AGENDA
SPECIAL MEETING OF THE OVERSIGHT BOARD OF THE
EL CERRITO REDEVELOPMENT SUCCESSOR AGENCY

Tuesday, February 26, 2013, 7:00 p.m.

El Cerrito City Council Chambers
10890 San Pablo Avenue
El Cerrito CA, 94530

1. Call to Order
2. Roll Call
3. Board/Staff Communications
4. Public Comment
   Comments are limited to 3 minutes per speaker.

5. New Business Items
   A. Approval of Minutes
      Approve the November 15, 2012 Oversight Board of the El Cerrito Redevelopment Agency Successor Agency special meeting minutes.

   B. Successor Agency’s FY 2013-14 Administrative Budget; a Cash Flow Loan Agreement Between the City and the Successor Agency; and the Draft Recognized Obligation Payment Schedule 13-14A for the July-December 2013 Period
      Adopt Oversight Board resolutions approving 1) the Successor Agency’s FY 2013-14 Administrative Budget; 2) a Cash Flow Loan Agreement Between the City of El Cerrito and the El Cerrito Redevelopment Agency Successor Agency, pursuant to Health & Safety Code Section 34173(h); and 3) the draft Recognized Obligation Payment Schedule 13-14A for the July-December 2013 period
C. Public Review of Amended Independent Accountant’s Reports on Applying Agreed-Upon Procedures on the Low and Moderate Income Housing Funds and on the Non-Housing Funds of the former El Cerrito Redevelopment Agency, prepared pursuant to California Health & Safety Code Section 34179.5

Receive public comment on the Independent Accountant’s Reports, which will be considered for approval at a special meeting of the Oversight Board on Wednesday, March 6, 2013 at 6 p.m.

6. Adjournment

Oversight Board meetings are not televised.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Clerk, (510) 215-4305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title I).
MINUTES
SPECIAL MEETING OF THE OVERSIGHT BOARD OF THE
EL CERRITO REDEVELOPMENT SUCCESSOR AGENCY

Thursday, November 15, 2012, 7:00 p.m.

El Cerrito City Council Chambers
10890 San Pablo Avenue
El Cerrito CA, 94530

1. Call to Order

Chairperson Jones called the meeting of the Oversight Board of the El Cerrito Redevelopment Agency Successor Agency to order at 7:03 p.m.

2. Roll Call

Present: Directors Dotson, Kronenberg, Myall and Chair Jones.

Absent: Directors Friedman, Potter and Solseng.

3. Board/Staff Communications – None

4. Public Comment – None

5. New Business Items

A. Approval of Minutes

Approve the November 7, 2012 Oversight Board of the El Cerrito Redevelopment Successor Agency special meeting minutes.

Action: Moved, seconded (Kronenberg/Dotson; Ayes – Directors Dotson, Kronenberg, Myall and Chair Jones; Noes – None; Abstain – Kronenberg; Absent – Directors Friedman, Potter and Solseng.

B. Consideration of Independent Accountant’s Report

Adopt a resolution approving the Independent Accountant’s Report on applying agreed upon procedures on the low and moderate income housing funds of the former El Cerrito Redevelopment Agency, prepared pursuant to California Health and Safety Code Section 34179.5.
Chair Jones stated that the Board held a public hearing on November 7, 2012 on the item before the Board this evening.

**Presenter:** Lori Trevino, Economic Development Manager.

**Action:** Moved, seconded (Myall/Kronenberg; Ayes – Directors Dotson, Kronenberg, Myall and Chair Jones; Noes – None; Abstain – None; Absent – Directors Friedman, Potter and Solseng,) to adopt Oversight Board Resolution No. 2012–09.

*Adjourned* at 7:08 p.m.
Date: February 26, 2013

To: Oversight Board of the El Cerrito Redevelopment Agency Successor Agency

From: Lori Treviño, Economic Development Manager

Subject: El Cerrito Redevelopment Successor Agency’s Fiscal Year 2013-14 Administrative Budget, Cash Flow Loan Agreement Between the City and Successor Agency, and the draft Recognized Obligations Payment Schedule 13-14A (July-December 2013)

**ACTION REQUESTED**

Adopt Oversight Board resolutions approving the Successor Agency’s FY 2013-14 administrative budget; a cash flow loan agreement between the City and Successor Agency; and submittal of the draft Recognized Obligations Payment Schedule 13-14A covering the period July-December, 2013, as previously reviewed and authorized by the governing board of the Successor Agency.

**BACKGROUND**

ABx1 26 ("Dissolution Act") dissolved the El Cerrito Redevelopment Agency ("RDA") and established the El Cerrito Redevelopment Agency Successor Agency ("Successor Agency") on February 1, 2012. At that time, the County Auditor-Controller ("A-C") established a Redevelopment Property Tax Trust Fund ("RPTTF") and the Successor Agency established a Redevelopment Obligation Retirement Fund ("RORF").

Under the Dissolution Act, the portion of property tax revenues collected from the City of El Cerrito Redevelopment Project Area ("Project Area") that was considered Tax Increment prior to the RDA’s dissolution are deposited into the RPTTF. The A-C distributes the funds in the RPTTF to the Successor Agency to retire the former RDA’s obligations and to taxing entities that were affected by the Redevelopment Plan for the Project Area. The Dissolution Act also provided for creation of an Oversight Board to the Successor Agency ("Oversight Board"), representing those taxing entities, which was formed on April 4, 2012.

The Successor Agency must review and authorize submittal of a Recognized Obligation Schedule ("ROPS") for each six-month period. Each ROPS must then be approved by the Oversight Board and the California Department of Finance ("DOF") before funding is disbursed from the RPTTF by the A-C for payments on the approved ROPS. Starting with the upcoming ROPS period, the DOF has adopted a new naming convention for ROPS schedule, using the fiscal year. Each fiscal year is broken into two ROPS periods A and B, so the schedule being reviewed this evening is the draft ROPS 13-14A.

The Successor Agency must submit ROPS 13-14A approved by the Oversight Board to DOF no later than March 1, 2013. After submittal, DOF then has 45 days to review the ROPS and approve or disapprove of any items. The Successor Agency can request
additional review by DOF and an opportunity to meet and confer on disputed items, and must make that request within five business days of receiving a DOF initial determination. The DOF is required to notify the Successor Agency and A-C of its further review at least 15 days prior to the date of distributions from the RPTTF. For ROPS 13-14A, the notification date is May 17, 2013 for the June 1, 2013 disbursement.

