

Lawndale Successor Agency  
**OVERSIGHT BOARD**  
**REGULAR MEETING**

**AGENDA**

**JANUARY 10, 2013**

**4:00 PM**

Lawndale City Council Chambers  
14717 Burin Avenue, Lawndale, California 90260

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- A. CALL TO ORDER**
  
- B. ROLL CALL / INTRODUCTIONS - Board Members: Steve Mandoki, Greg Tsujiuchi, John Vinke, Barry Waite, Patricia Flynn, Michael Stewart, Joann Higdon**
  
- C. PLEDGE OF ALLEGIANCE**
  
- D. ADMINISTRATION – NEW BUSINESS**
  - 1. ALL OTHER FUNDS AND ACCOUNTS DUE DILLIGENCE REVIEW
  - 2. DEBT SERVICE SCHEDULE FOR SERAF DEFERRAL
  - 3. FUTURE MEETINGS OF THE OVERSIGHT BOARD
  
- E. CONSENT CALENDAR**
  - 1. MINUTES OF OCTOBER 4, 2012, MEETING
  - 2. MINUTES OF OCTOBER 11, 2012, MEETING
  - 3. MINUTES OF DECEMBER 18, 2012 MEETING
  
- F. PUBLIC COMMENTS**
  
- G. ITEMS FROM SECRETARY/ADMINISTRATIVE CLERK**
  
- H. ITEMS FROM BOARD MEMBERS**

**Oversight Board Agenda  
January 10, 2013**

**I. ADJOURNMENT**

The next scheduled Oversight Board meeting is **Thursday, February 14, 2013.**

Copies of staff reports or other written documentation relating to each agenda item are on file with the Oversight Board and are available for public inspection prior to the meeting.

It is the intention of the Oversight Board to comply with the Americans With Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Board will attempt to accommodate you in every reasonable manner. Please contact the Lawndale Community Development Department at (310) 973-3230, at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible.

**CERTIFICATION**

Pursuant to the requirements of Government Code Section 54954.2, agendas for each Oversight Board meeting must be posted at least 72 hours in advance in a location that is freely accessible to members of the public. As the Secretary/Administrative Clerk of the Oversight Board, I declare under penalty of perjury that I caused the Oversight Board Agenda to be posted on **January 3, 2013** in accordance with the provisions of State Law and local regulations.

  
\_\_\_\_\_  
Otis W. Gmoza, Secretary/Administrative Clerk



# OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE LAWDALE REDEVELOPMENT AGENCY

14717 BURIN AVENUE, LAWDALE, CALIFORNIA 90260  
PHONE (310) 973-3200, FAX (310) 644-4556  
www.lawndalecity.org

DATE: January 10, 2012  
TO: Honorable Chairman and Agency Members  
FROM: Otis Ginoza, Deputy City Manager *OTG*  
SUBJECT: Due Diligence Review for All Other Funds and Accounts

## BACKGROUND

ABx1 26, the legislation that ended redevelopment in California, required cities and successor redevelopment agencies to surrender the funds of the former redevelopment agencies. AB 1484 has created a process for this surrender. The Legislation required that successor agencies hire licensed accountants to prepare separate due diligence reviews of redevelopment housing funds and all other agency funds. The Lawndale Successor Agency prepared and submitted its due diligence review for its Low and Moderate Income Housing Fund to the California Department of Finance.

The Successor Agency's accountants have completed the due diligence review for all of the redevelopment non housing funds (Other Funds DDR). On December 18, 2012, the Oversight Board held a public discussion session on the Other Funds DDR. No public comment was received. AB 1484 requires that the results of the Other Funds DDR be approved by the Oversight Board by January 15, 2012, and the document forwarded to the California Department of Real Estate (DOF).

## STAFF REVIEW

The purpose of the Other Funds DDR is to describe the redevelopment funds held by the Successor Agency and also describe transfers of redevelopment funds to the City and other entities. The DOF will use the Other Funds DDR to determine the amount of redevelopment funds that the Lawndale Successor Agency must relinquish and also may use the report to recover redevelopment funds transferred to the City and other entities.

Exhibit 10-1 of the Other Funds DDR calculates the amount of redevelopment funds that are available to be relinquished to the Los Angeles County for distribution to the taxing entities. The amount listed in Exhibit 10-1 is a negative number indicating that the Lawndale Successor Agency will not need to relinquish any funds. However, the end result of the review process is likely to be quite different. Exhibit 2A-01 lists money and property with a value of \$8,647,803 that was transferred to the City of Lawndale by the Redevelopment Agency. ABx1 26 and AB 1484 include language that seeks to retroactively invalidate many kinds of transfers of money and property from redevelopment agencies

to cities in the months prior to the end of redevelopment. The accounting firm that prepared the Other Funds DDR listed all of the transfers from the Agency to the City, but since it was outside of their area of expertise, made no judgment regarding the validity of the transfers. The DOF will carefully review the transfers and disallow those transfers which it believes were invalidated by subsequent redevelopment legislation.

The DOF review of the Other Funds DDR must be completed by April 1, 2012. It is possible that the DOF will provide a review letter in which they disallow some of the Successor Agency transfers of money and property. The result of DOF disallowing some of the transfers would be to increase the amount of money that the City and Redevelopment Agency would be required to relinquish.

FUNDING

None required at this time.

RECOMMENDATION

Staff recommends that the Oversight Board approve Resolution 2013-1 approving the All Other Funds and Accounts Due Diligence Review and authorizes its transmittal.

Attachments:           Resolution  
                                  Due Diligence Review for All Other Funds and Accounts

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**RESOLUTION NO. 2013 -1**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
LAWNDALE SUCCESSOR AGENCY APPROVING THE  
“ALL OTHER FUNDS AND ACCOUNTS DUE  
DILIGENCE REVIEW” AND AUTHORIZING STAFF TO TRANSMIT  
THE REVIEW AS REQUIRED BY SECTION 34179.6 OF THE CALIFORNIA  
HEALTH AND SAFETY CODE**

WHEREAS, pursuant to ABx1 26 (as amended by AB 1484, the "Dissolution Act"), the separate legal entity known as the Successor Agency of the Lawndale Redevelopment Agency (the "Successor Agency") must employ a licensed accountant approved by the Los Angeles County Auditor Controller to perform a due diligence review and report on the amount of funds transferred from the former Lawndale Redevelopment Agency; and

WHEREAS, the Los Angeles County Auditor Controller provided written approval to Successor Agency staff of the Successor Agency's selection of Caporicci and Larson, Inc. as the licensed accountant to perform the due diligence review for the Successor Agency; and

WHEREAS, on August 30, 2012, the Department of Finance posted on its official website the agreed-upon procedures to conduct the due diligence reviews; and

WHEREAS, in accordance with the provisions of the agreed-upon procedures and provisions of Health & Safety Code Section 34179.5, Caporicci and Larson, Inc. has completed its review of all funds and accounts, other than Low and Moderate Income Housing Funds, transferred from the former Lawndale Redevelopment Agency, a true and correct copy of the report of this review is attached hereto as Exhibit "A"; and

WHEREAS, pursuant to the Dissolution Act, the Oversight Board for the Successor Agency met at a duly noticed public meeting on December 18, 2012, and held a public comment session regarding the due diligence review; and

WHEREAS, pursuant to the Dissolution Act, the Oversight Board for the Successor Agency met at a duly noticed public meeting on January 10, 2013, to review, approve, and authorize the transmission of the due diligence review as required by law; and

WHEREAS, evidence was heard and presented from all persons interested in affecting the due diligence review presented to and recommended for approval to the Oversight Board by Successor Agency staff, including written and oral comments from the public relating thereto, and the Oversight Board has reviewed, analyzed and studied the due diligence review.

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO  
THE LAWNDALE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. The foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. Pursuant to the Dissolution Act, the Oversight Board approves the Due Diligence Review of all funds and accounts, other than the Low and Moderate Income Housing Funds, which were transferred by the former Lawndale Redevelopment Agency to the Successor Agency attached hereto as Exhibit "A".

SECTION 3. The Oversight Board directs staff to send the Due Diligence Review to the County Auditor-Controller, State Controller's Office, and the Department of Finance as required by Section 34179.6 of the Health and Safety Code.

SECTION 4. The Finance Director of the Successor Agency or the authorized designee is directed to post this Resolution on the Successor Agency's website pursuant to the Dissolution Act.

PASSED, APPROVED AND ADOPTED this 10th day of January, 2013.

