

SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT

AGENCY OF THE CITY OF ARCATA

NON-HOUSING DUE DILIGENCE REPORT

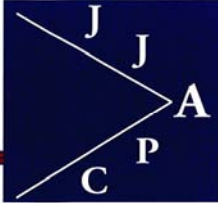
APPROVED BY OVERSIGHT BOARD ON

**SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT
AGENCY OF THE CITY OF ARCATA
Non-Housing Due Diligence Report**

Resolution 2012/13-04
Exhibit 1

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JJACPA, Inc.

A Professional Accounting Services Corp.

Resolution 2012/13-04

Exhibit 1

County Auditor-Controller/Oversight Board of the Successor Agency
Humboldt County/City of Arcata, California

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

We have performed the minimum required agreed-upon procedures, enumerated in Attachment A, which were agreed to by the California State Controller's Office, Department of Finance, the Humboldt County Auditor-Controller, and the California Society of CPAs, solely to assist you in ensuring that the dissolved Redevelopment Agency is complying with its statutory requirements with respect to AB1484. Management of the Successor Agency and the County are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of 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. 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 as to the appropriateness of the results summarized 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 Humboldt County Auditor-Controller, the Successor Agency, and applicable State agencies, 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.

JJACPA, Inc.

Pleasanton, California

December 3 2012

Due Diligence Review – Non-Housing

Purpose: To establish each successor agency's assets available for distribution to affected agencies, amounts to be withheld by the successor agency for current recognized obligations, and to document and determine transfers from the former redevelopment agency and successor agency that met the criteria of recognized obligations. [Health and Safety Code section 34179.5]

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

Results: Net book value of assets transferred was \$1,745,731, see Schedule 2 transfers, no discrepancies noted.

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report.

Results: No report has been completed by the State Controller's Office.

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

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

Results: See Schedule 3 and Attachment 3A.

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

Results: Not applicable, no transfers for the period.

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

Results: See Schedules 3 and Attachment 3A.

Due Diligence Review – Non-Housing, Continued

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.

Results: No report has been completed by the State Controller’s Office.

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

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

Results: Not applicable, no transfers for the period.

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

Results: Not applicable, no transfers for the period.

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

Results: Not applicable, no transfers for the period.

4. Perform the following procedures:

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

Results: See Schedule 2.

Due Diligence Review – Non-Housing, Continued

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

Results: No exceptions were noted.

- C. Compare amounts in the schedule relevant to the fiscal year ending June 30, 2010, to the State Controller’s report filed for the Redevelopment Agency for that period.

Results: No exceptions were noted.

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

Results: No exceptions were noted. Support provided included Annual Report of Financial Transactions for Redevelopment and Redevelopment financial audit reports.

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

Results: See Schedule 1

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

A. Unspent bond proceeds:

- i. Obtain the Successor Agency’s computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.).
- ii. Trace individual components of this computation to related account balances in the accounting records or to other supporting documentation (specify in the AUP report a description of such documentation).

Due Diligence Review – Non-Housing, Continued

- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
- B. Grant proceeds and program income that are restricted by third parties:
- i. Obtain Successor Agency’s computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
- C. Other assets considered to be legally restricted:
- i. Obtain Successor Agency’s computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.
- D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Results: See Schedule 4

Due Diligence Review – Non-Housing, Continued

7. Perform the following procedures:

- A. Obtain from the Successor Agency a listing of assets as of June 30, 2012, that are **not** liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

Method used (Purchase cost or Market value): Not applicable – None

Results: Not applicable

- B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.

Results: Not applicable

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

Results: 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.

Results: Not applicable.

8. Perform the following procedures:

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

- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.

Due Diligence Review – Non-Housing, Continued

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

Results: Not applicable, none

- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012, through June 30, 2012, and for the six month period July 1, 2012, through December 31, 2012.
 - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
 - iii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Results: Not Applicable, Successor Agency does not believe 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.

Due Diligence Review – Non-Housing, Continued

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

Results: Not Applicable, Successor Agency does not believe 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).

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

Results: Not applicable, procedures A,B, or C were not performed.

Due Diligence Review – Non-Housing, Continued

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

Results: See Schedule 5.

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

Results: See Schedule 6.

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

Results: Obtained signed representation letter without exception taken.

**SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF ARCATA**

Resolution 2012/13-04
Exhibit 1 Schedule 1

NON-HOUSING ASSET LISTING AS OF JUNE 30, 2012

Cash and cash equivalents		\$ 3,272,386
Other receivables	-	
Loans receivable	-	-
	<hr/>	<hr/>
Total Assets		<u>\$ 3,272,386</u>

**SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF ARCATA
NON-HOUSING FUNDS**

	Redevelopment Agency 12 Months Ending 6/30/2010	Redevelopment Agency 12 Months Ending 6/30/2011	Redevelopment Agency 7 Months Ending 1/31/2012	Successor Agency 5 Months Ending 6/30/2012
Assets:				
Cash and investments	\$ 7,315,097	\$ 2,662,591	\$ 716,372	\$ 3,272,386
Intergovernmental receivable	1,480	20,534	-	-
Other receivable	11,195	-	-	-
Interest receivable	667	-	-	-
Notes receivable	310,152	-	-	-
	-	-	-	-
Total Assets	\$ 7,638,591	\$ 2,683,125	\$ 716,372	\$ 3,272,386
Liabilities:				
Accounts payable	\$ 88,512	\$ 255,699	\$ 716,372	\$ 1,116,753
Deferred revenue	-	-	-	-
	-	-	-	-
Total Liabilities	88,512	255,699	716,372	1,116,753
	-	-	-	-
Equity	7,550,079	2,427,426	-	2,155,633
Total Liabilities + Equity	\$ 7,638,591	\$ 2,683,125	\$ 716,372	\$ 3,272,386
Total Revenues:	3,584,662	2,121,855	1,039,319	850,938
Total Expenditures/Expenses:	(7,684,851)	(2,554,710)	(1,721,014)	(441,036)
Total Transfers:	515,000	(4,689,798)	(1,745,731) a	1,745,731
Net change in equity	(3,585,189)	(5,122,653)	(2,427,426)	2,155,633
Beginning Equity:	11,135,268	7,550,079	2,427,426	-
Ending Equity:	\$ 7,550,079	\$ 2,427,426	\$ -	\$ 2,155,633

Notes:

a Represents amount transferred from the former agency to the successor agency

Other Information:

Capital assets as of end of year	1,320,297	-	-	-
Long-term debt as of end of year	12,710,000	12,490,000	12,205,000	12,205,000

**FORMER COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF ARCATA
Non-Housing Asset Transfer Schedule
January 1, 2011, through January 31, 2012**

Resolution 2012/13-04
Exhibit 1 Schedule 3

			Amount Transferred
885-00-00-11000	Cash General	\$ 663,263	\$ 663,263
885-00-00-11530	Cash - Direct Investments	1,083,957	1,083,957
885-00-00-11560	Investment - 2003 Bond	2,424,801	2,424,801
885-00-00-15702	N/R Arcata Theatre	294,226	294,226
885-00-00-25000	Deferred Revenue	(294,226)	(294,226)
		<u>4,172,021</u>	<u>4,172,021</u>
881-00-00-11000	Cash General	<u>517,777</u>	<u>517,777</u>
	Net amount transferred	<u>\$ 4,689,798</u>	<u>4,689,798</u>
	Amount as reported in June 30, 2011, audit report		<u>(4,689,798)</u>
	Net variance		<u>\$ -</u>
	Cash and cash equivalents transferred during the period January 1, 2011, through January 31, 2012		<u>\$ 4,689,798</u>

Purpose of the transfer:

See attachment 3A

Transfer requirements:

See attachment 3A

Legal document enforcing requirements:

See attachment 3A

ATTACHMENT 3A

AUP 2.A

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.

All three accounts described in Schedule 3 were transferred as part of a single transaction.

All attachments referenced here are available at the City's website under Community Development Documents for review at the following link:

<http://www.cityofarcata.org/departments/community-development/documents-for-review>

1. Purpose of Transfer

To assist in the implementation of specific affordable housing projects in their fulfillment of requirements arising from the City's General Plan Housing Element, Affordable Housing Plan, and contracts with developers of the affordable housing. The Project Fund was committed to these projects in

Attached: Resolution 11-04
Resolution 11-08

2. Specific Projects Assisted:

- \$200,000: Plaza Point Development Project: Construction of 29 low, and very low income senior rental housing units, located at the corner of 8th and I Streets, Arcata, CA. (\$600,000 from Housing Fund, \$200,000 from Project fund)
Project Owner/Developer: Arcata Plaza Point LP.
Project Status: Construction completed July 8, 2012. Full occupancy at August 2, 2012.
Fund Dispersal Status: \$100,000 dispersed to date. Dispersal of remaining funds on or before July 31, 2013.

Attached: Resolution 09-07
Resolution 10-06
Resolution 089-70
Resolution 101-56
10-HOME-6341 Standard Agreement, executed by City Manager July 27, 2010, and Set-up Agreement, showing enforceable commitment of funds.
Loan Agreement, dated March 9, 2011

Promissory Note Secured by Deed of Trust: \$800,000, March 9, 2011
 Deed of Trust recorded March 17, 2011 (2011-5682-21)
 Assignment of Beneficial Interest in Deed of Trust recorded March 18, 2011 (2011-5704-1)
 Regulatory Agreement regulating and restricting occupancy, rents, operations, ownership and management of project, recorded March 17, 2011 (2011-5679-25)

- \$1,953,000: Sandpiper Mobile Home Park: Construction of 19 moderate, low and very low income housing units, located at 115 G Street, Arcata, CA. Total Agency Commitment as of October 1, 2010 of \$1,953,000 portioned between Project Fund and LMIHF Fund.

Project owner/developer: Resident Owned Parks (ROP)

Project Status: Full construction on or before November 30, 2012.
 Full occupancy of assisted units on or before April 2013.

Fund Dispersal Status: \$974,326 dispersed through September 30, 2012. Dispersal of remaining funds on or before April 2013.

