB1111R	Covington, Corey	Homebuyer Loan	1141	25,600
FTHB1113R	Sason, David	Homebuyer Loan	1141	30,000
FTHB1114R	Libsack, Benjamin	Homebuyer Loan	1141	25,400
FTHB1115R	Kimball-Ruiz, Matthew	Homebuyer Loan	1141	25,400
FTHB1116R	Macaraeg, Gerardo	Homebuyer Loan	1141	25,535
FTHB1117R	Young, Heather	Homebuyer Loan	1141	23,993
FTHB218R	Bovey, Saul	Homebuyer Loan	1141	24,355
PE95GOVE	Gove, William	Homebuyer Loan	1141	43,062
PE95HEINZ	Heinz, Kimberley	Homebuyer Loan	1141	67,235
PE95LUNA	Luna Lara, Dolores	Homebuyer Loan	1141	38,135
PE95MACDON	Macdonald, Robert	Homebuyer Loan	1141	57,155
PE95MCFARLAN	McFarland, Ginger	Homebuyer Loan	1141	67,235
PE95MELTON	Melton, Shelli	Homebuyer Loan	1141	66,005
PE95SCOTT	Scott, Lloyd	Homebuyer Loan	1141	59,555
PE95TURNER	Turner, Harold	Homebuyer Loan	1141	39,900

Asset Information				
ID#	Account Name	Description	GL	LMIHAF
SF-97-05	McGruder, Melva	Substantial Rehabilitation Loan	1141	25,462
SF-97-06	Crowle, Kerry	Substantial Rehabilitation Loan	1141	19,559
SF-97-07	Del Viar, Diane	Substantial Rehabilitation Loan	1141	31,791
SF-98-06	Paterson, Les	Substantial Rehabilitation Loan	1141	44,343
LEXSRAPTS	Lexington Ave Sr Apts	New Construction	1142	302,500
LAURELVLGR	El Cajon Gardens II LP	Acquisition/Substantial Rehab Loan	1141	1,270,621
WEILAND	Weiland Development Co.	New Construction	1141	748,834
CHAMBERSSR	Chamber Sr Residences	New Construction	1141	1,897,956
487-180-10-00	382-386 Linda Way		1710	633,440
487-180-11-00	376-380 Linda Way		1710	633,448
487-191-14-00 & 487-191-15-00	131 Chambers Street	LM0704	1710	751,466
487-180-09-00	151-155 Chambers Street	LM0704	1710	777,252
487-180-12-00 & 487-180-13-00	360-370 Linda Way	LM0604	1710	1,455,703
488-111-14-00	146 Ballantyne St.	Ballantyne Senior Center - Outdoor Area	1710	815,018
488-111-33-00	E. Main/Ballantyne	Civic Center	1710	119,407
488-212-21-00	250 Lexington Ave.	Lexington Avenue Senior Apartments	1710	416,485
Total Assets Not Liquid or Available for Distribution				\$ 15,729,527

8. Schedule of Asset Balances - Restricted/Dedicated as of June 30, 2012 - Housing Authority (LMIHAF)

8A.

	Total Outstanding Debt or Obligation as of 06/30/2012	2012 - 2013 ROPS	Restricted/Dedicated
Weiland Development Company - Affordable Housing Agreement for first-time homebuyer funding of 26 inclusionary housing units (ROPS Line 30) The Housing Authority leveraged Federal HOME funds for buyers and does not anticipate additional assistance through payoff of the affordable housing agreement.	\$ 1,672,470	\$ 212,814	\$ -
El Cajon Housing Authority/Vendors - Project monitoring and management costs associated with homebuyer assistance for buyers related to Weiland Development Company (Line 30) such as staff time directly associated with underwriting and assisting the buyers, tax service fees, wire fees, etc. (ROPS Line 31)	19,900	19,900	-
Chambers Senior Residences, L.P- Disposition Development Agreement for construction of affordable senior housing. (ROPS Line 32)	2,614,866	1,965,298	649,568
El Cajon Housing Authority/Vendors - Project management costs associated with the construction of senior housing such as staff time directly associated with construction inspection, processing loan disbursements, and monitoring the contract. (ROPS Line 33)	57,534	12,200	45,334
Bay Kitchen and Bath Remodelers - Affordable Housing Agreement for substantial rehabilitation housing projects. (ROPS Line 34)	550,000	538,629	11,371
El Cajon Housing Authority/Vendors -Project management costs associated with substantial rehabilitation housing project such as staff time directly associated with construction inspection, processing loan disbursements, and monitoring the contract. (ROPS Line 35)	47,500	47,500	-
Less: Program income restricted for affordable housing	Loan repayments.		(14,000)
	Tax reimbursement per lease agreement		(1,750)
	Interest earnings		(1,500)
Total Restricted/Dedicated			\$ 689,023