Pursuant to the Dissolution Act, the Successor Agency must prepare a budget for administrative expenses each fiscal year to be approved by the Oversight Board. The Successor Agency is entitled to an administrative allowance of $250,000 annually, regardless of its actual expenses.

The State enacted Assembly Bill 1484 ("Trailer Bill") in June 2012 amending the Dissolution Act, including Health & Safety Code Section 34173 (h) that allows loans by the City to the Successor Agency for administrative costs, enforceable obligations, or project-related expenses as reported on a ROPS and approved by the Oversight Board.

**SUCCESSOR AGENCY FY 2013-14 ADMINISTRATIVE BUDGET**

The Successor Agency’s FY 2013-14 Administrative Budget, approved by the City Council acting in its role as governing board of the Successor Agency, is included as Exhibit A to the Oversight Board Resolution (Attachment 1). Staff related expenses have been kept flat from the FY 2012-13 Administrative Budget and other expenses have been reduced to reflect decreased costs expected after the first year of redevelopment dissolution. Note that this budget does not include litigation costs or the cost of the Due Diligence Review, as provided in the Dissolution Act.

This budget will be included within the City’s overall FY 2013-14 Operating Budget and the City will be reimbursed once the Successor Agency receives its allowance. Regardless of the Successor Agency’s actual administrative expenses, the administrative allowance is capped at $250,000 annually.

**CASH FLOW LOAN AGREEMENT**

Due to the Successor Agency having insufficient RPTTF for approved payments on ROPS III, the City utilized its cash reserves to fund Successor Agency expenses, anticipating approval of a loan agreement pursuant to Health & Safety Code Section 34173 (h) for reimbursement from future RPTTF distributions. The estimated amount to be advanced for approved ROPS III expenses is $78,740 for administrative expenses that are subject to the Successor Agency’s FY 2012-13 Administrative Allowance and $30,000 for the Due Diligence Review being performed by MGO CPAs.

Per discussions with Department of Finance legal counsel, the cost of the Successor Agency’s True Up litigation is an enforceable obligation of RPTTF. The City advanced to the Successor Agency its litigation costs anticipating reimbursement from RPTTF on ROPS 13-14A, pursuant to a cash flow loan agreement. The cost of the True Up Payment litigation was $127,824.

The Dissolution Act allows the City and Successor Agency to enter into a loan agreement pursuant to Health & Safety Code Section 34173 (h) for reimbursement of these expenses out of future RPTTF, if approved by the Oversight Board. The Loan
Agenda Item No. 5(B)

Agreement approved by the City and the Successor Agency, contingent on Oversight Board approval, is included as Exhibit A to the attached Oversight Board resolution (Attachments 2). To allow for interest payments, the combined amount of the obligations funded by City advances has been rounded up to $238,000 in the proposed Loan Agreement. The Agreement’s inclusion on ROPS 13-14A is also contingent on its approval by the Oversight Board.

ROPS 13-14A

The ROPS 13-14A authorized by the Successor Agency is Exhibit A to the attached Oversight Board resolution (Attachment 3). It includes a summary of funds available and total obligations for the period, an itemized listing of obligations, and a reconciliation of ROPS II payments. Obligations included on ROPS 13-14A are as follows:

• **Tax Allocation Bond Debt Service.** Payments are due to the trustee Union Bank by December 27, 2013.

• **ERAF and SERAF Loans.** While the Trailer Bill clarified the enforceability of SERAF and ERAF loans, it also delayed their repayment until FY 2013-14. The annual payment listed for FY 2013-14 is estimated. However, actual payment cannot be determined without knowing if there is any residual RPTTF available for the ROPS period. Any actual payment will be based on calculations in Health & Safety Code Section 34176, once the amount of residual RPTTF is known.

• **Accrued Vacation Liability.** Due to insufficient RPTTF funding in the ROPS III period for this approved item, funding is being requested on ROPS 13-14A.

• **Valente Note.** No payment is due during the ROPS 13-14A period.

• **Ohlone Gardens Loan Agreement.** This obligation in the amount of $471,152 was approved by DOF on ROPS III. Due to insufficient RPTTF funding in the ROPS III period for this approved item, it is being funded on ROPS 13-14A.

• **Eden Housing Loan Agreement.** This item was initially an obligation of $350,000 when included on the Redevelopment Agency’s Enforceable Obligation Schedule approved in August 2011. The Loan Agreement included a $100,000 pre-development commitment and a $250,000 payable after negotiation of a Disposition and Development Agreement (“DDA”) for the project. The Redevelopment Agency funded $40,000 of the pre-DDA obligation prior to dissolution. The combined remaining balance of $310,000 was initially disapproved by DOF on ROPS I and ROPS II, but then appeared to have been approved on an amended ROPS I to be paid from the Low & Moderate Income Housing Fund (“LMIHF”), although the Successor Agency never received an approval letter for its amended ROPS I and ROPS II from DOF and the LMIHF no longer existed. Due to lack of clarity about the appropriate funding source and insufficient funds, the $310,000 combined balance was not paid to Eden from ROPS I funds, but was placed on ROPS III requested to be paid with RPTTF.
Based on the terms of the Agreement with Eden Housing, DOF broke apart the pre-DDA and post-DDA obligations on ROPS III, initially approving the pre-DDA obligation for $100,000 to be funded with RPTTF (although the correct pre-DDA balance was actually $60,000) and disapproving the post-DDA obligation of $250,000. The Successor Agency held a meet and confer with DOF on the item to appeal the disapproval of the remaining $250,000 obligation due to Eden Housing once a DDA is negotiated with the Housing Functions Successor. Following the meet and confer, DOF disapproved the entire $310,000 combined balance.

Unclear DOF ROPS I approval of this item was one of several subjects of the Successor Agency's True Up Payment litigation against the A-C and DOF and was addressed in discussions with DOF legal counsel leading up to the stipulated judgment issued by Sacramento County Superior Court on December 21, 2012. Although this item was not directly addressed in the stipulated judgment, the Successor Agency relied upon discussions with DOF legal counsel to clarify that the Successor Agency did not have any LMIHF, determine its use of ROPS I and ROPS III RPTTF relative to this item, and request to amend the Housing Due Diligence Review that had been completed in October 2012, prior to settlement of the litigation, to reflect this clarification regarding LMIHF.

