

**AGENDA FOR THE SPECIAL MEETING OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
RANCHO PALOS VERDES REDEVELOPMENT AGENCY**

**CITY OF RANCHO PALOS VERDES
CITY HALL COMMUNITY ROOM
30940 HAWTHORNE BOULEVARD
RANCHO PALOS VERDES, CALIFORNIA, 90275**

WEDNESDAY, JANUARY 3, 2013 AT 1:00 P.M.

Members:

Larry Clark (Chair), Stefan Wolowicz (Vice-Chair), Lydia Cano, Ken Dyda, Kit Fox, Marvin Martinez, Michael Seth Schneider

AGENDA POSTED: December 20, 2012

WEBSITE: www.palosverdes.com/rpv/

CALL TO ORDER

1. Roll Call.
2. Approval of Agenda.

REGULAR BUSINESS

1. Chairman's Opening Remarks.
2. Consider Approval of minutes for October 10, 2012 meeting.
3. Receive update of pending legislation, Frequently Asked Questions, and other developments relevant to redevelopment agency dissolution.
4. Oral Overview of December 5, 2012 County Webinar for Oversight Board Members
5. Consider Adoption of Resolution acknowledging receipt of the due diligence review for the all other funds of the former redevelopment agency.

MISCELLANEOUS

6. Public comment for items not on the agenda.
7. Member Suggested Agenda Items for Future Meetings.
8. Consider future meeting schedule and updated timeline.
9. Chairman's Closing Remarks.
10. Adjournment.

SUPPORTING DOCUMENTATION: Supporting documentation can be obtained at the following locations during normal business hours: Rancho Palos Verdes City Hall, Finance & Information Technology Department, 30940 Hawthorne Boulevard, Rancho Palos Verdes, CA 90275. You can also view the agenda and staff reports and related documents at the Successor Agency's website www.palosverdes.com/RPV.

AMERICAN WITH DISABILITIES ACT: In compliance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City Clerk's Office at (310) 544-5208 at least 48 hours prior to the meeting.

Written materials, including emails, submitted to the Oversight Board are public records and may be posted on the Successor Agency's website. Accordingly, you may wish to omit personal information from your oral presentation or written materials as it may become part of the public record regarding an agenda item.

Materials related to an item on this Agenda submitted to the Oversight Board after distribution of the agenda packet are available for public inspection at the front counter of the lobby of the City Hall Administration Building at 30940 Hawthorne Boulevard, Rancho Palos Verdes during normal business hours.

**MINUTES FOR THE SPECIAL MEETING OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
RANCHO PALOS VERDES REDEVELOPMENT AGENCY**

**CITY OF RANCHO PALOS VERDES
CITY HALL COMMUNITY ROOM
30940 HAWTHORNE BOULEVARD
RANCHO PALOS VERDES, CALIFORNIA, 90275**

WEDNESDAY, OCTOBER 10, 2012

CALL TO ORDER

Chair Clark called the meeting to order at approximately 1:01 p.m. in the Community Room at Rancho Palos Verdes City Hall for the purpose of conducting business pursuant to the Agenda.

1. ROLL CALL

Roll call was answered as follows:

PRESENT: Cano, Dyda, Fox, and Chair Clark
ABSENT: Martinez, Schneider, Vice-Chair Wolowicz

Also present were Deputy Director of Finance and Information Technology Downs, Senior Administrative Analyst Mills, and Successor Agency Legal Counsel Carol Lynch of Richards Watson Gershon (by telephone).

2. APPROVAL OF AGENDA

Member Dyda motioned to approve the agenda as presented, and Member Cano seconded.

Hearing no objection, Chair Clark ordered approval of the agenda.

REGULAR BUSINESS

1. CHAIRMAN'S OPENING REMARKS

None.

2. APPROVAL OF MINUTES FOR OCTOBER 3, 2012 MEETING

Member Dyda motioned to approve the October 3, 2012 minutes as presented, and Member Fox seconded.