8B Assuming that there will be no legal actions arising from the low and moderate income housing assets and activities, the amount restricted/dedicated in 8A above is sufficient to fund future obligations included in the ROPS.

8C The El Cajon Housing Authority - Low & Moderate Income Housing Asset Fund does not have bond debt service payments.

8D See 8A above.

9. Cash Balances Retained as of June 30, 2012 for 2012-2013 ROPS - Housing Authority (LMIHAF)

GL account ROPS Ln#	Description	Explanation	LMIHAF
GL 2011	Accounts Payable 06/30/2012	DDA loan disbursement request and goods/ services received prior to 06/30/2012 for which payments were not made at fiscal year-end.	\$ 427,812
Line 17	ROPS July - December 2012	Projected loan disbursement requests for construction of affordable senior housing per DDA with Chambers Senior Residences LP.	1,515,298
Line 26	ROPS July - December 2012	Projected loan disbursement requests for funding of inclusionary housing units per affordable housing agreement with Weiland Development Company	212,814
Line 27	ROPS July - December 2012	Projected loan disbursement requests for substantial rehabilitation housing projects per affordable housing agreement with Bay Kitchen and Bath Remodelers.	263,894
Line 45	ROPS July - December 2012	Project management costs associated with the construction of senior housing (Chambers Senior Residences-Line 17) such as staff time directly associated with construction inspection, processing loan disbursements, and monitoring the contract.	6,100
Line 46	ROPS July - December 2012	Project monitoring and management costs associated with homebuyer assistance for buyers related to Weiland Development Company (Line 26) such as staff time directly associated with underwriting and assisting the buyers, tax service fees, wire fees, etc.	12,142
Line 47	ROPS July - December 2012	Project management costs associated with substantial rehabilitation housing project (Bay Kitchen and bath Remodelers-Line 27) such as staff time directly associated with construction inspection, processing loan disbursements, and monitoring the contract.	24,000

GL account ROPS Ln#	Description	Explanation	LMIHAF
Line 32	ROPS January- June 2013	Projected loan disbursement requests for construction of affordable senior housing per DDA with Chambers Senior Residences LP.	450,000
Line 34	ROPS January- June 2013	Projected loan disbursement requests for substantial rehabilitation housing projects per affordable housing agreement with Bay Kitchen and Bath Remodelers.	274,735
Line 33	ROPS January- June 2013	Project management costs associated with the construction of senior housing (Chambers Senior Residences-Line 32) such as staff time directly associated with construction inspection, processing loan disbursements, and monitoring the contract.	6,100
Line 31	ROPS January- June 2013	Project monitoring and management costs associated with homebuyer assistance for buyers related to Weiland Development Company (Line 30) such as staff time directly associated with underwriting and assisting the buyers, tax service fees, wire fees, etc.	7,758
Line 35	ROPS January- June 2013	Project management costs associated with substantial rehabilitation housing project (Bay Kitchen and bath Remodelers-Line 34) such as staff time directly associated with construction inspection, processing loan disbursements, and monitoring the contract.	23,500
Total cash balances retained			\$ 3,224,153