The $60,000 balance of the pre-DDA obligation is being re-listed on ROPS 13-14A for funding with RPTTF consistent with the stipulated judgment discussions and DOF's initial ROPS III approvals.

- **Eden Housing Loan Agreement Post-DDA.** The full $310,000 obligation to Eden Housing had been placed on ROPS III and initially DOF disapproved $250,000 of the obligation that was contingent on negotiation of a DDA with Eden Housing, stating that the Successor Agency did not have the authority to negotiate a DDA. However, the Housing Functions Successor does have the authority to negotiate a DDA with Eden Housing on a property that was listed on the DOF-approved Housing Asset Transfer List and the Successor Agency retained the obligation to fund the loan agreement. DOF stated that the Successor Agency can terminate the agreement due to dissolution, but the Successor Agency is not required to terminate under the Dissolution Act and the DOF cannot require the Successor Agency to do so. Eden Housing and the Housing Functions Successor are in the process of negotiating a DDA, but do not anticipate requiring funding of this obligation during FY 2013-14.

- **Cooperation Agreement with the El Cerrito Municipal Services Corporation.** After a meet and confer on this disputed item, DOF disapproved this item on ROPS III. However, no payment had been requested on ROPS III due to insufficient RPTTF. The Successor Agency intends to continue pursuing funding of this item with RPTTF on ROPS 13-14A. The total outstanding obligation has been revised from prior ROPS based on estimated funding requirements under the terms of the agreement.
• **FY 2012-13 Administrative Allowance.** Funding was approved on ROPS III. However, due to insufficient funds, the Successor Agency was unable to pay the City the entire amount. The City advanced funds anticipating approval of a loan agreement pursuant to Health & Safety Code Section 34173 (h). This advance is included in the loan agreement being considered by Oversight Board.

• **Due Diligence Review.** Funding was approved on ROPS III. However, due to insufficient funds, the Successor Agency was unable to pay the selected accounting firm. The City advanced funds anticipating approval of a loan agreement pursuant to Health & Safety Code Section 34173 (h). This advance is included in the loan agreement being considered by the Oversight Board.

• **FY 2011-12 Administrative Allowance.** This item was disapproved on ROPS III because it was required to be funded from ROPS I RPTTF, per original DOF approvals and as discussed with DOF legal counsel during meetings regarding True Up Payment litigation. Subsequent to resolution of the litigation, the Successor Agency used ROPS I RPTTF to pay its Administrative Allowance to the City for its FY 2011-12 expenses administering the Successor Agency.

• **Cash Flow Loan Agreement.** As previously discussed in this report, due to the Successor Agency having insufficient RPTTF for approved payments on ROPS III, the City advanced funds anticipating approval of a loan agreement pursuant to Health & Safety Code Section 34173 (h) for reimbursement from future RPTTF distributions. Per discussions with Department of Finance legal counsel, cost of the Successor Agency's True Up litigation is an enforceable obligation of RPTTF. The City of El Cerrito advanced to the Successor Agency its litigation costs anticipating reimbursement from RPTTF on ROPS 13-14A. The City and Successor Agency approved a Cash Flow Loan Agreement on February 19, 2013, contingent on the Oversight Board’s approval. Inclusion of this item on the ROPS 13-14A submitted to DOF is contingent on Oversight Board approval of the Loan Agreement.

• **FY 2013-14 Administrative Allowance.** Due to the uneven nature of the Successor Agency's FY 2013-14 obligations of RPTTF, the entire administrative allowance is being included on ROPS 13-14A.

The total amount of RPTTF funding required for ROPS 13-14A is estimated to be $2,290,857. However, the amount of RPTTF expected to be distributed is estimated by the A-C to be $1,368,492. This is based on estimates received from the A-C, which are included in the following table, which summarizes RPTTF distributions and payments for FY 2011-12 and FY 2013-14.
## Agenda Item No. 5(B)

### El Cerrito Redevelopment Successor Agency

**Distributions and Payments of Redevelopment Property Tax**

*FY 2011-12 Actual and FY 2013-14 Projected*

<table>
<thead>
<tr>
<th></th>
<th>FY 2012-13</th>
<th>FY 2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ROPS 2</td>
<td>ROPS 3</td>
</tr>
<tr>
<td>Projected RPTTF Available</td>
<td>2,221,333</td>
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<tr>
<td>County Admin</td>
<td>48,673</td>
<td>48,009</td>
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<td>County Deducted Pass-Thrus</td>
<td>223,412</td>
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<td>Prior Subordinated Pass-Thrus</td>
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<tr>
<td>RPTTF Distribution</td>
<td>1,949,248</td>
<td>2,075,115</td>
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<tr>
<td>Payments</td>
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<tr>
<td>Debt Service</td>
<td>1,949,248</td>
<td>1,591,140</td>
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<tr>
<td>Other ROPS</td>
<td>1,949,248</td>
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<tr>
<td>Remainder</td>
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<td>-</td>
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</table>

Based on current projections, there is insufficient RPTTF for all obligations due during the ROPS 13-14A period, should they be approved by the Oversight Board and DOF. Note that once prior subordinated pass-through payments are paid during the upcoming ROPS period, there should no longer be an issue of insufficient funds for ROPS periods going forward. To smooth cash flow, the Successor Agency will likely request a debt service reserve during the first ROPS period of each fiscal year to account for the uneven principal and interest payments in its debt service schedules.

### LEGAL CONSIDERATIONS

Consideration of the Successor Agency's FY 2013-14 Administrative Budget, the Cash Flow Loan Agreement between the City and Successor Agency, and ROPS 13-14A is consistent with the Dissolution Act and Trailer Bill.