The motion passed on the following roll call vote:

AYES: Cano, Dyda, Fox, and Chair Clark

NOES: None

3. RECEIVE UPDATE OF PENDING LEGISLATION, FREQUENTLY ASKED QUESTIONS, AND OTHER DEVELOPMENTS RELEVANT TO REDEVELOPMENT AGENCY DISSOLUTION

Staff provided a short update regarding the County's estimate for the January 2, 2013 property tax distribution.

4. CONSIDER ADOPTION OF RESOLUTION APPROVING THE DUE DILIGENCE REVIEW FOR THE LOW AND MODERATE INCOME HOUSING FUND

Staff provided a brief oral report and answered Member questions.

Member Dyda motioned to adopt the Resolution approving the Due Diligence Review for the Low and Moderate Income Housing Fund. Chair Clark seconded the motion.

The motion passed on the following roll call vote:

AYES: Cano, Dyda, Fox, and Chair Clark

NOES: None

The Oversight Board adopted Resolution OB 2012-10, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING THE DUE DILIGENCE REVIEW OF THE LOW AND MODERATE INCOME HOUSING FUND CONDUCTED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5 AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

MISCELLANEOUS

5. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

None.

6. MEMBER SUGGESTED AGENDA ITEMS FOR FUTURE MEETINGS

None.

7. CONSIDER FUTURE MEETING SCHEDULE

Staff recommended December 19, 2012 and January 9, 2013 as the next meeting dates to hold the public comment session, review and approve the Due Diligence Review for the remaining funds of the former redevelopment agency.

8. CHAIRMAN'S CLOSING REMARKS

Chair Clark inquired about a County sponsored forum for the Oversight Boards in Los Angeles County. Staff responded that the County will not be sponsoring such a forum; but that the County will continue to distribute information and training to Oversight Board Members as necessary.

9. ADJOURNMENT

Member Dyda motioned to adjourn the meeting, and Member Cano seconded. Hearing no objection, at 1:12pm Chair Clark adjourned the meeting to December 19, 2012.

Larry Clark, Chair of the Oversight Board

ATTEST

Kathryn Downs, Recording Person

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MEMORANDUM

TO: HONORABLE CHAIR AND MEMBERS OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

FROM: DENNIS McLEAN, FINANCE OFFICER OF THE SUCCESSOR AGENCY

DATE: JANUARY 3, 2013

SUBJECT: DUE DILIGENCE REVIEW FOR OTHER FUNDS OF THE FORMER REDEVELOPMENT AGENCY

Staff Coordinator: Kathryn Downs, Deputy Director of Finance & Information Technology of the City of Rancho Palos Verdes

RECOMMENDATION

1. Receive and review the Due Diligence Review for non-housing funds ("Other Funds DDR") and account balances of the former Rancho Palos Verdes Redevelopment Agency (RDA) pursuant to Health and Safety Code Section 34179.5;
2. Convene the Public Comment Session; and
3. Adopt the attached resolution to acknowledge receipt of the Due Diligence Review for non-housing funds of the former Rancho Palos Verdes Redevelopment Agency.

BACKGROUND AND DISCUSSION

Pursuant to Health and Safety Code Section 34179.5, each successor agency must employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct two due diligence reviews, one for the Low and Moderate Income Housing Fund ("LMIHF DDR") and one for the other funds and accounts of the former RDA ("Other Funds DDR"), to determine the unobligated balances available for transfer to taxing entities.

White Nelson Diehl Evans LLP was approved by the Los Angeles County Auditor-Controller and retained by the Successor Agency to conduct the reviews.