\_\_\_\_\_  
Chair

ATTEST:

State of California            )  
County of Los Angeles        )     SS  
City of Lawndale             )

I, Otis Ginoza, Secretary of the Oversight Board of the Successor Agency of the Lawndale Redevelopment Agency, do hereby certify that the Members of the Oversight Board of the Successor Agency to the Lawndale Redevelopment Agency duly approved and adopted the foregoing Resolution No. 13-01 at a regular meeting of said Oversight Board held on the 10<sup>th</sup> day of January, 2013, by the following roll call vote:

Ayes:

Noes:

Absent:

Abstain:

\_\_\_\_\_  
Secretary

**City of Lawndale**  
**(Successor Agency)**

**All Other Funds Combined (Excluding Low  
and Moderate Income Housing Fund)**

*Independent Accountants' Report  
on Applying Agreed-Upon Procedures  
with respect to AB 1484*

**CITY OF LAWNSDALE (SUCCESSOR AGENCY)  
ALL OTHER FUNDS COMBINED  
(EXCLUDING LOW AND MODERATE INCOME HOUSING FUND)**

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<b>Attachment A – Procedures and Findings .....</b>	<b>2</b>

**Exhibits**

- Exhibit 2A-01: Listing of transfers 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.
- Exhibit 3B-01: Listing of transfers from the Successor Agency to other public agency or private parties for the period from February 1, 2012 through June 30, 2012.
- Exhibit 4-01: Summary of financial transactions of Lawndale Redevelopment Agency (dissolved) and the Successor Agency.
- Exhibit 5-01: Listing of all assets of all other funds of the Successor Agency as of June 30, 2012.
- Exhibit 6A-01: Listing of asset balances held on June 30, 2012 that are restricted for unspent bond proceeds.
- Exhibit 6C-01: Listing of asset balances held on June 30, 2012 that are legally restricted.
- Exhibit 9-01: Recognized Obligation Payment Schedule (ROPS) for July 1, 2012 through December 31, 2012 and the cash balances as of June 30, 2012 needed to satisfy the obligations.
- Exhibit 9-02: Recognized Obligation Payment Schedule (ROPS) for January 1, 2013 through June 30, 2013 and the cash balances as of June 30, 2012 needed to satisfy the obligations.
- Exhibit 10-01: Summary of Balances Available for Allocation to Affected Taxing Entities.



**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

County of Los Angeles  
County Auditor-Controller  
Los Angeles, California

Oversight Board  
City of Lawndale (Successor Agency)  
Lawndale, California

We have performed the agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office, California Department of Finance ("State Agencies") and the City of Lawndale (Successor Agency) solely to assist you in ensuring that all other funds combined (excluding low and moderate income housing fund) of the City of Lawndale is complying with its statutory requirements with respect to AB 1484. Management of the City of Lawndale are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5(c)(1) through 34179.5(c)(6). 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 identified 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 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 City of Lawndale 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.

*Marcum LLP*

Irvine, California  
December 13, 2012



**City of Lawndale (Successor Agency)  
All Other Funds Combined  
(Excluding Low and Moderate Income Housing Fund)  
Agreed-Upon Procedures with Respect to AB 1484  
Attachment A**

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**CITATION:**

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

**Procedure 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 assets transferred to the Successor Agency as of that date.

**Results/Findings:**

No exception noted. The total amount of assets transferred to the Successor Agency as of February 1, 2012 was \$8,014,256.72.

**CITATION:**

*Section 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 successor agency 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 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. 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.
- 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

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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.

- D. 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/Findings:**

Procedure 2A

See Exhibit 2A-01 for the listing 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.

Procedure 2B

Based on representation of the Successor Agency, there were no transfers 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.

Procedure 2C

For the transfers made for the period from January 1, 2011 through January 31, 2012, we were provided with the following documents, which, in the opinion of the Successor Agency, formed the bases for the enforceable obligations that required the transfers:

- (1) Mobile Home Loan -\$1,042,202.43

We were provided with the executed loan agreement-Acquisition of 4432 Manhattan Beach Blvd (Mobile Home Park) dated December 7, 2009 wherein the City of Lawndale agreed to loan \$980,000 to the Lawndale Redevelopment Agency ("LRA") to fund LRA's purchase of a mobile home park. Based on the representation of the Successor Agency, this loan agreement was approved without the use of a resolution. We were also provided with the executed first amendment to the loan agreement-acquisition of 4432 Manhattan Beach Blvd., dated March 7, 2011 between the City of Lawndale and LRA wherein it allows for the repayment of the loan to be repaid out of tax increment funds allocated and received by LRA or from other sources legally available to LRA. The amendment also provides for annual payments on the loan (principal and

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interest) in the amount of \$63,135.81 payable on July 1<sup>st</sup> of each year commencing on July 1, 2011 and continuing through June 20, 2045. However, the Finance Director, may repay the loan amount in part or in its entirety, at his discretion at anytime with the consent of the Executive Director. We were also provided with the signed resolution no. CC-1103-024/LRA-1103-05 that was passed, approved and adopted on March 7, 2011 which approved the first amendment to the loan agreement.

(2) Community Center-\$977,542.18

We were provided with the executed agreement for the purchase and sale of real property-community center site dated December 7, 2009 between the City of Lawndale and LRA. The agreement provides for the sale of the real property for a purchase price of \$1,345,000. A partial payment of \$433,000 was made from the LRA's bond proceeds with the balance of \$912,000 owed to the City of Lawndale. This loan bears interest at 5.65% per annum and interest is compounded on June 30<sup>th</sup> of each year. We were also provided with the executed grant deed dated May 26, 2010 and recorded on June 2, 2010 transferring the land from the City of Lawndale to LRA. We were also provided with the executed first amendment to the agreement for the purchase and sale of real property-community center site dated March 7, 2011 between the City of Lawndale and LRA, wherein it allows for the repayment of the loan to be repaid out of tax increment funds allocated and received by the LRA or from other sources legally available to LRA. The amendment also provided for annual payments on the loan (principal and interest) in the amount of \$64,091.96 payable on July 1<sup>st</sup> of each year commencing on July 1, 2011 and continuing through June 20, 2045. However, the Finance Director of the City of Lawndale may repay the loan amount in part or in its entirety, at his discretion at anytime with the consent of the Executive Director of the City of Lawndale. We were also provided the signed resolution no. CC-1103-24/LRA-1103-05 that was passed, approved and adopted on March 7, 2011 which approved the first amendment to the agreement.

(3) 1998 Loan for Improvement-\$131,238.00

We were provided with the signed resolution no. CC-9707-65 that was passed, approved and adopted on July 28, 1997 wherein the City Council of Lawndale adopted the budget for FY 1997-98. The approved budget authorized a transfer of \$59,978 from the Urban Development Action Grant (UDAG) fund. We were also provided with the signed resolution no. CC-9801-07 that was passed, approved and adopted on January 28, 1998, wherein the City Council of Lawndale amended the budget for FY 1997-98 by appropriating funds from the general fund for the purpose of loaning the monies to the LRA in the amount of \$32,200 for the preparation of the Hawthorne Blvd. Specific Plan. We were provided with a signed resolution no. CC-9805-37 that was passed,

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approved and adopted on May 18, 1998, wherein the City Council of Lawndale amended the budget for FY 1997-1998 by appropriating funds from the general fund for the purpose of loaning the monies to the LRA in the amount of \$42,100 for the cost of preparing the environmental impact report for the Hawthorne Blvd. Specific Plan. The total authorized advances to the LRA from the above were \$134,278 but only \$131,238 was transferred to the City of Lawndale. Based on the representation of the Successor Agency, there were no loan agreements documenting the three loans.

(4) SOI Roll forward Debt-\$3,849,017.39

We were provided with the amended and restated financing agreement dated March 7, 2011 wherein the City of Lawndale and LRA decided to consolidate the loans between the City of Lawndale and LRA issued under the financing agreement dated July 10, 2000 and the cooperation and loan agreement dated July 10, 2000 as amended and/or restated on June 17, 2000, February 14, 2004 and September 7, 2004. The consolidated amount of the loan is \$19,252,790.94 of which, \$10,760,139.94 is payable to UDAG fund, with the balance in the amount of \$8,492,651.00 is payable to the City of Lawndale's general fund. Interest accrues at the then current Local Agency Investment Fund (LAIF) rate plus 2% as determined on a quarterly basis. We were also provided with the signed resolution no. CC-1103-024/LRA-1103-05 that was passed, approved and adopted on March 7, 2011 wherein the amended and restated financing agreement was approved.

(5) Community Center Land- \$1

We were provided with the signed resolution no. CC-1102-0013/LRA-1102-02 wherein the City Council of Lawndale approved the transfer of approximately 26,860 square feet of land (14700 Burin Avenue) owned by LRA to the City of Lawndale. The resolution was passed, approved and adopted on February 22, 2011. We were also provided with a copy of the grant deed that was effective as of February 22, 2011 and recorded on March 10, 2011.

(6) Loan Receivable-Anthony's Ready Mix-\$196,726.14

We were provided with the executed assignment of promissory note and deed of trust and assignment of rents that was entered into on April 18, 2011, wherein the note receivable from Anthony's Ready Mix dated December 23, 2008 was assigned from the LRA to the City of Lawndale. We were also provided with the resolution no. CC-0810-063/LRA-0810-08 wherein the City of Lawndale and LRA approved the disposition and development agreement between LRA and Anthony's Ready Mix. This resolution was passed, approved and adopted on October 20, 2008. We also provided with the acknowledgment of assignment and assumption of

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promissory note and deed of trust and assignment of rent that was signed by an authorized officer of Anthony's Ready Mix.