**Reviewed by:**

Scott Hanin  
City Manager

**Attachments:**

1. Oversight Board Resolution 2013-XX, approving the Successor Agency’s FY 2013-14 administrative budget
2. Oversight Board Resolution 2013-XX, approving a cash flow loan agreement between the City and Successor Agency
3. Oversight Board Resolution 2013-XX, approving submittal of the draft Recognized Obligations Payment Schedule 13-14A covering the period July-December, 2013, as reviewed and authorized by the governing board of the Successor Agency
RESOLUTION OF THE OVERSIGHT BOARD OF THE EL CERRITO REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE SUCCESSOR AGENCY FY 2013-14 ADMINISTRATIVE BUDGET, AS REQUIRED UNDER AB1X26

WHEREAS, as part of the 2011-12 State budget bill, ABx1 26 ("Dissolution Act") was enacted significantly modifying the Redevelopment Law to require the dissolution of redevelopment agencies throughout California and the establishment of successor agencies to wind down the former redevelopment agencies' affairs; and

WHEREAS, on August 15, 2011, pursuant to the Dissolution Act, the City elected to serve as the El Cerrito Redevelopment Agency Successor Agency ("Successor Agency"); and

WHEREAS, Section 34179(a) of the Health and Safety Code provided for the establishment of the Oversight Board of the Successor Agency ("Oversight Board"), which was formed on April 4, 2012; and

WHEREAS, the Dissolution Act requires the Successor Agency to prepare a proposed administrative budget for each fiscal year and submit it to the Oversight Board for approval; and

WHEREAS, the Successor Agency approved the proposed administrative budget for the 2013-14 Fiscal Year on February 19, 2013 and is hereby submitting it to the Oversight Board for consideration as Exhibit A to this Resolution.

NOW THEREFORE, BE IT RESOLVED that the Oversight Board of the El Cerrito Redevelopment Agency Successor Agency hereby approves the Successor Agency Administrative Budget for the Fiscal Year 2013-14, attached hereto as Exhibit A.

BE IT FURTHER RESOLVED that this Resolution shall become effective in accordance with Health and Safety Code Section 34179(h).
## Exhibit A
Successor Agency Administrative Budget
Fiscal Year 2013-14

<table>
<thead>
<tr>
<th>Entity/Activity</th>
<th>Successor Agency</th>
<th>Oversight Board</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staffing Functions (Total Compensation plus Overhead for Indirect Costs)</strong></td>
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<tr>
<td>City Management</td>
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<td>Financial &amp; Audit Services</td>
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<td>Bond-related Costs</td>
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<td>Website</td>
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<td>Advertising/Legal Notices</td>
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<tr>
<td>Property Management</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$222,950</strong></td>
<td><strong>$89,450</strong></td>
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<tr>
<td><strong>Combined Total</strong></td>
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<td><strong>$312,400</strong></td>
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</table>

| **Funding Source**                        |                   |                 |
| Redevelopment Property Tax Trust Fund    |                   | $250,000        |
| Unfunded                                 |                   | $62,400         |
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE EL CERRITO REDEVELOPMENT AGENCY
RESOLUTION 2013-XX

RESOLUTION OF THE OVERSIGHT BOARD OF THE EL CERRITO REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING A CASH FLOW LOAN FROM THE CITY OF EL CERRITO TO THE EL CERRITO REDEVELOPMENT AGENCY SUCCESSOR AGENCY TO COVER PAYMENTS OF ENFORCEABLE OBLIGATIONS APPROVED ON THE ROPS III AND THE ROPS 13-14A

WHEREAS, as part of the 2011-12 State budget bill, ABx1 26 (“Dissolution Act”) was enacted significantly modifying the Redevelopment Law to require the dissolution of redevelopment agencies throughout California and the establishment of successor agencies to wind down the former redevelopment agencies’ affairs; and

WHEREAS, on August 15, 2011, pursuant to the Dissolution Act, the City elected to serve as the El Cerrito Redevelopment Agency Successor Agency (“Successor Agency”); and

WHEREAS, Section 34179(a) of the Health and Safety Code provided for the establishment of the Oversight Board of the Successor Agency (“Oversight Board”), which was formed on April 4, 2012; and

WHEREAS, Assembly Bill 1484 (“Trailer Bill”), adopted in June 2012, amending the Dissolution Act, made clear that the Successor Agency is a separate public entity from the City and is not a component unit of the City, but the City is providing administrative services for the Successor Agency; and

WHEREAS, pursuant to the Dissolution Act, the Contra Costa County Auditor Controller (the “Auditor-Controller”) established the Redevelopment Property Tax Trust Fund (the “RPTTF”) to hold Redevelopment Property Tax collected from the City of El Cerrito Redevelopment Project Area to be disbursed to the Successor Agency for payment of its enforceable obligations and to taxing entities affected by the Redevelopment Plan; and

WHEREAS, the Dissolution Act requires the Successor Agency to prepare a Recognized Obligations Payment Schedule (“ROPS”) for each six-month period setting forth its enforceable obligations, including an administrative cost allowance of $250,000 per fiscal year; and

WHEREAS, Health & Safety Code Section 34173 (h) allows the City to loan funds to the Successor Agency for administrative costs, enforceable obligations and project-related expenses reported on a ROPS and approved by the Oversight Board; and

WHEREAS, the Successor Agency prepared ROPS III for obligations payable during the period January through June, 2013 and the Department of Finance (“DOF”) approved the
enforceable obligations listed on ROPS III but there were insufficient funds in the RPTTF to fund all of the obligations approved by DOF; and

WHEREAS, the Successor Agency has incurred litigation expenses related to the litigation against the Auditor-Controller and DOF over the True Up Payment, the cost of which is an enforceable obligation of RPTTF that was included on the ROPS for July through December, 2013 (“ROPS 13-14A”), so that the Successor Agency can repay the advance from the City for the Successor Agency’s litigation costs; and

WHEREAS, there were insufficient funds available in the RPTTF to pay all approved enforceable obligations and administrative expenses approved by the DOF during the ROPS III period and based on projections there is an expectation that there will be insufficient funds in the RPTTF for the litigation costs on ROPS 13-14A; and

WHEREAS, the estimated cash flow advance to the Successor Agency required during the ROPS III period will be $238,000; and

WHEREAS, to enable the Successor Agency to meet its fiduciary responsibilities to holders of enforceable obligations and for the Successor Agency to have adequate funds for administrative costs and other obligations, the City desires to loan to the Successor Agency an amount not to exceed $238,000; and

WHEREAS, Exhibit A to this Resolution is a proposed Cash Flow Loan Agreement (“Loan Agreement”) pursuant to the authority granted by Health and Safety Code Section 34173(h); and

WHEREAS, the City and Successor Agency determined that entering into the proposed Loan Agreement is in the best interests of the City and the Successor Agency, and approved execution of the Loan Agreement on February 19, 2012, contingent on approval of the Oversight Board.

NOW THEREFORE, BE IT RESOLVED that the Oversight Board of the El Cerrito Redevelopment Agency Successor Agency hereby approves the Cash Flow Loan Agreement between the City of El Cerrito and the El Cerrito Redevelopment Agency Successor Agency, as provided for in Health & Safety Code Section 34173 (h) and attached hereto as Exhibit A.