DUE DILIGENCE REVIEW FOR OTHER FUNDS OF THE FORMER REDEVELOPMENT AGENCY

January 3, 2013

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Content of the DDR

The Other Funds DDR is a review of the cash and cash equivalents, as of June 30, 2012, in the Successor Agency's funds and accounts, other than the Low and Moderate Income Housing Fund, to determine the amount available for disbursement to taxing entities. In summary, such amount is determined to be the total value of assets and cash and cash equivalents in all funds and accounts of the former RDA, excluding the Low and Moderate Income Housing Fund, minus the following ("Restricted Assets"): (1) restricted funds, (2) assets that are not cash or cash equivalents, (3) amounts that are legally or contractually dedicated or restricted for the funding of an enforceable obligation, and (4) amounts that are needed to satisfy obligations that will be put on the Recognized Obligation Payment Schedule ("ROPS") for the current fiscal year. Also, the amount determined to be available for allocation to taxing entities includes the value of assets, cash and cash equivalents transferred after January 1, 2011 through June 30, 2012 by the former RDA or the successor agency to the City, another public agency or private person if an enforceable obligation to make that transfer did not exist. The Other Funds DDR documents the Restricted Assets and provides the respective amounts, sources and purposes for which the Restricted Assets should be retained.

Process and Timeline

Health and Safety Code Section 34179.6 requires each Successor Agency by December 15, 2012, to submit the Other Funds DDR to the Oversight Board for the Oversight Board's review and approval.

After receipt of the Other Funds DDR, the Oversight Board must convene a public comment session to take place at least five business days before the Oversight Board holds the approval vote. The Oversight Board also must consider any opinions offered by the county auditor-controller on the review results submitted by the Successor Agency.

By January 15, 2013, the Oversight Board must review, approve, and transmit the Other Funds DDR to the State Department of Finance ("DOF") and the county auditor-controller. The Oversight Board may adjust any amount provided in the review to reflect additional information and analysis. The review and approval must occur in public sessions. The Oversight Board may request from the Successor Agency any materials it deems necessary to assist in its review and approval of the Other Funds DDR.

Section 34179.6 empowers the Oversight Board to authorize a Successor Agency to retain the Restricted Assets.

The DOF must complete its review of the Other Funds DDR no later than April 1, 2013, and must notify the Oversight Board and the Successor Agency of its decision to overturn any decision of the Oversight Board to authorize a Successor Agency to retain Restricted Assets. The DOF must provide the Oversight Board and the Successor Agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the Oversight Board. The Successor Agency then has the option to meet

DUE DILIGENCE REVIEW FOR OTHER FUNDS OF THE FORMER REDEVELOPMENT AGENCY

January 3, 2013

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and confer with DOF to discuss any modifications.

By April 20, 2013, the county auditor-controller must provide DOF a report specifying the amount submitted by each Successor Agency, and specifically noting any Successor Agency that failed to remit the full required amount.

Upon full payment of the amounts determined pursuant to the LMIHF DDR and the Other Funds DDR, payment of the "surplus" tax revenues due on July 12, 2012, if any, and payment of any unpaid or underpaid pass through payments owed for fiscal year 2011-12, DOF will issue to the Successor Agency, within five business days, a finding of completion of the requirements of Section 34179.6. The finding of completion is expected to lead to recognition of the City's consolidated loan to the former RDA (\$19.3 million at June 30, 2012) as an obligation to potentially receive future repayment from property tax revenue.

Results of the DDR

The Other Funds DDR includes the following results:

- At June 30, 2012, the Successor Agency's Other Funds assets totaled \$1,075,211; and
- A reconciliation which calculates that \$255,812 of those assets is available to disburse to the county for distribution to the taxing entities.

Staff has reviewed the Other Funds DDR and agrees with the Findings reported.

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RESOLUTION NO. OB 2013-___

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY ACKNOWLEDGING THE RECEIPT OF THE REVIEW FOR FUND AND ACCOUNT BALANCES OF THE FORMER RANCHO PALOS VERDES REDEVELOPMENT AGENCY CONDUCTED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5

RECITALS:

A. Pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), on February 1, 2012, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Rancho Palos Verdes Redevelopment Agency transferred to the control of the Successor Agency to the Rancho Palos Verdes Redevelopment Agency (the "Successor Agency") by operation of law.

B. Health and Safety Code Section 34179.5 requires the Successor Agency to employ a licensed accountant, approved by the county auditor-controller, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities.