(7) Land held for resale/Hawthorne/Manhattan Beach Blvd-\$2,391,468.95

We were provided with the executed transfer agreement between the City of Lawndale and LRA for the conveyance of these properties pursuant to the California Redevelopment Law. The transfer agreement was dated March 7, 2011. We were also provided with an executed copy of the grant deed transferring the properties to the City of Lawndale. We were also provided with resolution no. CC-1103-023/LRA 1103-06 which approved the transfer agreement. This resolution was passed, approved and adopted on March 7, 2011.

(8) Reimburse City for Infrastructure Loan-\$59,607

We were provided with the executed site lease and facility lease agreements dated February 1, 2010 between California Infrastructure and Economic Development Bank ("CIEDB") and City of Lawndale, wherein CIEDB agreed to issued bonds and the proceeds be used to finance the construction, acquisition and installation of the Charles B. Hopper Park. We were provided with the executed public works agreement between the City of Lawndale and LRA dated October 16, 2006 wherein the City of Lawndale agreed to design, construct and install certain street, utility and other public improvements and the LRA will reimburse to the City of Lawndale the estimated cost of the improvement for a maximum amount of \$15 million. We were also provided with the signed resolution no. CC-0610-068 that was passed, approved and adopted on October 16, 2006 which approved the public works agreement.

**CITATION:**

*Section 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 successor agency 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 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. 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

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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.

- 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.
- 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/Findings:**

Procedure 3A

Based on the representation of the Successor Agency, there were no transfers 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.

Procedure 3B

See Exhibit 3B-01 for the listing of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012.

Procedure 3C

For the transfers made for the period from February 1, 2012 through June 30, 2012, we were provided with the following documents, which, in the opinion of the Successor Agency, formed the bases for the enforceable obligations that required the transfers:

- (1) 2010/2011 Tax Sharing Payments-\$544,498.28

These transfers are for pass-through payments to various taxing entities in accordance with AB 1290. Based on the representation of the Successor Agency, Lawndale Redevelopment Agency is a post AB 1290 project area and as such, there are no agreements with any of the taxing entities that set a payment schedule. We were provided with the approved Recognized Obligation

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Payment Schedule (ROPS) for the period July 1, 2012 through December 31, 2012 which shows unpaid statutory pass through payments for FY 2011 in the amount of \$743,983. This amount agrees with the calculation performed by the City of Lawndale's property tax consultant. The difference between the amount included in the ROPS and the amount paid of \$544,498.28 is the Educational Revenue Augmentation Fund (ERAF) payment that was not paid as of June 30, 2012.

(2) Festival Development Corp-\$12,000

We were provided with the executed exclusive agreement to negotiate that was dated June 5, 2007 wherein Lawndale Redevelopment Agency ("LRA") and Festival Development Corporation ("Developer") agreed to negotiate and enter into a disposition and development agreement ("DDA") in order to develop 41,417 square feet of property located at the southwest corner at the intersection of Hawthorne Blvd. and Manhattan Beach Blvd. in the City of Lawndale. The agreement provided that the Developer pays the LRA the amount of \$15,000 for an administrative fee which will be used to reimburse the LRA for its expenses if the negotiation does not result in the execution of a DDA. The balance of the administrative fee less the costs incurred will be refunded to the Developer. Based on the representation of the Successor Agency, the negotiation ended without entering into a DDA. The administrative fee less \$3,000 of administrative costs was refunded to the developer of the site.

**CITATION:**

*Section 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 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 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.
- (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.

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(C) Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

(D) 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/Findings:**

Procedure 4A

See Exhibit 4-01 for a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the suggested format.

Procedure 4B

For the 5 months ended June 30, 2012, we noted that the total revenues, expenditures and transfer accounts do not account for all the change in the equity from the previous period due to the fact that the Successor Agency is a new entity formed on February 1, 2012 and does not have a beginning fund balance. The following fund balances of all other funds (except low and moderate income housing fund) of the former redevelopment agency were transferred to the Successor Agency and were included in the transfers in/out as follows:

Included in transfers in(out):

LRA Debt service fund	\$ 24,773,484
LRA Capital Projects fund	<u>(17,042,144)</u>
Total	<u>\$ 7,731,340</u>

Furthermore, the net of assets and liabilities of \$3,963,232 that belong to the low and moderate income housing fund of the Successor Agency were also included as transfers into the Successor Agency from the Lawndale Housing Authority. In May 2011, all of the assets of the low and moderate income housing fund of the former redevelopment agency were transferred to Lawndale Housing Authority which was subsequently designated as the housing successor agency.

Procedure 4C

No exceptions noted.

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Procedure 4D

For the year ended June 30, 2011, we compared the amounts in the schedule to the audited financial statement of Lawndale Redevelopment Agency and noted the following differences:

Description	Balance per 6/30/11 Audited Financial Statements	Balance per schedule provided shown as Exhibit 4-01	Difference
Cash and investments	\$ 1,464,962	\$ 0	\$ 1,463,962
Cash with fiscal agents	\$ 14,705,549	\$ 16,169,511	\$ (1,463,962)
Totals	\$ 16,169,511	\$ 16,169,511	\$ 0

For the seven months ended January 31, 2012 we were provided with the trial balances of each of the funds of Lawndale Redevelopment Agency (“LRA”). We compared the amounts in Exhibit 4-01 to the trial balances of each of the funds of LRA. No exceptions noted. We compared the long term debt to the amortization schedules and noted that the total long term debt per amortization schedules was \$37,477,041 whereas the balance per Exhibit 4-01 was \$37,934,887 or a difference of \$457,846. Based on the representation of the Successor Agency, the difference is the scheduled payments on these long term debt obligations that were due on July 1, 2011 but were not paid by the Lawndale Redevelopment Agency.

For the five months ended June 30, 2012, we were provided with the trial balances of each of the funds of the Successor Agency except for the Low and Moderate Income Housing Fund. We compared the amounts in Exhibit 4-01 to the trial balances of each of the funds of the Successor Agency. No exceptions were noted. The assets and liabilities of the Low and Moderate Income Housing Fund were still combined with the assets and liabilities transferred to the Lawndale Housing Authority. We were provided with the trial balance of the Lawndale Housing Authority Fund and an Excel schedule allocating the assets and liabilities between Lawndale Housing Authority Fund and the Low and Moderate Income Housing Fund of the Successor Agency. The assets and liabilities that were allocated to the Low and Moderate Income Housing Fund agree with the amounts reported in the due diligence report on the Low and Moderate Income Housing Fund of the Successor Agency.

**CITATION:**

*Section 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.*

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**Procedure 5:**

Obtain from the Successor Agency 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. 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/Findings:**

See Exhibit 5-01 for 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). No exceptions noted.

**CITATION:**

*Section 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 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).
- 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.

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- B. Grant proceeds and program income that are restricted by third parties:
- i) Obtain the 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 the 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 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.
- D. Attach the above mentioned Successor Agency prepared schedule (s) as an exhibit to the AUP in 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/Findings:**

Procedure 6A

See Exhibit 6A-01 of the computation of the restricted balance attributable to unspent bond proceeds. We traced the individual components of this computation to the general ledger detail report and the written requests for disbursements from redevelopment fund #1 through #6. No exceptions were noted. We were

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provided with the official statement of the Lawndale Redevelopment Agency Tax Allocation Bonds Series 2009 wherein it states that the proceeds will be used to finance all or portion of the cost of the redevelopment projects benefitting the project area including but not limited to (1) community center (2) various road improvements including sidewalks, pavement, curb gutter (3) various park and open space improvements including lights, playground (4) new park acquisition and improvement. However, we noted the proceeds can also be used for other permitted redevelopment purposes.

Procedure 6B

Based on the representation of the Successor Agency, there are no asset balances held on June 30, 2012 that are restricted because the assets were grant proceeds or program income that are restricted by third parties.

Procedure 6C

See Exhibit 6C-01 for the computation of other assets that are considered legally restricted. We traced the individual components of the computation to the June 30, 2012 trial balance of LRA Debt Service Fund (fund 305) of the Successor Agency and trustee bank statement. No exceptions were noted. We were provided with the official statement of the Lawndale Redevelopment Agency Tax Allocation Bonds 2009 Series dated November 1, 2009 showing a reserve account in the amount of \$1,426,475. The difference of \$71,730.60 is the accumulated interest earned in the account. The bond document states that the reserve account can only be withdrawn for transfers to the interest account, principal account and the sinking account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all bonds then outstanding, as long as the LRA is not in default.

Procedure 6D

See Exhibits 6A-01 and 6C-01 for the schedules prepared by the Successor Agency for procedures 6A and 6C, respectively. For the unspent bond proceeds, the restriction is in effect until the related assets are expended for their intended purposes. For the bond reserve account, the restriction is in effect until February 1, 2045 upon final bond payment.