Attached: Resolution 07-03
 Resolution 067-31
 Resolution 10-12
 Resolution 090-65
 Resolution 112-47
 September 7, 2011 City Council meeting staff report and minutes;
Loan Agreement dated October 1, 2010, Amended September 7, 2011, June 6, 2012; (see Section 2.d)
 Loan Agreement dated November 21, 2006;
 Promissory Note Secured by Deed of Trust: \$504,862, October 1, 2010;
 Deed of Trust: recorded December 20, 2010 (2010-28353-20);
 Assignment of Beneficial Interest in Deed of Trust recorded March 25, 2011 (2011-6363-1);
 Promissory Note Secured by Deed of Trust: \$ 1,470,000.00, June 6, 2012;
 Deed of Trust: recorded July 20, 2012 (2012-019155-20);
 Promissory Note Secured by Deed of Trust: \$ 679,470.00, October 1, 2010;
 Deed of Trust: recorded December 20, 2010 (2010-28354-20);
 Regulatory Agreement regulating and restricting occupancy, rents, operations, ownership and management of project, recorded December 20, 2010 (2010-28351-42); Amended July 20, 2012 (2012-019156-15)

- \$ 96,000 Mad River Parkway Business Center: Construction of residential improvements associated with 10 affordable housing units.
Project Owner/Developer: Kenneth E. and Ellen C. Zanzi.
Project Status: Full construction by July 31, 2014.
Fund Dispersal Status: On or before March 31, 2013.

Attached: Development Agreement, Recorded April 20, 2010 (2010-8144-39);
Development Agreement Cost Analysis;
Ordinance 1400, implementing Development Agreement;
RDA-City Council Agreement of March 9, 2011 (Reference Exhibit A
RDA Implementation Plan 2010-2014 (found at:
<http://www.cityofarcata.org/sites/default/files/2010-2014%20Imp%20Plan%20-%20Dec%2009%20FINAL.pdf>)

3. Enforceable obligations or other legal requirements: See above references to attachments.

**SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY
 OF THE CITY OF ARCATA
 Non-Housing Restricted Asset Listing as of June 30, 2012**

Assets:

Cash and cash equivalents		\$ 3,272,386
Cash restricted for repayment of debt	\$ (3,157,964)	
Administrative allowance as approved by DOF	(114,422)	
Total restricted balances	<u>(3,272,386)</u>	
Total cash available		<u><u>\$ -</u></u>

Nature of restriction: Bond covenant

Specific enforceable obligation: 1994 Tax Allocation Bonds
 2003 Tax Allocation Bonds

Language enforcing restriction:

Section 2.03. Prepayment.

The Loan shall not be subject to optional prepayment prior to August 1 , 2013. The principal of the Loan shall be subject to optional prepayment in whole, or in part on any date on or after August 1 , 2013 , from any available source of funds, at a prepayment price (equal to 100% of the principal amount of the Bonds to be redeemed from the proceeds of such prepayment pursuant to Section 2.02(a) of the Indenture, in each case together with accrued interest thereon to the redemption date.

The Agency shall be required to give the Trustee and the Bond Insurer written notice of its intention to prepay the Loan under this Section, and shall transfer to the Trustee all amounts required for such prepayment, at least thirty (30) but not more than sixty (60) days prior to the date fixed for such prepayment, unless such requirement shall be waived or modified by the Trustee. In the event that a portion of the principal of the Loan shall have been prepaid by the Agency pursuant to this Section, the total amount of all future principal installments set forth in Section 2.02 shall be reduced in inverse order of maturity by the aggregate amount of such principal so prepaid, as determined by the Trustee (notice of which determination shall be given by the Trustee to the Authority and the Agency).

Period of time restriction remains in effect: Until August 1, 2013 if funds are available for prepayment, otherwise full maturity date August 1, 2033

**SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY
 OF THE CITY OF ARCATA**
 SCHEDULE OF CASH BALANCE RETENTION
 NON-HOUSING FUNDS

Assets:

Cash and cash equivalents available \$ 3,272,386

Liabilities:

Cash restricted for repayment of debt or pay project costs \$ (3,157,964)

Administrative allowance as approved by DOF (114,422)

Total balances needed for enforceable obligations (3,272,386)

July payment to Auditor-Controller

Total restricted balances (3,272,386)

Total cash required (deficit) \$ -

		Total Due
		2012-13
Per Approved ROPS:	Payee	<u> </u>
Line 1: Successor Agency Costs	City of Arcata	\$ 114,422

Monthly Amount needed to satisfy obligation: 9,535

Explanation for retention:

Fiscal agent cash balances need to be retained for repayment of debt or pay project costs from the issuance of debt and to pay the approved administrative allowance.

SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY Resolution 2012/13-04
OF THE CITY OF ARCATA Exhibit 1 Schedule 6
SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES
NON-HOUSING FUNDS

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5 - Schedule 1)	\$ 3,272,386
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 - Schedule 4)	(3,157,964)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9 - Schedule 5)	(114,422)
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>\$ -</u>