C. Pursuant to Health and Safety Code Section 34179.6, on October 10, 2012, the Oversight Board of the Successor Agency (the "Oversight Board") approved the results of the due diligence review conducted pursuant to Section 34179.5 for the Low and Moderate Income Housing Fund (the "LMIHF") and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities.

D. Health and Safety Code Section 34179.6 also requires the Successor Agency to submit to the Oversight Board for the Oversight Board's review and approval the results of the due diligence review conducted pursuant to Section 34179.5 for all of the other fund and account balances of the former Rancho Palos Verdes Redevelopment Agency, excluding the LMIHF, and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities (the "Other Funds DDR").

E. Pursuant to Health and Safety Code Sections 34179.6 and 34180(j), the Successor Agency submitted to the Oversight Board, the county administrative officer, the county auditor-controller, the State Controller and the Department of Finance ("DOF") the Other Funds DDR and a copy of the Recognized Obligation Payment Schedule for the period January 1, 2013 through June 30, 2013 ("ROPS3").

F. Pursuant to Health and Safety Code Section 34179.6(b), upon receipt of the Other Funds DDR, and at least five business days before the Oversight Board considers the approval of the Other Funds DDR, the Oversight Board must hold a public comment session (the "Public Comment Session") at which time the public has an opportunity to hear and be heard on the results of the Other Funds DDR and at which time the Oversight Board shall consider the opinions, if any, offered by the county auditor-controller on the results of the Other Funds DDR.

G. On the date of this Resolution, the Oversight Board has held the Public Comment Session pursuant to Health and Safety Code Section 34179.6(b).

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby acknowledges receipt of the Other Funds DDR.

Section 3. The staff and the Board of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED AND ADOPTED this 3rd day of January.

Chair

ATTEST:

Secretary

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

Independent Accountants' Report on Applying Agreed-Upon Procedures
On the Rancho Palos Verdes Redevelopment Agency's
And
The Successor Agency to the Rancho Palos Verdes Redevelopment Agency's
All Other Funds

Pursuant to California Health and Safety Code Section 34179.5

**SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS**

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**Independent Accountants' Report on Applying
Agreed-Upon Procedures Related to All Other Funds**

Oversight Board of the Successor Agency
to the Rancho Palos Verdes Redevelopment Agency
Rancho Palos Verdes, 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 Rancho Palos Verdes 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 all other funds except for the Low and Moderate Income Housing Fund (All Other Funds) of the former Rancho Palos Verdes Redevelopment Agency and the Successor Agency. Management of the Successor Agency is responsible for meeting the statutory requirements of Health and Safety Code Section 34179.5 related to All Other Funds. 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 All Other Funds. 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 Rancho Palos Verdes 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
December 13, 2012

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

1. **Procedure:**

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

Finding:

We agreed the amounts listed on Schedule 1 to the Successor Agency's accounting records. The land was not recorded in the former redevelopment agency's records. Rather, it was included in the City of Rancho Palos Verdes accounting records. The former redevelopment agency transferred \$1,126,607 in assets from All Other Funds 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 All Other Funds 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, other than payments for goods and services, to the City of Rancho Palos Verdes from All Other Funds 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 All Other Funds 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, other than payments for goods and services, to the City of Rancho Palos Verdes from All Other Funds during the period from February 1, 2012 through June 30, 2012.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

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 All Other Funds 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, other than payments for goods and services, to other public agencies or private parties from All Other Funds 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 All Other Funds 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.

Finding:

This procedure is not applicable as the Successor Agency did not make any transfers, other than payments for goods and services, to other public agencies or private parties from All Other Funds during the period from February 1, 2012 through June 30, 2012.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

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:

This procedure is not applicable since no transfers were identified as a result of Procedures 3A and 3B.

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.

Finding:

A reconciliation 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 is presented in Schedule 2.