**CITATION:**

*Section 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.*

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

There were no assets as of June 30, 2012 that are not liquid or otherwise available for distribution. Therefore, this procedure is not applicable.

**CITATION:**

*Section 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 successor agency 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 balances are insufficient to fund future obligations and thus retention of current balance is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues*

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*and other general purpose revenues to be received by the Successor Agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.*

**Procedure 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 balance 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.
  - 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) Attach 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.
- 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:

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- 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 the 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.
- 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.
- 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.

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- 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/Findings:**

Procedure 8A

This procedure is not applicable. The Successor Agency does not believe that asset balances need to be retained to satisfy enforceable obligations.

Procedure 8B

This procedure is not applicable. The 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.

Procedure 8C

This procedure is not applicable. The Successor Agency does not believe that the projected 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).

Procedure 8D

Procedures 8A, 8B, and 8C were not performed. Therefore, this procedure is not applicable.

**CITATION:**

*Section 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.*

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**Procedure 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/Findings:**

See Exhibit 9-01 for the ROPS for the period of July 1, 2012 through June 30, 2013 and Exhibit 9-02 for the ROPS for the period of January 1, 2013 through June 30, 2013.

**CITATION:**

*Section 34179.5(c)(6)-The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing authorities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the Successor Agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.*

**Procedure 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 Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

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**Results/Findings:**

See Exhibit 10-01 for the schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities.

**Procedure 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 acknowledgement 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 period from January 1, 2011 through June 30, 2012 that may not have 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.

**Result/Findings:**

Said management representation letter was received. No exceptions noted.

**City of Lawndale (Successor Agency)  
Transfers to City  
For the Period 01/01/2011 through 01/31/2012**

Date	Amount	Description	(ROP or Other Legal Requirements)
<b>Cash transfers</b>			
3/7/2011	\$ 1,042,202.43	Mobile Home Loan	<b>March 7, 2011, Payment</b>  On March 7, 2011, the Lawndale Redevelopment Agency (Agency) provided a \$6,000,000 payment to partially satisfy a number of loans from the City of Lawndale (City). Each obligation is explained below:
3/7/2011	977,542.18	Community Center	
3/7/2011	131,238.00	1998 Loan for Improv.	
3/7/2011	3,849,017.39	SOI Roll Forward Debt	
	<u>6,000,000.00</u>		
<b>Non-cash transfers</b>			
2/22/2011	1.00	Comm/Center Land	<b>Mobile Home Loan.</b> In 2009, the Lawndale Redevelopment Agency had the opportunity to purchase a mobile home park adjacent to other Agency owned property that the Agency wished to develop as a shopping center. The Agency lacked sufficient funds for the purchase of the mobile home park and on December 7, 2009, the City Agency entered into an agreement in which the City agreed to provide \$980,000 to the Agency for the purchase of the mobile home park. The loan was meant to be a short term loan until the Agency had sufficient funds to repay the City. The Agency repaid the loan with interest on March 7, 2011. Since this loan was repaid before the first ROPS period (Jan to June 2012) it was not included on the 1st, 2nd, or 3rd ROPS and therefore has not been reviewed by the DOF.
7/1/2011	196,726.14	Loan Rec/Anthony's Ready- Mix	
3/7/2011	2,391,468.95	Land held for resale/Hawth/Manhattan Bch Blvd	
1/25/2012	59,607.00	Reimb City for Infrastructure Loan	
	<u>2,647,803.09</u>		
<b>GRAND TOTAL</b>	<b>\$ 8,647,803.09</b>		

**Community Center.** In 2009, the Agency wished to build a new community center to serve the project area. The Agency sold bonds in 2009 to fund site acquisition and construction of a new community center. The Agency owned several parcels of land on Burin Avenue that were adjacent to parcels owned by the City. On December 7, 2009, the City and Agency approved a purchase and sale agreement in which the City agreed to sell land on Burin Avenue to the Agency so that the Agency could merge the parcels and create a site for the new community center. The city sold the property for \$1,345,000. The City was provided a cash payment of \$433,000 and a note for \$912,000. On March 7, 2011, the City fully paid all of the principal and interest due on the Community Center note, described above, in the amount of \$977,542. Since this loan was repaid before the first ROPS period (Jan to June 2012) it was not included on the 1st, 2nd, or 3rd ROPS and therefore has not been reviewed by the DOF.

**March 7, 2011 payment, continued**

1998 Loan for Improv. During Fiscal Year 1997-1998, the City loaned the Agency \$131,238 to assist with its operational expenditures. The loan was interest free. On March 7, 2011, the City fully repaid this loan in the amount of \$131,238. Since this loan was repaid before the first ROPS period (Jan to June 2012) it was not included on the 1st, 2nd, or 3rd ROPS and therefore has not been reviewed by the DOF.

SOI Roll Forward Payment. The Agency did not begin receiving a significant amount of tax increment in the first five years after the project area had been adopted. The City advanced funds to the Agency in FY 1998-1999, FY 1999-2000, FY 2000 - 2001, and FY 2001 - 2001. These loans were consolidated with other loans on March 7, 2011. These loans were listed on the 1st ROPS, but were disallowed by the DOF.

**Property Transfers**

Community Center Land. The Redevelopment Agency wished to build a new community center to serve the project area. The Agency created a site using a parking lot that was partially owned by the City and partially owned by the Agency. The Agency consolidated the lot and issued bonds to finance the construction of the community center. One of the purposes of redevelopment agencies is to provide needed public infrastructure such as recreation facilities. Redevelopment agencies were not created to operate public facilities. Therefore, it was the usual practice for redevelopment agencies to construct public facilities and to transfer them to cities to operate. On February 22, 2011 the Lawndale Redevelopment Agency transferred the Community Center to the City of Lawndale. ABx1 26 and AB 1484 both allow cities to retain redevelopment projects that were intended for public use.

Loan Rec/Anthony's Ready-Mix. On October 23, 2008, the Redevelopment Agency sold property to Anthony's Ready Mix and accepted a note. The Agency received installment payments from Anthony's. On April 18, 2011, the Agency approved an agreement assigning the remaining payments to the City.

Land held for resale/Hawth/Manhattan Bch Blvd. Over a period of time, the Redevelopment Agency purchased separate parcels and assembled a development site at the Southwest corner of Manhattan Beach and Hawthorne Boulevards. On March 7, 2011, the Agency and City approved an agreement which transferred the entire site to the City of Lawndale.

Reimburse City for Infrastructure Loan. When the Agency was in existence, the City built public improvements for the Agency such as new parks and streets with the Agency providing the funding for these projects. A Public Works Agreement between the City and Agency dated October 16, 2006, committed the City to building and the Agency to funding many public improvements including Hopper Park.

The City and Agency constructed Hopper Park in this manner. The Lawndale Redevelopment Agency funded the development of Hopper Park, a new Lawndale park using its own tax increment funds and a loan from the California Infrastructure Bank. Through the Public Works Agreement, the City agreed to construct the park for the Agency. The Agency wished to use a California Infrastructure Bank loan to pay for a portion of the development cost of Hopper Park; however, because the State of California used a sale leaseback arrangement to sell bonds to fund the loan it was necessary for the City to provide a public facility that could be used as collateral (sale leaseback) for the Infrastructure Bank loan. The City pledged the Public Works Yard to obtain the loan. The California Infrastructure Bank provided the loan to the City of Lawndale on February 1, 2010. It was the intention of the City Council and Agency that the Agency would pay the debt service on the California Infrastructure Bank loan since Hopper Park was an Agency project.

The Agency, as provided for in the Public Works Agreement, had been reimbursing the City by providing debt service payments each year and this payment was included in the Agency Budget approved by the Redevelopment Agency and City Council each year (see attached budget sheet). The Agency's annual obligation for the Infrastructure Bank loan was \$59,280. The DOF disallowed this expenditure on both the 1st and 2nd ROPS.