BE IT FURTHER RESOLVED that this Resolution shall become effective as set forth in Health and Safety Code Section 34179(h).
Exhibit A

CASH FLOW LOAN AGREEMENT
(City Advance to Successor Agency)

This Cash flow Loan Agreement (the “Loan Agreement”) is made and entered into as of February __, 2013, by and between the City of El Cerrito, a municipal corporation (the “City”), and the El Cerrito Redevelopment Agency Successor Agency (“Successor Agency”).

RECITALS

WHEREAS, pursuant to AB1x 26 (the “Dissolution Act”), the Successor Agency must prepare a Recognized Obligation Payment Schedule (“ROPS”) for each six-month period setting forth all enforceable obligations (as defined in the Dissolution Act) of the Successor Agency; and

WHEREAS, the Dissolution Act created an oversight board (“Oversight Board”) to oversee the wind down of the El Cerrito Redevelopment Agency; and

WHEREAS, on February 26, 2013 the Successor Agency requested that the Oversight Board approve a proposed loan between the City and the Successor Agency pursuant to Health & Safety Code Section 34173(h), wherein the City would advance funds to the Successor Agency in an amount not to exceed $238,000 (the “Loan”) for the purpose of paying certain Successor Agency administrative costs and enforceable obligations approved as part of ROPS III, for which there were insufficient funds in the Redevelopment Property Tax Trust Fund (“RPTTF”), and to pay costs associated with litigation related to the True Up Payment required by the Successor Agency pursuant to the Dissolution Act; and

WHEREAS, pursuant to Health & Safety Code Section 34173(h), the Successor Agency listed the enforceable obligations and administrative costs to be paid for with the Loan on the Third ROPS approved by the Oversight Board covering the period from January through June, 2013 and the costs were approved by the Department of Finance; and

WHEREAS, pursuant to Health & Safety Code Section 34173(h), the Successor agency listed as an enforceable obligation on the ROPS for the period from July 1, 2013 through December 31, 2013 (the “ROPS 13-14A”) to be paid for with the Loan the cost of repaying the City for the cost of the Successor Agency’s True Up Payment litigation; and

WHEREAS, the City and the Successor Agency have determined that entering into this Loan Agreement is in the best interests of the City and the Successor Agency.
NOW, THEREFORE, in consideration of the promises and the mutual agreements herein contained, the parties hereto do hereby agree as follows. The foregoing recitals are hereby incorporated by reference and made part of this Loan Agreement.

ARTICLE I.

LOAN PROVISIONS

Section 1.01 Loan. The City hereby agrees to lend to the Successor Agency the principal amount of Two Hundred Third Eight Thousand Dollars ($238,000) (the “Loan”) for the purposes set forth in Section 1.03.

Section 1.02 Interest.

(a) Interest. Interest on the Loan shall accrue as of the Effective Date, continuing until such time as the Loan is repaid in full, at a rate equal to the interest rate applicable to funds on deposit in the Local Agency Investment Fund as of the Effective Date, compounded annually.

(b) Default Interest. In the event of a Default, interest on the Loan shall begin to accrue as of the date of Default and continuing until such time as the Loan is repaid in full or the Default is cured, at the default rate of the lesser of eight percent (8%) per annum, compounded annually (the “Default Rate”) or the highest rate permitted by law.

Section 1.03 Use of Loan Funds. The Successor Agency shall use the Loan for the purpose of paying the following obligations: those Successor Agency administrative costs as set forth in Item 13 on the Third ROPS, the consulting contract for the Due Diligence Review as set forth in Item 14 on the Third ROPS, and for the purpose of reimbursing the City for litigation expenses incurred by the Successor Agency related to the filing and settlement of El Cerrito vs. Robert Campbell, et al.

Section 1.04 Repayment of Loan.

(a) Pursuant to Health & Safety Code Section 34173(h), the Loan is an enforceable obligation of the Successor Agency and is payable on June 1 and January 2 of each year from the RPTTF maintained by the Contra Costa County Auditor-Controller for the purpose of paying enforceable obligations of the Successor Agency.

(b) The Loan shall be set forth in full as an enforceable obligation of the Successor Agency on ROPS 13-14A. It shall be due and payable in full from the Successor Agency’s Redevelopment Obligation Retirement Fund (“RORF”) following the June 1, 2013 payment to the RORF by the Contra Costa County Auditor-Controller. However, should the Successor Agency receive insufficient funds from the RPTTF to pay all costs shown on the ROPS13-14A, then the amount due and payable on the Loan shall equal the amount deposited into the RORF less all other approved costs shown on the ROPS13-14A and the balance of any principal and interest due on the Loan shall be due and payable in full on the next ROPS.
The procedure described in subsection (b) of this Section shall continue to be followed for each ROPS until the principal and interest due on the Loan are paid in full. Any remaining principal and interest due on the Loan shall continue to be shown as an enforceable obligation on each ROPS until the Successor Agency has received sufficient funds to pay all principal and interest due on the Loan.

All Loan payments shall first be used to pay all accrued interest and then to reduce the principal balance.

Section 1.05 Optional Prepayment of the Loan. The Successor Agency shall have the right to prepay the unpaid principal and interest of the Loan at any time.

Section 1.06 Books and Accounts; Financial Statements. The Successor Agency will keep, or cause to be kept, proper books of record and accounts showing the use of the Loan funds, interest due on the Loan, Loan repayments, and principal and interest outstanding.

ARTICLE II.
DEFAULT AND REMEDIES

Section 2.01 Event of Default. Failure by the Successor Agency to pay the principal or interest on the Loan when due and payable shall constitute a Default.

Section 2.02 No Waiver. A waiver of any Default by the City shall not affect any subsequent Default or impair any rights or remedies on the subsequent default.

Section 2.03 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

ARTICLE III.
MISCELLANEOUS

Section 3.01 No Merger. In entering into this Loan Agreement, the City is acting in its capacity as a municipal corporation, and, pursuant to Health & Safety Code Section 34173(g), the Successor Agency is a separate public entity from the City; and both the City and the Successor Agency are acting pursuant to the specific authority granted by the Oversight Board and by Health & Safety Code Sections 34173(h) and 34180(h) authorizing agreements between the City and the Successor Agency. In consequence, the parties to this Loan Agreement are not merged.
Section 3.02  **Successor is Deemed Included in All References to Predecessor.** Whenever in this Loan Agreement either the Successor Agency or the City is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Loan Agreement contained by or on behalf of the Successor Agency or the City shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 3.03  **Amendment.** This Loan Agreement may be amended by the parties hereto but only by a written instrument signed by both parties and with the approval of the Oversight Board.