5. **Procedure:**

Obtain from the Successor Agency a listing of all assets from All Other Funds 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 All Other Funds of the former redevelopment agency amounted to \$1,075,211 as shown in Schedule 3.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

6. **Procedure:**

Obtain from the Successor Agency a listing of asset balances held 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 did not hold any unspent bond proceeds as of June 30, 2012.

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.

Finding:

This procedure is not applicable as the Successor Agency did not hold any grant proceeds or program income 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 did not hold any other assets considered to be legally restricted as of June 30, 2012.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

7. **Procedure:**

Obtain from the Successor Agency a listing of assets of All Other Funds of the former redevelopment agency 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 \$553,441 in non-liquid assets of the former redevelopment agency as detailed in Schedule 4.

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:

As of June 30, 2012, the Successor Agency's asset balances to be retained in order to satisfy an enforceable obligation are \$6,540 as detailed in Schedule 5. This enforceable obligation was reported on ROPS 1.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

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 under this procedure.

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 under this procedure.

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.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

8D. **Finding:**

The unrestricted balances necessary for retention to meet enforceable obligations is detailed in Schedule 5. The Successor Agency does not expect any revenues to pay for this enforceable obligation.

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:

The Successor Agency has identified \$208,186 in cash balances be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 to December 31, 2012 as shown in Schedule 6.

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 computation of the Balance Available for Allocation to Affected Taxing Agencies shows that the Successor Agency has \$255,812 available to be remitted to the County for disbursement to affected taxing agencies as shown in Schedule 7.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO ALL OTHER FUNDS

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 RANCHO PALOS VERDES REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF ASSETS TRANSFERRED TO SUCCESSOR AGENCY

As of February 1, 2012

ASSETS		
Cash and investments		\$ 442,994
Notes receivable		225,785
Prepaid item		<u>291,532</u>
SUBTOTAL MODIFIED ACCRUAL BASIS		960,311
Land (1)		<u>166,296</u>
TOTAL ASSETS TRANSFERRED		<u><u>\$ 1,126,607</u></u>

- (1) This land was not recorded in the former redevelopment agency's accounting records. Rather, it was included in the City of Rancho Palos Verdes accounting records.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

RECONCILIATION OF FINANCIAL TRANSACTIONS FOR THE PERIODS ENDED
 JUNE 30, 2010, JUNE 30, 2011, JANUARY 31, 2012 AND JUNE 30, 2012

	(a) Redevelopment Agency 12 Months Ended 6/30/2010	(b) Redevelopment Agency 12 Months Ended 6/30/2011	(c) Redevelopment Agency 7 Months Ended 1/31/2012	(c) Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and investments	\$ 1,756,204	\$ 949,725	\$ 546,494	\$ 625,260
Taxes receivable	13,118	14,659	-	-
Interest receivable	2,571	2	-	10
Notes receivable	6,649,097	6,895,779	6,977,418	204,950
Prepaid items	558,839	591,192	291,532	182,195
Total Assets	\$ 8,979,829	\$ 8,451,357	\$ 7,815,444	\$ 1,012,415
Liabilities (modified accrual basis)				
Accounts payable and accrued liabilities	\$ 1,007,227	\$ 3,731	\$ 51,232	\$ 57,772
Due to the City of Rancho Palos Verdes	211,956	-	-	-
Deferred revenue	3,651,264	3,848,727	3,919,227	204,950
Total Liabilities	4,870,447	3,852,458	3,970,459	262,722
Equity	4,109,382	4,598,899	3,844,985	749,693
Total Liabilities and Equity	\$ 8,979,829	\$ 8,451,357	\$ 7,815,444	\$ 1,012,415
Total Revenues	\$ 3,427,228	\$ 1,173,901	\$ 471,321	\$ 139,663
Total Expenditures	(5,018,393)	(2,057,112)	(1,695,101)	(438,910)
Total Other Financing Sources (Uses):				
Advances from the City of RPV	2,481,908	1,022,728	469,866	262,146
Sale of assets	-	350,000	-	-
Transfer to Successor				
Housing Agency	-	-	-	(3,058,191)
Net change in equity	890,743	489,517	(753,914)	(3,095,292)
Beginning Equity	3,218,639	4,109,382	4,598,899	3,844,985
Ending Equity	\$ 4,109,382	\$ 4,598,899	\$ 3,844,985	\$ 749,693
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	\$ -	\$ -	\$ 166,296	\$ 166,296
Long-term debt as of end of year	\$ 25,755,181	\$ 26,355,208	\$ 25,861,376	\$ 24,788,963

(a) Agreed amounts to State Controller's Report and audited financial statements.