**City of Lawndale (Successor Agency)  
Transfers to Other Public Agencies and Private Parties  
For the Period from 02/01/2012 through 06/30/12**

Payee	Date	Amount	Description	(ROP or Other Legal Requirements)
L.A. COUNTY PUBLIC LIBRARY	6/27/2012	\$ 21,367.07	2010/2011 Tax Sharing Payment	AB1290
LOS ANGELES CNTY FIRE DIST.	6/27/2012	161,911.77	2010/2011 Tax Sharing Payment	AB1290
LOS ANGELES CNTY FIRE DIST.	6/27/2012	6,572.35	2010/2011 Tax Sharing Payment	AB1290
L. A. CNTY DEPT PUBLIC WORKS	6/27/2012	1,568.44	2010/2011 Tax Sharing Payment	AB1290
L. A. CNTY DEPT PUBLIC WORKS	6/27/2012	8,876.05	2010/2011 Tax Sharing Payment	AB1290
L.A. CNTY WEST VECTOR CONTROL	6/27/2012	29.13	2010/2011 Tax Sharing Payment	AB1290
L.A. CNTY SANITATION DISTRICT	6/27/2012	11,112.73	2010/2011 Tax Sharing Payment	AB1290
WEST BASIN MUNICIPAL WATER DIS	6/27/2012	3,598.30	2010/2011 Tax Sharing Payment	AB1290
L.A. CNTY WEST VECTOR CONTROL	6/27/2012	160.26	2010/2011 Tax Sharing Payment	AB1290
LA COUNTY OFFICE OF EDUCATION	6/27/2012	1,305.95	2010/2011 Tax Sharing Payment	AB1290
LA COUNTY OFFICE OF EDUCATION	6/27/2012	2,591.86	2010/2011 Tax Sharing Payment	AB1290
HAWTHORNE SCHOOL DISTRICT	6/27/2012	10.73	2010/2011 Tax Sharing Payment	AB1290
HAWTHORNE SCHOOL DISTRICT	6/27/2012	749.75	2010/2011 Tax Sharing Payment	AB1290
HAWTHORNE SCHOOL DISTRICT	6/27/2012	93.46	2010/2011 Tax Sharing Payment	AB1290
LAWNDALE SCHOOL DISTRICT	6/27/2012	61,454.72	2010/2011 Tax Sharing Payment	AB1290
LAWNDALE SCHOOL DISTRICT	6/27/2012	6,617.38	2010/2011 Tax Sharing Payment	AB1290
LAWNDALE SCHOOL DISTRICT	6/27/2012	915.47	2010/2011 Tax Sharing Payment	AB1290
CENTINELA VALLEY UNION	6/27/2012	94,455.63	2010/2011 Tax Sharing Payment	AB1290
CENTINELA VALLEY UNION	6/27/2012	42,167.58	2010/2011 Tax Sharing Payment	AB1290
EL CAMINO COMM COLLEGE DIST	6/27/2012	27,573.51	2010/2011 Tax Sharing Payment	AB1290
CITY OF LAWNDALE	6/30/2012	64,462.99	2010/2011 Tax Sharing Payment	AB1290
LAWNDALE LIGHTING DISTRICT	6/30/2012	26,903.15	2010/2011 Tax Sharing Payment	AB1290
<b>Total</b>		<b>544,498.28</b>		
FESTIVAL DEVELOPMENT CORP	4/16/2012	12,000.00	Refund Developers Deposit	Contract with Festival Development Corp.
<b>GRAND TOTAL</b>		<b>\$ 556,498.28</b>		

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
<b>Assets (modified accrual basis)</b>				
Cash & investments	\$ 9,742,575	\$ -	\$ (952,784)	\$ 3,003,325
Cash with Fiscal Agent	18,632,875	16,169,511	9,317,479	9,326,566
Accounts Receivable	272,803	172,537	-	-
Accrued Interest Receivable	12,317	-	-	-
Loan Receivable	794,349	196,726	-	-
Due From Capital Projects Fund	8,701,900	12,481,484	-	-
Land Held for Resale	2,883,552	-	-	256,506
<b>Total Assets</b>	<b>\$ 41,040,371</b>	<b>\$ 29,020,258</b>	<b>\$ 8,364,695</b>	<b>\$ 12,586,397</b>
<b>Liabilities (modified accrual basis)</b>				
Accounts Payable	\$ 565,054	\$ 1,742,707	\$ 618,355	\$ 320,002
Other Liabilities	609,026	685,056	15,000	-
Due to Debt Service Fund	8,701,900	12,481,484	-	-
<b>Total Liabilities</b>	<b>9,875,980</b>	<b>14,909,247</b>	<b>633,355</b>	<b>320,002</b>
<b>Equity</b>	<b>31,164,391</b>	<b>14,111,011</b>	<b>7,731,340</b>	<b>12,266,395</b>
<b>Total Liabilities + Equity</b>	<b>\$ 41,040,371</b>	<b>\$ 29,020,258</b>	<b>\$ 8,364,695</b>	<b>\$ 12,586,397</b>
<b>Total Revenues:</b>	<b>\$ 5,193,141</b>	<b>\$ 5,004,509</b>	<b>\$ 1,700,847</b>	<b>\$ 1,989,804</b>
<b>Total Transfers In:</b>	<b>845,980</b>	<b>1,383,515</b>	<b>3,588,926</b>	<b>29,450,940</b>
<b>Other Financing Sources:</b>	<b>22,294,726</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures:</b>	<b>7,813,242</b>	<b>15,099,168</b>	<b>7,883,792</b>	<b>1,328,290</b>
<b>Total Transfers Out:</b>	<b>845,980</b>	<b>8,342,236</b>	<b>3,785,652</b>	<b>17,846,059</b>
<b>Net change in equity</b>	<b>19,674,625</b>	<b>(17,053,380)</b>	<b>(6,379,671)</b>	<b>12,266,395</b>
<b>Beginning Equity:</b>	<b>11,489,766</b>	<b>31,164,391</b>	<b>14,111,011</b>	<b>-</b>
<b>Ending Equity:</b>	<b>\$ 31,164,391</b>	<b>\$ 14,111,011</b>	<b>\$ 7,731,340</b>	<b>\$ 12,266,395</b>
<b>Other Information (show year end balances for all three years presented):</b>				
Capital assets as of end of year	\$ -	\$ -	\$ -	\$ -
Long-term debt as of end of year	\$ 36,066,491	\$ 38,229,164	\$ 37,934,887	\$ 37,934,887

**City of Lawndale (Successor Agency)  
Listing of Assets  
As of 06/30/12**

**Successor - LRA Project FD**

Cash	\$ (22,408,277.68)
Investments	4,821,401.56
<b>Total</b>	<b><u>(17,586,876.12)</u></b>

**Successor - LRA Debt Service FD**

Cash	14,815,835.59
Cash with Fiscal Agent-TABS	7,828,360.82
Restricted Cash Reserve-TABS	1,498,205.60
Investments	638,420.80
<b>Total</b>	<b><u>24,780,822.81</u></b>

**Successor Agency Disbursement FD**

Cash	<u>1,428,865.72</u>
<b>Grand Total</b>	<b><u>\$ 8,622,812.41</u></b>

**City of Lawndale (Successor Agency)**  
**Unspent Bond Proceeds**  
**As of June 30, 2012**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
Nov-09	Bond Proceeds	\$ 18,000,000.00
12/7/2009	Land for new Comm. Center	(433,889.07)
12/22/2009	Architectural Services for Comm Center	(400,000.00)
Jan-00	JE Correction	37,041.55
1/31/2011	Construction Cost for Comm Center	(1,383,514.92)
6/8/2011	Construction Cost for Comm Center	(1,200,547.12)
10/30/2011	Construction Cost for Comm Center	(3,156,944.25)
10/30/2011	Hogan Tot Lot	(129,348.87)
10/30/2011	Splash Pads/Wading Pool	(59,845.70)
10/30/2011	Playground Equipment	(12,915.32)
10/30/2011	149th Street	(33,145.38)
1/10/2012	Construction Cost for Comm Center	(3,299,095.68)
1/10/2012	Splash Pads/Wading Pool	(18,664.55)
1/10/2012	Playground Equipment	(5,187.68)
1/10/2012	149th Street	(214,604.06)
11/01/09 to 06/30/12	Interest Income	139,021.87
	<b>Total Unspent Bonds</b>	<b>\$ 7,828,360.82</b>

**City of Lawndale**  
**Legally Restricted Assets**  
**As of June 30, 2012**

	<u>Amount</u>	<u>Restriction Period</u>
Restricted Cash Reserve-TABS	<u>\$ 1,498,205.60</u>	Restriction is in place until 02/01/45 upon final bond payment.

Lanwilde Recognized Obligation Payment Schedule (July 1, 2012 to December 31, 2012)