Section 3.04  **Effective Date.** This Loan Agreement shall take effect upon approval by the Oversight Board and, following that approval, at the time and in the manner prescribed in Health & Safety Code Section 34179(h) (the “Effective Date”).

Section 3.05  **Severability.** If any Section, paragraph, sentence, clause or phrase of this Loan Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Loan Agreement. The City and the Successor Agency hereby declare that they would have adopted this Loan Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the Loan irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Loan Agreement may be held illegal, invalid or unenforceable.
IN WITNESS WHEREOF, the City of El Cerrito and the El Cerrito Redevelopment Agency Successor Agency have caused this Agreement to be signed by their respective officers.

CITY OF EL CERRITO, CALIFORNIA,
a California municipal corporation (“CITY”)

Approved: ___________________________ Date: ___________________________

Scott Hanin, City Manager

APPROVED AS TO FORM:

______________________________

Sky Woodruff, City Attorney

EL CERRITO REDEVELOPMENT AGENCY SUCCESSOR AGENCY,
the successor to the former El Cerrito Redevelopment Agency (“SUCCESSOR AGENCY”)

Approved: ___________________________ Date: ___________________________

Scott Hanin, Executive Officer

APPROVED AS TO FORM:

______________________________

Karen Tiedemann, Successor Agency Attorney
RESOLUTION OF THE OVERSIGHT BOARD OF THE EL CERRITO REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 13-14A FOR THE JULY-DECEMBER 2013 PERIOD, AS REQUIRED UNDER ABX1 26 AND AB 1484, AND AUTHORIZING FUTURE REVISIONS THAT DO NOT INCREASE THE SUCCESSOR AGENCY’S OVERALL OBLIGATIONS

WHEREAS, as part of the 2011-12 State budget bill, ABx1 26 ("Dissolution Act") was enacted significantly modifying the Redevelopment Law to require the dissolution of redevelopment agencies throughout California and the establishment of successor agencies to wind down the former redevelopment agencies’ affairs; and

WHEREAS, on August 15, 2011, pursuant to the Dissolution Act, the City elected to serve as the El Cerrito Redevelopment Agency Successor Agency ("Successor Agency"); and

WHEREAS, Section 34179(a) of the Health and Safety Code provided for the establishment of the Oversight Board of the Successor Agency ("Oversight Board"), which was formed on April 4, 2012; and

WHEREAS, the Dissolution Act as amended by Assembly Bill 1484 ("Trailer Bill") requires the Successor Agency to submit by March 1, 2013 a Recognized Obligations Payment Schedule for the period July to December, 2013 ("ROPS 13-14A") approved by the Oversight Board, for review by the County Auditor-Controller ("CAC") and California Department of Finance ("DOF"); and

WHEREAS, the City Council, acting in its role as governing board of the Successor Agency, reviewed and authorized a draft ROPS 13-14A, prepared pursuant to the Dissolution Act, on February 19, 2013; and

WHEREAS, while the amount of Redevelopment Property Tax ("RPT") that will be distributed to the Successor Agency for ROPS 13-14A is likely to be insufficient for all of the payments listed on ROPS 13-14A for approval, all obligations with possible payments due during the ROPS period have been listed so that the use of RPT can be prioritized after the amounts approved and available can be determined; and

WHEREAS, the Oversight Board desires to authorize the Successor Agency staff to prepare and submit to the appropriate entities modifications to the ROPS 13-14A on matters that can be handled administratively and have no impact on the Successor Agency’s overall obligations.
NOW THEREFORE, BE IT RESOLVED that the Oversight Board of the El Cerrito Redevelopment Agency Successor Agency hereby approves the Recognized Obligation Payment Schedule 13-14A for the July-December, 2013 period, as required under the Dissolution Act and attached hereto as Exhibit A.

BE IT FURTHER RESOLVED that the Oversight Board of the El Cerrito Redevelopment Agency Successor Agency authorizes City staff on behalf of the Successor Agency to submit modifications to the ROPS 13-14A so long as the Successor Agency’s total obligations are not increased and requests the DOF and the CAC to consider such amendments as approved.

BE IT FURTHER RESOLVED that this Resolution shall become effective as set forth in Health and Safety Code Section 34179(h).
**SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

Filed for the July 1, 2013 to December 31, 2013 Period

### Name of Successor Agency:
EL CERRITO (CONTRA COSTA)

#### Outstanding Debt or Obligation

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Total Outstanding Debt or Obligation</td>
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#### Current Period Outstanding Debt or Obligation

<table>
<thead>
<tr>
<th>Description</th>
<th>Six-Month Total</th>
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<tbody>
<tr>
<td>A Available Revenues Other Than Anticipated RPTTF Funding</td>
<td>$0</td>
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<tr>
<td>B Enforceable Obligations Funded with RPTTF</td>
<td>$2,040,857</td>
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<tr>
<td>C Administrative Allowance Funded with RPTTF</td>
<td>$250,000</td>
</tr>
<tr>
<td>D Total RPTTF Funded (B + C = D)</td>
<td>$2,290,857</td>
</tr>
<tr>
<td>E Total Current Period Outstanding Debt or Obligation (A + B + C = E) Should be same amount as ROPS form six-month total</td>
<td>$2,290,857</td>
</tr>
<tr>
<td>F Enter Total Six-Month Anticipated RPTTF Funding</td>
<td>$1,368,492</td>
</tr>
<tr>
<td>G Variance (F - D = G) Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</td>
<td>($922,365)</td>
</tr>
</tbody>
</table>

#### Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>H Enter Estimated Obligations Funded by RPTTF (lesser of Finance’s approved RPTTF amount including admin allowance or the actual amount distributed)</td>
<td>$1,949,250</td>
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<tr>
<td>I Enter Actual Obligations Paid with RPTTF</td>
<td>$1,949,250</td>
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<tr>
<td>J Enter Actual Administrative Expenses Paid with RPTTF</td>
<td>$0</td>
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<tr>
<td>K Adjustment to Redevelopment Obligation Retirement Fund (H - (I + J) = K)</td>
<td>$0</td>
</tr>
<tr>
<td>L Adjustment to RPTTF (D - K = L)</td>
<td>$2,290,857</td>
</tr>
</tbody>
</table>