10. Summary of balances available for allocation to affected taxing entities - Housing Authority (LMIHAF)

Total amount of assets held by the Housing Authority as of June 30, 2012 (procedure 5)	\$ 21,625,250
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)	(645,835)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(15,729,527)
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)	(689,023)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	(3,224,153)
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>\$ 1,336,712</u>

**SPECIAL MEETING AGENDA REPORT
CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD
October 11, 2012, Meeting**

SUBJECT: DOMENICO DONATO (MANGIA BENE) - GROUND LEASE – REQUEST FOR REDUCED BACK RENT

RECOMMENDED ACTION: That the Oversight Board:

Adopt the next RESOLUTION in order approving reduced back rent in the amount of \$2,100.00 with 52% to be paid to Successor Agency and 48% paid to City of El Cajon.

BACKGROUND: The Redevelopment Agency entered into a ground lease with Domenico Donato (Tenant) on November 22, 2002, to allow Mangia Bene Restaurant to occupy 492 square feet within Prescott Promenade (currently owned by the Successor Agency) with an outdoor dining facility. The agreement was subsequently amended on January 22, 2003, to allow Mangia Bene Restaurant to also occupy 450 square feet of City sidewalk area in front of the restaurant and Prescott Promenade (owned by the City of El Cajon) for the same purpose. While the location of the outdoor dining facility on the City sidewalk has since changed with the reconstruction of City sidewalks downtown in the past few years, the location of the ground lease within Prescott Promenade has not. The lease rate for both of these locations is \$0.84 per square foot.

The Tenant did not pay agreed upon ground lease payments for several years, and made partial catch-up payments in others. While the current year's payment has been paid, the Tenant owes \$4,045.96.00 in back rents and is requesting to settle the outstanding debt by paying \$2,100.00. Reasons cited to staff for the request include: the loss of business through the downtown sidewalk reconstruction period, and loss of business and profits in this economy. Please also see letter dated July 9, 2012, from L. Don Martin, the Tenant's legal counsel, attached.

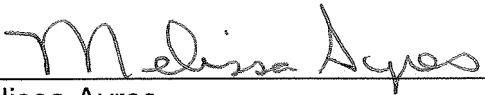
The Successor Agency discussed the proposed settlement in closed session and is recommending Oversight Board approval of the proposed settlement, with the Successor Agency and the City of El Cajon each receiving a pro-rated share of the \$2,100.00 based on a pro-rated square footage of the ground lease area (52:48, respectively).

FISCAL IMPACT: As proposed, the Successor Agency would receive \$1,092.00 and the City would receive \$1,008.00. Payments to the Successor Agency would be considered program income and be used to offset any request for Redevelopment Property Tax Trust Fund (RPTTF) monies on future ROPS.

ATTACHMENTS:

1. Proposed Resolution
2. Letter from L. Don Martin dated July 9, 2012
3. First Amendment to Ground Lease

Prepared by:



Melissa Ayres,
Community Development Director

Approved by:



Douglas Williford
Executive Director/City Manager

RESOLUTION NO. OB-07-12

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE COMPROMISE OF A CLAIM FOR UNPAID RENT FROM DOMINIC DONATO AND THE DIVISION OF THE PAYMENT BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF EL CAJON.

WHEREAS, Section 34180 (a) of the California Health and Safety Code provides that Successor Agency actions to establish new repayment terms for outstanding loans are subject to Oversight Board review and approval; and

WHEREAS, Section 34181 (e) of the California Health and Safety Code provides that the Oversight Board shall direct the Successor Agency to determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the Oversight Board for its approval. It further states that the Oversight Board may approve any amendments to or early termination of those agreements if it finds that the amendments or early termination would be in the best interest of the taxing entities; and

WHEREAS, the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency held a special meeting on October 11, 2012, at which time it considered an offer to compromise earned but unpaid rent under that certain Ground Lease with the tenant, Domenico Donato (the "Tenant"), dated November 22, 2002 and first amended on January 22, 2003 (the "Ground Lease"), in the current amount of \$4,045.96, by accepting payment of the total sum of \$2,1000.00; and