Project Name	Payee	Description	Initial Date	Source of Repayment	Total Outstanding Debt or Obligation	Payments by Month, FY 2011/2012					Existing Cash Included	
						Jul	Aug	Sep	Oct	Nov		Dec
1 Obligations With Fixed Payment Dates												
1 2009 Tax Allocation Bonds	Wells Fargo	Real Debt Services	9/21/2009	Tax increment revenues	20,305,000	774,875	774,875					774,875
2 Hawthorne Blvd I-Bank Loan	Wells Fargo	Infrastructure Loan	7/15/2002	Tax increment revenues	1,615,697	90,591	90,591					90,591
3 Successor Agency Administration	City of Lanwilde	successor agency administration	10/10/2006	Tax increment revenues	250,000	25,000	25,000	25,000	25,000			150,000
4 Successor Agency staff and supplies	City of Lanwilde	property tax analysis	10/16/2006	Tax increment revenues	500	500						500
5 Agency Audit	City of Lanwilde	Agency Audit	10/16/2006	Tax increment revenues	4,350	4,350						4,350
6 FY 2012 Housing Set-aside	Successor Agency Housing Fund	Unpaid housing set-aside for 2012		Tax increment revenues	209,065	209,065						209,065
7 FY 2011 Salaried Pass-through	Multiple taxing entities	Unpaid salaried pass-through for FY 2011		Tax increment revenues	743,983	743,983						743,983
8 FY 2012 Salaried Pass-through	Multiple taxing entities	Salaried pass-through for FY 2012		Tax increment revenues	480,000							480,000
9 SERAF Deferral	Successor Agency Housing Fund	Recap SERAF deferral	2/22/2011	Tax increment revenues	800,000							800,000
10 City Agency Loans	City of Lanwilde	City loan to the Redevelopment Agency	4/4/1991	Tax increment revenues	983,165							983,165
11 City Agency Advance Agreement												
Sub Total Tax Increment						2,300,000	1,634,839	25,000	25,000	25,000	25,000	1,973,364
Expenditure of Bond Proceeds												
Potential Expenditures if Abandoned/Hawthorne site Returned to Successor Agency												
11 Hawthorne-Habitat Development Site	GPC	Management of mobile home park	7/8/2011	Retained rents	28,000							28,000
12 Mobile Home Park Closure	Mobile Home Park, Trants	Mobile Home Park Relocation Costs		Tax increment revenues	321,578							321,578
13 Mobile Home Park Closure	GPC	refocation consulting for mobile home park		Tax increment revenues	50,000							50,000
14 Mobile Home Park Closure	Mobile Home Park, Trants	demo mobile home park improvements	7/5/2011	Tax increment revenues	30,000							30,000
15 Mobile Home Park Closure	City of Lanwilde	CEQA and RIR for mobile home park closing		Tax increment revenues	64,116							64,116
16 Mobile Home Park Closure	Keyser Marston	land disposal strategy for successor agency		Tax increment revenues	5,000							5,000
17 Disposition of Agency Property	unborn	Appraisal of agency owned property	6/16/2008	Tax increment revenues	6,000							6,000
18 Disposition of Agency Property												
Sub Total					25,964,584	238,415	1,634,839	25,000	25,000	25,000	25,000	1,973,364

Explanation:

On June 1, 2012, (1st ROFS Period) the Los Angeles County Auditor Controller transferred tax increment in the amount of \$1,973,364 to the Lanwilde successor Agency for its enforceable obligations during the 2nd ROFS Period (July to December 2012). The Lanwilde Successor Agency has paid \$544,408.28 of the \$743,983 FY 2011 January pass-through (Item #7 in ROFS) and will carry over the \$1,428,965.72 source of the tax increment received on June 1 in the 2nd ROFS Period (July to December 2012) to pay for the obligations listed on the 2nd ROFS.

City of Laverdale (Successor Agency)  
 Procedure 9  
 Amount approved by the Dept of Finance - \$680,079  
 Name of Successor Agency: Successor Agency to the Laverdale Redevelopment Agency  
 County: Los Angeles County

Overnight Based Approval Date: 10/11/12

Revised RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III) - resubmitted on Oct 11, 2012  
 January 1, 2013 through June 30, 2013

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	LMTF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	She-Month Total	Existing Cash needed
1	2007 Tax Allocation Bonds	9/17/2007	8/1/2045	Walt Pargo	Bond Debt Service	LERP	20,000,000	1,977,595		2,887,189			521,119		3,567,468	571,119.00
2	Hawthorne Blvd. Leasing Bonds	7/15/2007	no agreement	Walt Pargo	Public use infrastructure loan	LERP	1,500,450	100,000					28,460		28,460	38,560.00
3	Successor Agency Administration	no agreement	12/31/2014	City of Laverdale	Successor Agency staff and supplies	LERP	250,000	250,000					100,000		100,000	100,000.00
4	Agency Debt	10/16/2006	no agreement	City of Laverdale	Redevelopment Agency Debt	LERP	8,700	8,700					0		8,700	10,000.00
5	341705 Revolve - Housing	9/26/2012	6/30/2013	City of Laverdale	AB 1884 use reduction revenue of housing bonds	LERP	5,000	5,000					5,000		5,000	5,000.00
6	341705 Revolve - Other	7/1/2011	2/1/2012	City of Laverdale	AB 1884 use reduction revenue of other bonds	LERP	10,500	10,500					10,500		10,500	10,500.00
7	FY 2012 Statutory Pay-Through	7/1/2011	no term	Multiple trading entities	Inputed portion of pay-through payments FY 2012	LERP	304,971	304,971					19,250		19,250	19,250.00
8	City Agency Advance Agreement	4/4/1991	no term	City of Laverdale	Startup loan from City to Redevelopment Agency	LERP	28,242	28,242							28,242	
9	Empire Park Leasing Loan	7/1/2010	8/1/2029	City of Laverdale	Call Infrastructure Bond loan to build a park	LERP	2,887,300	2,887,300		2,887,300					2,887,300	
10	Laverdale Community Center	6/28/2010	completion - 365 days	City of Laverdale	Construct new community center	LERP	2,887,300	2,887,300		2,887,300					2,887,300	
11	Commercial Rehab Program	9/15/2010	no term	Paul Lee	CRP to Commercial Rehabilitation construction contract	LERP	4,358	4,358							4,358	
12	Commercial Rehab Program	10/28/2010	10/2/2011	Hagop C. Aghachianian	CRP to Commercial Rehabilitation Contract	LERP	81,578	81,578							81,578	
13	CEQA (Delery)	2/6/2010	no term	Laverdale Housing Authority	Payment of SERAF housing fund deferral	LERP	6,614,518	6,614,518							6,614,518	
14	Expenditure of Bond Proceeds	no agreement	no agreement	City of Laverdale	Use of unspent bond proceeds - parks and streets	LERP	10,564,242	10,564,242							10,564,242	
15	Expenditure of City Loans	FY 2009	7/1/1945	City of Laverdale	Loan of City funds to Redevelopment Agency	LERP	4,512,306	4,512,306							4,512,306	
16	Expenditure of City Loans	FY 2000	7/1/2027	City of Laverdale	Loan of City funds to Redevelopment Agency	LERP	28,000	28,000							28,000	
17	Expenditure of City Loans	FY 2001	7/2/2014	GPC	Management of mobile home park	LERP	321,578	321,578							321,578	
18	Mobile Home Park Closure	no agreement	no agreement	Mobile Home Park Tenants	Mobile Home Park Relocation Costs	LERP	50,000	50,000							50,000	
19	Mobile Home Park Closure	7/2/2011	7/2/2014	GPC	reduction consulting for mobile home park	LERP	50,000	50,000							50,000	
20	Mobile Home Park Closure	no agreement	no agreement	To be selected	Lease mobile home park improvements	LERP	30,000	30,000							30,000	
21	Mobile Home Park Closure	no agreement	no agreement	To be selected	CEQA and RIR for mobile home park closing	LERP	64,316	64,316							64,316	
22	Mobile Home Park Closure	no agreement	no agreement	City of Laverdale	Project management for mobile home park closure	LERP	5,000	5,000							5,000	
23	Mobile Home Park Closure	no agreement	no agreement	Keynote Education	Final disposal strategy for successor agency	LERP	6,000	6,000							6,000	
24	Expenditure of Agency Proceeds	no agreement	no agreement	City of Laverdale	Appraisals of agency owned property	LERP	118,488.00	118,488.00							118,488.00	
25	Expenditure of Agency Proceeds	no agreement	no term	City of Laverdale	Jan 2012 Agency staff costs	LERP	18,598.00	18,598.00							18,598.00	
26	Redevelopment Agency Staff	10/02/2000	no term	City of Laverdale	Jan 2012 housing staff costs	LERP	18,598.00	18,598.00							18,598.00	
27	Successor Agency Proceeds	10/02/2000	no term	City of Laverdale	Jan 2012 housing staff costs	LERP	18,598.00	18,598.00							18,598.00	
28																

Total

\$ 680,079.00

The California Department of Finance (DOF) has reviewed Laverdale's JLD ROPS and approved it with conditions. Laverdale has requested a need mid center regarding the 3<sup>rd</sup> ROPS with DOF. We are understanding that the 3<sup>rd</sup> ROPS does not become effective until after the DOF has made its final determination. It is also our understanding that many successor agencies have held their ROPS until after many weeks have and received a final determination from the DOF. The Laverdale Successor Agency is concerned that the DOF final determination on the 3<sup>rd</sup> ROPS may delay the financing payment that the Laverdale Successor Agency would need for its bond debt service in early 2013. Therefore, the Laverdale Successor Agency proposes to carry over sufficient tax increment for its 3<sup>rd</sup> ROPS obligations.

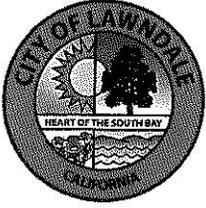
**SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES**

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5) (Exhibit 5-01)	\$ 8,622,812
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) (Exhibits 6A-01 and 6C-01)	(9,326,566)
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) (Exhibits 9-01 and 9-02)	(2,108,945)
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>\$ (2,812,699)</u>

*Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.*

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.



# OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE LAWNDALE REDEVELOPMENT AGENCY

14717 BURIN AVENUE, LAWNDALE, CALIFORNIA 90260  
PHONE (310) 973-3200, FAX (310) 644-4556  
[www.lawndalecity.org](http://www.lawndalecity.org)

DATE: January 10, 2013  
TO: Honorable Chairman and Board Members  
FROM: Otis Ginoza, Deputy City Manager *OG*  
SUBJECT: SERAF Payment Schedule

## BACKGROUND

The State of California 2009 budget contained a large deficit. The State sought to fill the gap by taking local redevelopment funds. The State of California's 2009 Budget Legislation included a transfer of \$2.05 billion from redevelopment agencies. The funds were deposited into the Supplemental Education Revenue Augmentation Fund (SERAF) to be distributed to schools to meet the State's Proposition 98 obligation to education.

The transfer of redevelopment funds was unexpected and could have caused a dire financial situation for some redevelopment agencies. The SERAF legislation sought to avoid this problem by allowing redevelopment agencies to use money normally designated for affordable housing for the SERAF payment. Redevelopment agencies that used housing funds for their SERAF payment were obligated to repay their affordable housing fund within five years.

When redevelopment agencies were terminated on February 1, 2012, many, including the Lawndale Redevelopment Agency, still had a SERAF debt to their affordable housing fund. ABx1 26 and AB 1484 which govern the redevelopment dissolution process recognize the SERAF debt as an enforceable obligation of the successor agencies. AB 1484 specifies that successor agencies can receive tax increment to repay the SERAF debt to the successor agency housing fund, but deferred the first payments to the 2013 -2014 fiscal year (July 1, 2013 – June 30, 2014). AB 1484 contains a complex formula that limits the amount of repayment each year and also requires that the oversight board approve the SERAF repayment schedule.

## STAFF REVIEW

The intent of AB 1484 was to ensure that most of the available tax increment, after the repayment of enforceable obligations, be transferred to other taxing entities and not be retained by successor agencies. However, AB 1484 does allow for a portion of the tax increment to be used for the repayment of SERAF and City loans and contains a complex formula to set an upper limit on these payments. Successor Agency staff has worked with the City's property tax consultant to project the

amount of funding that may be available for SERAF and City loans (see attached Exhibit 1 - Successor Agency Estimated Amount of Repayment of Debts per Section 34191.4). Exhibit 1 lists projected tax increment, pass-through payments, projected ROPS payments, the administrative allowance, residual revenues to be distributed to the taxing entities and the amount of funding available for City and SERAF payments.

AB 1484 requires successor agencies to repay their SERAF obligation before repayment of city loans. Exhibit 2 projects the possible annual SERAF and city loan payments over the next five years. The SERAF obligation could be repaid over two years and the first city loan payments could begin in the 2014-2015 fiscal year.

Staff proposes that the SERAF loan be repaid with two annual payments, January and June of each year, at the beginning of each ROPS period. The following payments would retire the Lawndale SERAF debt:

July 30, 2013	\$221,228
January 30, 2014	\$221,228
July 30, 2014	\$251,338
January 30, 2015	\$122,936

The SERAF payments are approximate. The AB 1484 formula for calculating the payment includes variables, such as the amount of tax increment available and the approved ROPS amounts, which can change each year. Also, the California Department of Finance (DOF) may not agree with the consultant's interpretation of the AB 1484 formula. Since, the projected payments amounts could change, staff is recommending that the Oversight Board approve the attached Resolution which does not include specific payment amounts. The Resolution states that each SERAF payment will be the maximum allowed by AB 1484 and approved by the Oversight Board for each six month period as part of the ROPS approval.

The Lawndale Housing Authority would use the SERAF payments to create and improve affordable housing in Lawndale. At this time, the Housing Authority's programs are on hold as all of the Housing Authority's available funds, approximately \$3.7 million, were relinquished to the County Auditor Controller as part of the dissolution of redevelopment agencies.

FUNDING

None required at this time.

RECOMMENDATION

Staff recommends that the Oversight Board approve Resolution 2013-2 approving a repayment schedule for the Successor Agency's SERAF obligation.

- Attachments:           Exhibit 1  
                                   Exhibit 2  
                                   Resolution 2013-02

Exhibit 2

Lawndale Successor Agency  
Payment of SERAF Debt and City Loan Debt

FY	Amount Available For Payment to City	SERAF Debt	City Loans
2013-2014	\$ 442,456.00	\$ 442,456.00	
2014-2015	\$ 502,676.00	\$ 374,274.00	\$ 128,402.00
2015-2016	\$ 565,208.00		\$ 565,208.00
2016-2017	\$ 628,991.00		\$ 628,991.00
2017-2018	\$ 694,050.00		\$ 694,050.00

**RESOLUTION NO. 2013 -2**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
LAWNDALE SUCCESSOR AGENCY APPROVING THE  
SERAF PAYMENT DEBT SERVICE SCHEDULE**

WHEREAS, ABx4-276 required redevelopment agencies to provide payments to the Special Education Revenue Augmentation Fund (SERAF), and HSC 33334.2(k) allowed redevelopment agencies to fund the SERAF payment by deferring an annual payment to their low and moderate income housing fund (Housing Fund); and

WHEREAS, the Lawndale Redevelopment Agency (Agency) provided a SERAF payment in the 2009-2010 fiscal year and in that same year deferred a payment of \$1,016,730 to its Housing Fund; and

WHEREAS, HSC 33334.2(k) required redevelopment agencies to repay the deferred housing fund contributions over a five year period and the Agency made annual repayment of the SERAF deferral to its Housing Fund; and

WHEREAS, ABx1 26 eliminated redevelopment agencies and at the time of its dissolution the Agency had an obligation to repay \$816,730 to its Housing Fund for the SERAF deferral; and

WHEREAS, HSC 34171(d)(1)(G) recognizes SERAF deferrals as enforceable obligations of successor agencies and HSC 34176(e)(6)(B) delays any repayment of SERAF deferrals to the 2013-2014 fiscal year; and

WHEREAS, HSC 34171(d)(1)(G) requires the oversight boards for successor agencies to approve repayment schedules for SERAF deferrals; and

WHEREAS, HSC 34176(e)(6)(B) provides that successor agencies must repay SERAF deferral debt before repaying other debts to a city resulting from cooperation agreements; and

WHEREAS, HSC 34176(e)(6)(B) provides a formula for the calculation of the maximum SERAF deferral payment, but such formula uses variables which may change each year and therefore cannot be projected with certainty.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE LAWNDALE REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. Pursuant to the Dissolution Act, the Lawndale Oversight Board approves a debt service schedule for the SERAF deferral which consists of biannual payments on January 30 and July 30 of each year, payment amounts to be set every six months, using the formula provided in HSC 34176(e)(6)(B), by the Lawndale Oversight Board and included on each ROPS. The first payment to be due on July 30, 2013.

SECTION 3. The Oversight Board directs staff to submit this Resolution to the California Department of Real Estate.

SECTION 4. The Finance Director of the Successor Agency or the authorized designee is directed to post this Resolution on the Successor Agency's website pursuant to the Dissolution Act.

PASSED, APPROVED AND ADOPTED this 10th day of January, 2013.

\_\_\_\_\_  
Chair

ATTEST:

State of California            )  
County of Los Angeles        )     SS  
City of Lawndale             )

I, Otis Ginoza, Secretary of the Oversight Board of the Successor Agency of the Lawndale Redevelopment Agency, do hereby certify that the Members of the Oversight Board of the Successor Agency to the Lawndale Redevelopment Agency duly approved and adopted the foregoing Resolution No. 13-01 at a regular meeting of said Oversight Board held on the 10<sup>th</sup> day of January, 2013, by the following roll call vote:

Ayes:

Noes:

Absent:

Abstain:

\_\_\_\_\_  
Secretary



# OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE LAWNDALE REDEVELOPMENT AGENCY

14717 BURIN AVENUE, LAWNDALE, CALIFORNIA 90260  
PHONE (310) 973-3200, FAX (310) 644-4556  
[www.lawndalecity.org](http://www.lawndalecity.org)

DATE: January 10, 2013  
TO: Honorable Chairman and Agency Members  
FROM: Otis Ginoza, Deputy City Manager *owg*  
SUBJECT: AB 1484 and Future Meetings

## BACKGROUND

In June of 2012, the Legislature approved AB 1484 which made many significant changes to the redevelopment agency dissolution process. Provisions of AB 1484 affect the schedule for future meetings of the Oversight Board.

## STAFF REVIEW

On May 24, 2012, the Oversight Board approved a schedule for future meetings. Following that schedule, the next meeting of the Oversight Board would occur on January 24, 2013, at 4 p.m. Staff recommends that the Oversight Board instead schedule its next meeting for February 14, 2013, at 4 p.m.

Successor redevelopment agencies must prepare a Recognized Obligation Payment Schedule every six months. The Fourth ROPS, for the period July 1 to December 13, 2013, must be approved by the Oversight Board and submitted to the California Department of Finance by March 3, 2013. If the Oversight Board considers the Fourth ROPS on February 14, and desires additional time to consider the item, it will be able to schedule a second meeting before the March 3 deadline.