**Certification of Oversight Board Chairman:**

Pursuant to Section 34177(m) of the Health and Safety code,

I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

/s/ Name

Signature Date
<table>
<thead>
<tr>
<th>Item</th>
<th>Project Name / Date Obligation</th>
<th>Contract/Agreement Execution Date</th>
<th>Contract/Agreement Termination Date</th>
<th>Payee</th>
<th>Description/Project Scope</th>
<th>Payment</th>
<th>Total Outstanding Debt or Obligation</th>
<th>Total Due During Fiscal Year 2013-14</th>
<th>Bond Proceeds</th>
<th>Reserve Balance</th>
<th>Admin Allowance</th>
<th>SPFFS</th>
<th>Other</th>
<th>Six-Month Total</th>
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<td>1</td>
<td>EL Cerrito Bond 1997 A</td>
<td>11/7/1997</td>
<td>7/1/2019</td>
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<td>7/1/2019</td>
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<td>3</td>
<td>EL Cerrito Bond 2004 B &amp; C</td>
<td>11/7/2004</td>
<td>7/1/2019</td>
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<td>5</td>
<td>EL Cerrito Bond 2008 &amp; Non-H</td>
<td>11/7/2008</td>
<td>7/1/2012</td>
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<td>1998-03 5 STAR Loan</td>
<td>2/14/2010</td>
<td>7/1/2015</td>
<td>Federal Housing Fund</td>
<td>Funds advanced for 5 STAR payment</td>
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<td>2004-03 5 STAR Loan</td>
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<td>7/1/2015</td>
<td>Federal Housing Fund</td>
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<td>7/1/2015</td>
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<td>11</td>
<td>Cohousing Loan Agreement</td>
<td>2/19/2013</td>
<td>12/31/2012</td>
<td>City of El Cerrito</td>
<td>Cohousing Loan pursuant to H&amp;S Code Section 34173(h) for ROPS II Items and Successor Agency litigation costs funded by City of El Cerrito</td>
<td>City of El Cerrito</td>
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<td>Cohousing Loan Agreement</td>
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<td>12/31/2012</td>
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<td>Cohousing Loan pursuant to H&amp;S Code Section 34173(h) for ROPS II Items and Successor Agency litigation costs funded by City of El Cerrito</td>
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<td>Administrative Allowance per AB 1484</td>
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<td>12/31/2012</td>
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<td>Cohousing Loan pursuant to H&amp;S Code Section 34173(h) for ROPS II Items and Successor Agency litigation costs funded by City of El Cerrito</td>
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<td>Cohousing Loan Agreement</td>
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<td>12/31/2012</td>
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<td>Cohousing Loan pursuant to H&amp;S Code Section 34173(h) for ROPS II Items and Successor Agency litigation costs funded by City of El Cerrito</td>
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<td>19</td>
<td>Cohousing Loan Agreement</td>
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<td>12/31/2012</td>
<td>City of El Cerrito</td>
<td>Cohousing Loan pursuant to H&amp;S Code Section 34173(h) for ROPS II Items and Successor Agency litigation costs funded by City of El Cerrito</td>
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</tbody>
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**EL CERRITO (CONTRA COSTA)**

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A)