(b) Agreed amounts to audited financial statements.

(c) Agreed amounts to accounting records.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF ASSETS

As of June 30, 2012

	ASSETS
Cash and investments	\$ 521,760
Interest receivable	10
Notes receivable	204,950
Prepaid items	<u>182,195</u>
 SUBTOTAL MODIFIED ACCRUAL BASIS	 908,915
 Land (1)	 <u>166,296</u>
 TOTAL ASSETS	 <u><u>\$ 1,075,211</u></u>

- (1) This land was not recorded in the former redevelopment agency's accounting records. Rather, it was included in the City of Rancho Palos Verdes accounting records.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF NON-LIQUID ASSETS

As of June 30, 2012

		Basis for Determining Value	
NON-LIQUID ASSETS			
Notes receivable		Cost	\$ 204,950
Prepaid items		Cost	182,195
Land (1)		Cost	<u>166,296</u>
TOTAL NON-LIQUID ASSETS			<u><u>\$ 553,441</u></u>

- (1) All of the land is located in an active landslide area. Six of the properties were purchased at a cost of \$166,296. The other three properties, representing approximately 177 acres, were transferred from the County of Los Angeles at no cost. At the time of transfer, these properties were recorded on the books at no cost due to the fact that they are located in an active landslide area. These three properties are currently being used as parks and an archery range.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF CASH BALANCES FOR RETENTION TO MEET
 ENFORCEABLE OBLIGATIONS IN FISCAL YEAR 2012-2013 (ROPS 1)

As of June 30, 2012

<u>Vendor/Payee</u>	<u>Purpose of Transactions</u>	<u>Amount</u>	<u>Enforceable Obligation/Other Legal Requirement Supporting Retention</u>
Richards, Watson & Gershon	Attorney services	<u>\$ 6,540</u>	Reported on ROPS 1, Line 9

This enforceable obligation was reported on ROPS 1 and has been incurred but not paid as of June 30, 2012. Payment of this obligation is scheduled after June 30, 2012. This enforceable obligation was not listed on the approved ROPS for the periods July 1, 2012 to December 31, 2012 (ROPS 2) or January 1, 2013 to June 30, 2013 (ROPS 3). Therefore, the Successor Agency believes that \$6,540 of existing asset balances needs to be retained to satisfy these enforceable obligations.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF CASH BALANCES FOR RETENTION TO MEET
 ENFORCEABLE OBLIGATIONS IN FISCAL YEAR 2012-2013

As of June 30, 2012

<u>Vendor/Payee</u>	<u>Purpose of Transactions</u>	<u>Amount</u>	<u>Enforceable Obligation/Other Legal Requirement Supporting Retention</u>
Various	Administrative costs related to dissolution activities	\$ 125,000	Reported on approved ROPS 2, Line 7
Various	(A)	<u>83,186</u>	(A)
		<u>\$ 208,186</u>	

(A) Amount that will be deducted from the anticipated RPTTF funding for the ROPS for period January 1, 2013 through June 30, 2013. This is equal to the amount approved on ROPS for period January 1, 2012 through June 30, 2012 not expended during the six-month period as calculated by the DOF. This amount needs to be retained to enable the Successor Agency to pay enforceable obligations on ROPS for period January 1, 2013 through June 30, 2013.

SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

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)	\$ 1,075,211
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)	(553,441)
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)	(6,540)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year - (Procedure 9)	(208,186)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	(51,232)
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)	<u>-</u>
Amount to be remitted to County for disbursement to affected taxing agencies	<u><u>\$ 255,812</u></u>

EXHIBIT 1

**DOA APPROVED SUMMARY PAGE OF ROPS
FILED FOR THE
JANUARY 1, 2013 TO JUNE 30, 2013 PERIOD**

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency: Successor Agency to the Rancho Palos Verdes Redevelopment Agency

	Total Outstanding Debt or Obligation	Adjustments	Adjusted Amounts	Comments
Outstanding Debt or Obligation (as of June 30, 2012)	26,159,901		\$ 26,159,901	
Current Period Outstanding Debt or Obligation	Six-Month Total	Adjustments	Six-Month Total	
A Available Revenues Other Than Anticipated RPTTF Funding	-		-	
B Enforceable Obligations Funded with RPTTF	242,175	(100,000)	142,175	
C Administrative Allowance Funded with RPTTF	-	100,000	100,000	
D Total RPTTF Funded (B + C = D)	242,175		242,175	
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	242,175	\$ -	\$ 242,175	
E Enter Total Six-Month Anticipated RPTTF Funding	578,009			
F Variance (D - E = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	335,834	\$ -	\$ (242,175)	Total RPTTF in ROPS 3 Requested by SA
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))		H&S \$34186(a) Adjustments	Adjusted Amounts	
G Enter Estimated Obligations Funded by RPTTF <i>(Should be the same amount as RPTTF approved by Finance, including admin allowance)</i>	126,625	214,586	341,211	Agency was approved for, and received a net amount of \$341,211 after pass-through deducted by the county and repaying \$51,232 relating to the demand payment.
H Enter Actual Obligations Paid with RPTTF	126,625	0	126,625	
I Enter Actual Administrative Expenses Paid with RPTTF	-	131,400	131,400	Agency entitled to DOF approved ACA of \$131,400.
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	-	83,186	83,186	Recommended Adjustment Amount
K Adjusted RPTTF	242,175	\$ (83,186)	\$ 158,989	

Certification of Oversight Board Chairman:
 Pursuant to Section 34177(m) of the Health and Safety code,
 I hereby certify that the above is a true and accurate Recognized
 Obligation Payment Schedule for the above named agency.

 Name
 Title

 Signature
 Date

Successor Agency Contact Information

Name of Successor Agency:	Successor Agency to the Rancho Palos Verdes Redevelopment Agency
County:	<u>Los Angeles</u>
Primary Contact Name:	Dennis McLean
Primary Contact Title:	Finance Officer
Address	30940 Hawthorne Blvd, Rancho Palos Verdes CA 90275
Contact Phone Number:	<u>310-544-5212</u>
Contact E-Mail Address:	<u>dennism@rpv.com</u>
Secondary Contact Name:	<u>Kathryn Downs</u>
Secondary Contact Title:	<u>Deputy Director of Finance & IT</u>
Secondary Contact Phone Number:	<u>310-544-5216</u>
Secondary Contact E-Mail Address:	<u>kathrynd@rpv.com</u>

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency: Successor Agency to the Rancho Palos Verdes Redevelopment Agency

	Total Outstanding Debt or Obligation
Outstanding Debt or Obligation (as of June 30, 2012)	26,159,901
Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	-
B Enforceable Obligations Funded with RPTTF	242,175
C Administrative Allowance Funded with RPTTF	-
D Total RPTTF Funded (B + C = D)	242,175
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	242,175
E Enter Total Six-Month Anticipated RPTTF Funding	600,000
F Variance (D - E = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	357,825
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))	
G Enter Estimated Obligations Funded by RPTTF <i>(Should be the same amount as RPTTF approved by Finance, including admin allowance)</i>	126,625
H Enter Actual Obligations Paid with RPTTF	126,625
I Enter Actual Administrative Expenses Paid with RPTTF	-
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	-
K Adjusted RPTTF	242,175

Certification of Oversight Board Chairman:
Pursuant to Section 34177(m) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Obligation Payment Schedule for the above named agency.

Name Title

Signature Date