WHEREAS, the compromise would result in the collection of a portion of an outstanding debt, which is to be divided between the Successor Agency and the City of El Cajon in the ratio of 52% to the Successor Agency and 48% to the City of El Cajon in accordance with their pro-rated ownership of land covered; and

WHEREAS, approval of the reduced rent proposal will result in the collection of \$2,100.00 in earned but unpaid rent, of which \$1,092.00 would be program income to the Successor Agency, benefiting all taxing agencies; and

WHEREAS, due to the costs associated with litigation to collect the debt, acceptance of the compromise would be in the best interests of the Successor Agency, the City of El Cajon, and all taxing entities sharing in the income to the Successor Agency.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER CITY OF EL CAJON REDEVELOPMENT AGENCY AS FOLLOWS:

- A. The Oversight Board finds that:
1. The recitals above are true and correct and have been incorporated herein by reference; and
 2. The proposed project is exempt from the California Environmental Quality Act (CEQA) under Section 15061 (b) (3) (General Rule) of the CEQA Guidelines because it will have no physical effect on the environment; and
 3. The proposed new rent terms/rent reduction would be in the best interest of the taxing entities because it will result in increased net revenues to the taxing entities this year than is likely without the proposed rent reduction.
- B. The Oversight Board hereby APPROVES the proposed compromise of the existing debt, and accepts the payment from the Tenant in the amount of \$2,100.00 (U.S.), in full satisfaction of the tenant's outstanding obligation, and hereby approves the discharge of the balance of \$1,945.96 under the Ground Lease . The approval of the proposed compromise shall be conditioned on the payment, by the Tenant, to the City of El Cajon, at 200 Civic Center Way, El Cajon, California, of the sum of \$2,100.00 (U.S.) within thirty (30) days of the date of this approval by the Oversight Board, and the division of said payment as follows: \$1,092.00 shall be deposited into the account for the Successor Agency of the former El Cajon Redevelopment Agency and \$1,008.00 shall be paid to the City of El Cajon.
- C. The Executive Director of the Successor Agency is hereby authorized to execute such documents as are reasonably necessary and proper to completely and fully compromise the aforementioned outstanding claim with the Tenant.

[The remainder of this page intentionally left blank.]

PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a special meeting held this 11th day of October, 2012, by the following vote to wit:

AYES :
NOES :
ABSENT :
ABSTAIN :

Debra Turner-Emerson, Chairperson

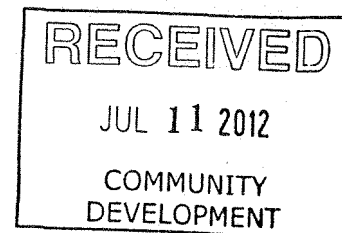
ATTEST:

Melissa Ayres, Oversight Board Secretary

[This page intentionally left blank.]

L. Don Martin

ATTORNEY AT LAW
1130 'D' Street Suite 11
Ramona, CA 92065



TELEPHONE (760) 788-2880
FACSIMILE (760) 788-2888

July 9, 2012

Community Development
City of El Cajon
200 Civic Center Way
El Cajon, CA 92020

Re: My Client : Mangia Bene Corporation
Customer # : 0000000132
Prescott Promenade Ground Lease

To Whom It May Concern,

I have been retained by Domenico Donato of Mangia Bene Corporation dba Mangia Bene Ristorante Italiano. He has asked me to contact you regarding an invoice for the Prescott Promenade Ground Lease.

My understanding is that there is a balance due and owing of \$4,045.96. With the present economy, the restaurant has been losing money for almost two (2) years now. They have had a change of personnel, including the manager of the restaurant. Mr. Donato has tried selling the business since December 2011 without success. His current lease expires September 30, 2012. At the current time, he will not be able to renew the lease. Mr. Donato might be able to stay open on a month to month basis if the landlord will agree. We have not yet received acceptance of this proposal from the landlord.