After approval of the Fourth ROPS, the schedule for upcoming Oversight Board tasks is not certain. The staff believes that the Lawndale successor Agency could receive a Finding of Completion from the California Department of Finance (DOF) by June of 2013. A Finding of Completion would permit the Lawndale Successor Agency to prepare a long range management plan for Successor Agency real estate and to use its unspent bond proceeds. Oversight Board review and approval of the long range management plan and the use of bond proceeds is required.

At this time staff does not know if the Oversight Board must wait until the Finding of Completion has been issued by the DOF to begin the creation of a long range management plan and the allocation of bond proceeds or if that process can begin sooner. Staff will prepare a schedule for these tasks when more is known about both processes.

FUNDING

None required at this time.

RECOMMENDATION

Staff recommends that the Oversight Board approve the scheduling of the next meeting on February 14 at 4:00 pm.

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**MINUTES OF THE  
LAWNDALE SUCCESSOR AGENCY  
OVERSIGHT BOARD REGULAR MEETING  
OCTOBER 4, 2012 4 P.M.**

**A. CALL TO ORDER**

The regular meeting of the Lawndale Successor Agency Oversight Board was called to order at 4:02 p.m. in the City Hall council chamber, 14717 Burin Avenue, Lawndale, California by Chair Barry Waite.

**B. ROLL CALL / INTRODUCTIONS –**

Board Members Present: Steve Mandoki, Greg Tsujiuchi, John Vinke, Barry Waite, Patricia Flynn and Michael Stewart

Joann Higdon- absent

Also Present: Otis Ginoza, Lawndale Deputy City Manager, Ken Louie, Lawndale Finance Director/City Treasurer, DeDe Tran, Lawndale Associate Planner

**C. PLEDGE OF ALLEGIANCE**

Flag Salute - led by Board Member Tsujiuchi

**D. ADMINISTRATION – NEW BUSINESS**

1. Minutes of August 16, 2012 Meeting

**A motion by Board Member Vinke to approve the minutes of August 16, 2012 and was seconded by Board Member Stewart and was unanimous with Board Member Higdon absent.**

**E. CONSENT CALENDAR**

None

**F. PUBLIC COMMENT SESSION – LMIHF REVIEW**

Deputy City Manager Ginoza delivered staff report.

The public hearing was opened at 4:07 p.m. There were no comments from the public. The public hearing was closed at 4:08 p.m.

**G. PUBLIC COMMENTS**

None

**H. ITEMS FROM SECRETARY/ADMINISTRATIVE CLERK**

None

**I. ITEMS FROM BOARD MEMBERS**

None

**J. ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 4:09 p.m.

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Barry Waite, Chair

ATTEST:

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Otis W. Ginoza, Deputy City Manager  
/dt

**MINUTES OF THE  
LAWNDALE SUCCESSOR AGENCY  
OVERSIGHT BOARD REGULAR MEETING  
October 11, 2012 1 P.M.**

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**A. CALL TO ORDER**

The regular meeting of the Lawndale Successor Agency Oversight Board was called to order at 1:02 p.m. in the City Hall council chamber, 14717 Burin Avenue, Lawndale, California by Chair Barry Waite.

**B. ROLL CALL / INTRODUCTIONS –**

Board Members Present: Steve Mandoki, Greg Tsujiuchi, John Vinke, Barry Waite, Joann Higdon, and Michael Stewart

Board Member Absent: Patricia Flynn

Also Present: Otis Ginoza, Lawndale Deputy City Manager, Ken Louie, Lawndale Finance Director/City Treasurer

**C. PLEDGE OF ALLEGIANCE**

Flag Salute - led by Deputy City Manager Otis Ginoza

**D. ADMINISTRATION – NEW BUSINESS**

**1. LMIHF DUE DILLIGENCE REVIEW**

The Board asked if the Housing Authority's last audit report is available online. Staff let the Board know that the FY 9-10 Low Mod Fund is online but that the FY 10-11 Housing Authority was not online but was available by Public Records request. The LMIHF Due Diligence Review captures the transfers between the Redevelopment Agency and the Housing Authority.

Staff also responded to the Board's question regarding the single family home purchased for rehabilitation. Staff informed the Board that the home has not be rehabilitated because redevelopment ended and the home's ownership is currently in limbo because the Department of Finance has not clearly instructed what should be done with it.

**2. SECOND REVIEW OF THIRD ROPS**

Deputy City Manager Ginoza delivered staff report. The Board expressed concern that the monies received to date from the dissolution of redevelopment agencies is ten percent of what was originally estimated by the State, although redevelopment owned properties have yet to be dissolved. The Board also expressed that there is great risk to community colleges if the funds are not delivered in the time schedule originally estimated by the State and the likelihood that the State will miss those deadlines.

**A motion by Board Member Higdon to approve the Second Recognized Obligation Payment Schedule, deleting item number 7, and was seconded by Board Member Vinke and carried unanimously with Board Member Flynn absent.**

**3. DOF REVIEW OF HOUSING ASSET REPORTING FORM**

Deputy City Manager Ginoza delivered staff report.

**4. AB 1484 AND FUTURE MEETINGS**

Deputy City Manager Ginoza delivered staff report. Board Member Higdon let the Board know that she will not be able to attend the meeting if scheduled on December 20<sup>th</sup>. The Board set their December meeting for December 18<sup>th</sup> at 4 PM. The second meeting was scheduled for January 10<sup>th</sup> at 4 PM.

Board expressed concern over bonds and possible penalties for delay of use. Staff let the Board know that they have discussed such concerns with Bond Counsel and are not in danger of arbitrage. Also any reactivation of the bonds will be closely scrutinized.

**5. MINUTES OF OCTOBER 4, 2012 MEETING**

The minutes were ready for review at the time of the meeting.

**E. CONSENT CALENDAR**

None

**F. PUBLIC COMMENTS**

Gary McDonald, citizen of Lawndale inquired if the Board would work diligently to ensure that the City retains control of the property at the corner of Manhattan Beach Boulevard and Hawthorne Boulevard.

Mr. McDonald stated that the Urban Development Action Grant (UDAG) from the development of the South Bay Galleria was loaned to the Lawndale Redevelopment Agency. Mr. McDonald wanted to know if the grant money that was loaned to Agency going to come back to the City.

Deputy City Manager Ginoza stated that the General Fund made many loans to the Redevelopment Agency and that recent legislation, AB 1484, says that if Redevelopment Agencies complete the tasks that the Department of Finance has required of them and the Successor Agency repays monies owed to the State, that the Successor Agency may receive a certificate of compliance and allow for some loans to be repaid such as the UDAG.

The Board also assured Mr. McDonald that the State is keeping track of the funds they receive from the former redevelopment agencies.

**G. ITEMS FROM SECRETARY/ADMINISTRATIVE CLERK**

**H. ITEMS FROM BOARD MEMBERS**

None

**I. ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned.

The next scheduled Oversight Board meeting is **Thursday, December 18, 2012.**

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Barry Waite, Chair

ATTEST:

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Otis W. Ginoza, Deputy City Manager  
/dt

**MINUTES OF THE  
LAWNDALE SUCCESSOR AGENCY  
OVERSIGHT BOARD REGULAR MEETING  
DECEMBER 18, 2012 4 P.M.**

**A. CALL TO ORDER**

The regular meeting of the Lawndale Successor Agency Oversight Board was called to order at 4:02 p.m. in the City Hall council chamber, 14717 Burin Avenue, Lawndale, California by Chair Barry Waite.

**B. ROLL CALL**

Board Members Present: Steve Mandoki, Greg Tsujiuchi, John Vinke, Barry Waite, Patricia Flynn, Joann Higdon, and Michael Stewart

Also Present: Otis Ginoza, Lawndale Deputy City Manager, Ken Louie, Lawndale Finance Director/City Treasurer, DeDe Tran, Lawndale Associate Planner

**C. PLEDGE OF ALLEGIANCE**

Flag Salute - led by Board Member Stewart

**D. ADMINISTRATION – NEW BUSINESS**

None

**E. CONSENT CALENDAR**

None

**F. PUBLIC COMMENT SESSION – ALL OTHER FUNDS AND ACCOUNTS DUE DILLIGENCE REVIEW**

Resident Fred Siegel commented on former Lawndale Redevelopment Agency (RDA) and his personal property and experiences with the RDA. He also discussed the role of government and use of bond funds. Chairperson Waite reminded Mr. Siegel that the Commission was there to deliberate regarding the Funds and Accounts Due Diligence Review.

Deputy City Manager Ginoza delivered staff report.

**G. PUBLIC COMMENTS**

None.

**H. ITEMS FROM SECRETARY/ADMINISTRATIVE CLERK**

None.

**I. ITEMS FROM BOARD MEMBERS**

None.

**J. ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 4:26 p.m.

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Barry Waite, Chair

ATTEST:

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Otis W. Ginoza, Deputy City Manager  
/dt