At eighty (80) years of age, it is just too uncertain how long Mr. Donato will be able to continue. In an effort to keep his business, he is requesting that the City of El Cajon, through whatever hardship process they maintain, to consider a \$2,100.00 settlement of this debt; to be paid within five (5) business days of acceptance.

Please contact me should you have any other questions or need any other information, proof of hardship, etc. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Don Martin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

L. Don Martin

LDM/ate

FIRST AMENDMENT TO GROUND LEASE

THIS FIRST AMENDMENT TO GROUND LEASE (the "First Amendment"), is made and entered into effective this 22 day of JANUARY, 2003, by and between the EL CAJON REDEVELOPMENT AGENCY, a public body corporate and politic, (the "Landlord") and DOMENICO DONATO (the "Tenant").

RECITALS

1. Landlord and Tenant have entered into that certain Ground Lease, dated November 22, 2002 (the "Lease"), by which Landlord and Tenant established the terms and conditions for lease, by Landlord, to Tenant, of that certain real property located on approximately 942 square feet of land adjacent to property leased or owned by Tenant at 215-233 East Main Street, El Cajon, California, as more particularly described in the Lease (the "Premises").

2. The parties desire to amend the lease to change the area leased by the Tenant, from the Landlord, thereby redefining the term, "Premises", adjusting the rent for the Premises (as redefined), and limiting the use of portions of the Premises.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

Section 1. Section 1.01 to the lease is hereby amended to read as follows:

Section 1.01. For and in consideration of the rents to be paid and covenants to be performed by Tenant under this lease, Landlord agrees to lease the Premises to Tenant, and Tenant agrees to lease the Premises from Landlord, on the terms and conditions set forth in this lease. Except as expressly otherwise provided in this lease, "the Premises" includes the right-of-way, exclusive of any right of access to or from the Prescott Promenade, El Cajon, and further exclusive of any improvements now and subsequently located on the Premises, notwithstanding that any improvements may, or shall be, construed as affixed to and as constituting part of the described Premises, and without regard to whether ownership of the improvements is in Landlord or in Tenant. Notwithstanding the foregoing, the Premises shall include a portion of right-of-way, which shall be restricted in use by the Tenant, and shall remain open to the public, and maintained by the Landlord, and shall be designated as "Restricted Premises" in Exhibit "A" of this Lease. P

Section 2. Section 2.01 to the Lease is hereby amended to read as follows:

Section 2.01. Tenant agrees to pay to Landlord annual rent (the "Rent") for each year during the term of this lease in the following amounts: \$792.28 per year. The Rent is calculated as follows: Patio space on Prescott Promenade – 492 square feet; sidewalk area – 450 square feet; for a total of unrestricted leased area of 942 square feet @ \$.84 per square foot; Restricted Premises – 205 square feet @ \$1.00 per 205 square feet. Should the actual square footage of unrestricted leased area prove greater than 942 square

feet, Tenant agrees to adjust rent to pay for the actual square footage of the Premises, except that in no circumstances is rent to be less than \$792.28 per year. Should the actual square footage of the Restricted Premises prove greater or less than 205 square feet, the annual rent for this leased area shall remain \$1.00.


Section 3. Exhibit "A" to the lease is hereby replaced by a new Exhibit "A", attached hereto as Exhibit 1 to this First Amendment, and made a part of the lease by this reference.

Section 4. Except as otherwise amended by this First Amendment, the lease shall remain in full force and effect.

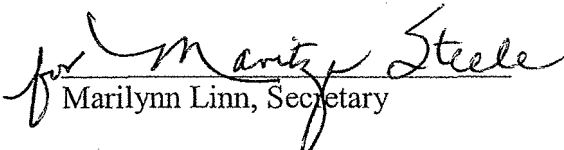
IN WITNESS WHEREOF, Landlord has caused this First Amendment to Ground Lease to be signed and executed on its behalf by its Executive Director, duly attested by its Secretary, and the Tenant has signed and executed this First Amendment to Ground Lease, effective the date first written above.

"LANDLORD"


EL CAJON REDEVELOPMENT
AGENCY

By 
Bill Garrett, Executive Director

ATTEST:


Marilynn Linn, Secretary

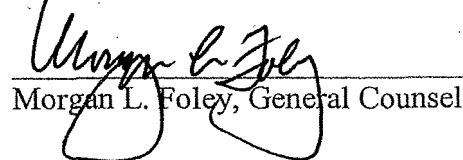
APPROVED AS TO CONTENT:


David D. Cooksy,
Redevelopment Manager

"TENANT"

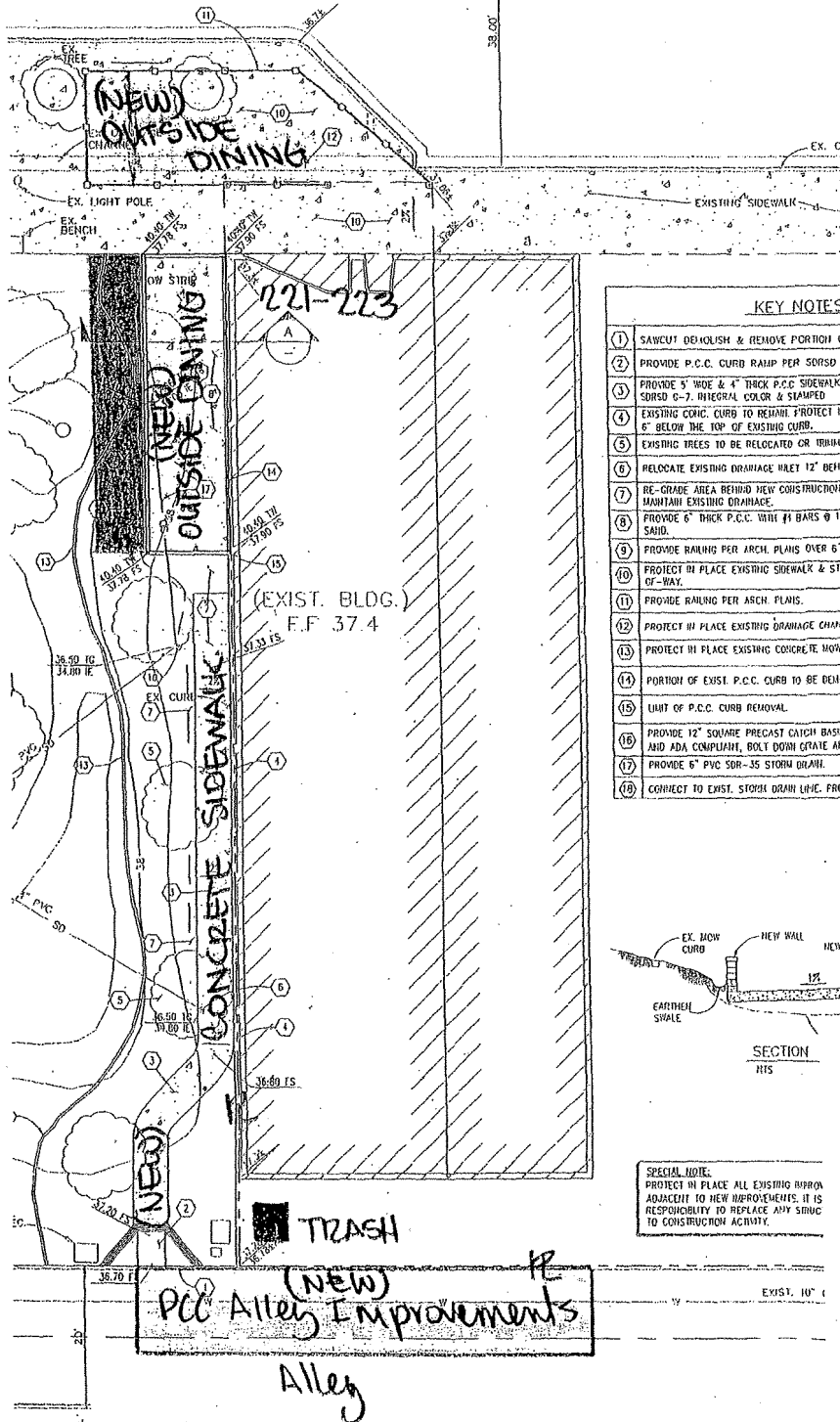

Domenico Donato

APPROVED AS TO FORM:


Morgan L. Foley, General Counsel

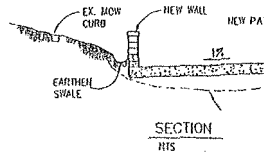
COUNCIL DATE: 11/12/02
ITEM#: 10.

EAST MAIN STREET



KEY NOTES

- ① SAWCUT DEMOLISH & REMOVE PORTION OF
- ② PROVIDE P.C.C. CURB RAMP PER SORSO G
- ③ PROVIDE 5' WIDE & 4" THICK P.C.C. SIDEWALK @ SORSO G-7, INTEGRAL COLOR & STAMPED
- ④ EXISTING CONC. CURB TO REMAIN PROTECT IN 6" BELOW THE TOP OF EXISTING CURB.
- ⑤ EXISTING TREES TO BE RELOCATED OR MARKED
- ⑥ RELOCATE EXISTING DRAINAGE HOLE 12" BEHIND
- ⑦ RE-GRADE AREA BEHIND NEW CONSTRUCTION TO MAINTAIN EXISTING DRAINAGE.
- ⑧ PROVIDE 6" THICK P.C.C. WITH #4 BARS @ 18" SAID.
- ⑨ PROVIDE RAILING PER ARCH. PLANS OVER 6" IN
- ⑩ PROTECT IN PLACE EXISTING SIDEWALK & STRIP OF-WAY.
- ⑪ PROVIDE RAILING PER ARCH. PLANS.
- ⑫ PROTECT IN PLACE EXISTING DRAINAGE CHANNEL
- ⑬ PROTECT IN PLACE EXISTING CONCRETE HOW CO
- ⑭ PORTION OF EXIST. P.C.C. CURB TO BE DEMOLISH
- ⑮ LIMIT OF P.C.C. CURB REMOVAL.
- ⑯ PROVIDE 12" SQUARE PRECAST CATCH BASIN IN AND ADA COMPLIANT, BOLT DOWN GRATE AND F
- ⑰ PROVIDE 6" PVC SDR-35 STORM DRAIN.
- ⑱ CONNECT TO EXIST. STORM DRAIN LINE. PROTECT



SPECIAL NOTE:
PROTECT IN PLACE ALL EXISTING BRONN ADJACENT TO NEW IMPROVEMENTS. IT IS RESPONSIBILITY TO REPLACE ANY BRONN TO CONSTRUCTION ACTIVITY.



City Council, Planning Commission & Oversight Board Meetings

January 2013 - December 2013

January 2013 1

S	M	T	W	Th	F	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

February 2013 2

S	M	T	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

March 2013 3

S	M	T	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April 2013 4

S	M	T	W	Th	F	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May 2013 5

S	M	T	W	Th	F	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

June 2013 6

S	M	T	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

July 2013 7

S	M	T	W	Th	F	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August 2013 8

S	M	T	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September 2013 9

S	M	T	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

October 2013 10

S	M	T	W	Th	F	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

November 2013 11

S	M	T	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30


December 2013 12



S	M	T	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

 City Council
619 441 1763
Approved 9-26-12

 Planning Commission
619 441 1742
On 10-8-12 agenda

 Oversight Board
619 441 1741
On 10-11-12 agenda

 Annual L.C.C. Conference
Sacramento Sept. 18-20

 City Hall Closed  Holidays