July 1, 2013 through December 31, 2013
<table>
<thead>
<tr>
<th>Item #</th>
<th>Project Name / Debt Obligation</th>
<th>Payee</th>
<th>Description/Project Scope</th>
<th>Project Area</th>
<th>Bond Proceeds</th>
<th>Reserve Balance</th>
<th>Admin Allowance</th>
<th>RPTTF</th>
<th>Other</th>
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<td>UBL</td>
<td>Actual</td>
<td>Estimate</td>
<td>Actual</td>
<td>Estimate</td>
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<td>1</td>
<td>Tax Allocation Bonds 1997 A</td>
<td>Union Bank</td>
<td>Refunding of prior TAB for Refunding Projs</td>
<td>City of El Cerrito</td>
<td>553,805</td>
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<td>2</td>
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<td>4</td>
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<tr>
<td>6</td>
<td>Valente Promissory Note</td>
<td>George Valente</td>
<td>Loan for land acquisition</td>
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<td>7</td>
<td>Cooperation Agreement</td>
<td>El Cerrito</td>
<td>Redevelopment Plan implementation (non-Hsg)</td>
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<td>8</td>
<td>Cooperation Agreement</td>
<td>City of El Cerrito</td>
<td>Redevelopment Plan implementation (Hsg)</td>
<td>City of El Cerrito</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>2009-2010 SERAF Loan</td>
<td>L&amp;M Housing Fund</td>
<td>Funds advanced for SERAF payment</td>
<td>City of El Cerrito</td>
<td>165,957</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>2005-2006 ERAF Loan</td>
<td>L&amp;M Housing Fund</td>
<td>Funds advanced for ERAF payment</td>
<td>City of El Cerrito</td>
<td>41,930</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>11</td>
<td>FY12-13 Administrative Allowance</td>
<td>City of El Cerrito</td>
<td>Administrative Allowance per AB126</td>
<td>City of El Cerrito</td>
<td>245,000</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>12</td>
<td>LMIHF Bond Proceeds</td>
<td>L&amp;M Housing Fund</td>
<td>Proceeds advanced for LMIHF bond</td>
<td>City of El Cerrito</td>
<td>471,552</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>13</td>
<td>Eden Housing Loan Agreement</td>
<td>Eden Housing</td>
<td>Proceeds advanced for Eden Housing loan</td>
<td>City of El Cerrito</td>
<td>310,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>14</td>
<td>FY12-13 Administrative Allowance</td>
<td>City of El Cerrito</td>
<td>Administrative Allowance per AB126</td>
<td>City of El Cerrito</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>15</td>
<td>FY12-13 Administrative Allowance</td>
<td>City of El Cerrito</td>
<td>Administrative Allowance per AB126</td>
<td>City of El Cerrito</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>16</td>
<td>FY12-13 Administrative Allowance</td>
<td>City of El Cerrito</td>
<td>Administrative Allowance per AB126</td>
<td>City of El Cerrito</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>ROPS II Pass-Through Payments</td>
<td>City of El Cerrito</td>
<td>Administrative Allowance per AB126</td>
<td>City of El Cerrito</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>LMIHF Bond Proceeds</td>
<td>L&amp;M Housing Fund</td>
<td>Proceeds advanced for LMIHF bond</td>
<td>City of El Cerrito</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Eden Housing Loan Agreement</td>
<td>Eden Housing</td>
<td>Proceeds advanced for Eden Housing loan</td>
<td>City of El Cerrito</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td></td>
<td>FY12-13 Administrative Allowance</td>
<td>City of El Cerrito</td>
<td>Administrative Allowance per AB126</td>
<td>City of El Cerrito</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Item #</td>
<td>Project Name / Debt Obligation</td>
<td>Notes/Comments</td>
<td></td>
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<tr>
<td>1</td>
<td>Tax Allocation Bonds 1997 A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>Tax Allocation Bonds 1998 B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Tax Allocation Bonds 2004 A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Tax Allocation Bonds 2004 B Non-Hsg</td>
<td>The debt service schedule for TAB 2004B was structured such that the portion being paid from tax increment (Item #4) was retired in 2012 and the remainder was an obligation of LMIHF (Item #5). However, this distinction is no longer relevant, as there is no longer LMIHF, so all debt service payments are obligations of RPTTF.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Tax Allocation Bonds 2004 B Hsg</td>
<td>The debt service schedule for TAB 2004B was structured such that the portion being paid from tax increment (Item #4) was retired in 2012 and the remainder was an obligation of LMIHF (Item #5). However, this distinction is no longer relevant, as there is no longer LMIHF, so all debt service payments are obligations of RPTTF.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>2009-10 SERAF Loan</td>
<td>Annual payment is estimated. However, actual payment will be based on calculations in H&amp;S Code Section 34176, once the amount of residual RPTTF if any can be determined.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>2005-06 ERAF Loan</td>
<td>Annual payment is estimated. However, actual payment will be based on calculations in H&amp;S Code Section 34176, once the amount of residual RPTTF if any can be determined.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Accrued Vacation Liability</td>
<td>Due to insufficient RPTTF funding in ROPS III period for this approved item, funding is included on ROPS 13-14A.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Valente Promissory Note</td>
<td>Payment due on ROPS 13-14B.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Ohlone Gardens Loan Agreement</td>
<td>Due to insufficient RPTTF funding in ROPS III period for this approved item, funding is being included on ROPS 13-14A.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Eden Housing Loan Agreement</td>
<td>See Notes 17 and 18 below.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Cooperation Agreement</td>
<td>See Note 19 below.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>FY 2012-13 Administrative Allowance</td>
<td>Funding approved on ROPS III. However, due to insufficient funds, the Successor Agency was unable to pay the City the entire amount. The City advanced funds anticipating approval of a loan agreement pursuant to Health &amp; Safety Code Section 34173 (h). This advance is included in Item #16.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Due Diligence Review</td>
<td>Funding approved on ROPS III. However, due to insufficient funds, the Successor Agency was unable to pay the City the entire amount. The City advanced funds anticipating approval of a loan agreement pursuant to Health &amp; Safety Code Section 34173 (h). This advance is included in Item #16.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>FY 2011-12 Administrative Allowance</td>
<td>Approved ROPS I Item, paid from ROPS I RPTTF subsequent to resolution of True Up Payment litigation.</td>
<td></td>
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</tr>
</tbody>
</table>
### EL CERRITO (CONTRA COSTA)

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A) – Notes (Optional)**

July 1, 2013 through December 31, 2013

<table>
<thead>
<tr>
<th>Item #</th>
<th>Project Name / Debt Obligation</th>
<th>Notes/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>Cash Flow Loan Agreement</td>
<td>Due to insufficient RPTTF, the City of El Cerrito advanced funds to the Successor Agency for approved ROPS III obligations. The City and Successor Agency entered into a loan agreement pursuant to H&amp;S Code Section 34173 (h) for reimbursement of these expenses out of future RPTTF. Per discussions with Department of Finance legal counsel, cost of litigation is an enforceable obligation of RPTTF. The City of El Cerrito advanced funds to the Successor Agency its litigation costs, anticipating reimbursement from RPTTF on ROPS 13-14A.</td>
</tr>
<tr>
<td>17</td>
<td>Eden Housing Loan Agreement Pre-DDA</td>
<td>This item was initially an obligation of $350,000 when included on the Redevelopment Agency’s Enforceable Obligation Schedule approved in August 2011. The Redevelopment Agency funded $40,000 of the obligation prior to dissolution. The balance of $310,000 was initially disapproved on ROPS I and ROPS II, but then appeared to have been approved on an amended ROPS I to be paid from LMIHF, although the Successor Agency never received an approval letter for its amended ROPS I and ROPS II from DOF. Due to lack of clarity and insufficient funds, the $310,000 obligation was not paid from ROPS I funds, but was placed on ROPS III to be paid from RPTTF. DOF initially approved $100,000 in RPTTF on ROPS III, based on the terms of the agreement with Eden Housing (although the balance of the pre-DDA obligation was actually $60,000). The Successor Agency held a meet and confer with DOF on the item to appeal the disapproval of the remaining $250,000 obligation due to Eden Housing once a Disposition and Development Agreement (DDA) is negotiated with the Housing Functions Successor. Following the meet and confer, DOF disapproved the entire $310,000. Disapproval of this item on ROPS I and ROPS II and the subsequent unclear communication from DOF appearing to approve the item from LMIHF on ROPS I was one of several subjects of the Successor Agency's True Up Payment litigation against the County Auditor-Controller and DOF and was addressed in discussions with DOF legal counsel leading up to the stipulated judgment issued by Sacramento County Superior Court on December 21, 2012. Although this item was not directly addressed in the stipulated judgment, the Successor Agency relied upon discussions with DOF legal counsel in determining its use of ROPS I and ROPS III RPTTF and in its request to amend its Housing Due Diligence Review. The $60,000 balance of the pre-DDA obligation is being listed on ROPS 13-14A for funding with RPTTF consistent with the stipulated judgment discussions and DOF's initial ROPS III approvals.</td>
</tr>
<tr>
<td>18</td>
<td>Eden Housing Loan Agreement Post-DDA</td>
<td>As discussed in Note 20, the full $310,000 obligation to Eden Housing had been placed on ROPS III and initially DOF disapproved $250,000 of the obligation that was contingent on negotiation of a DDA with Eden Housing, stating that the Successor Agency did not have the authority to negotiate a DDA. However, the Housing Functions Successor does have the authority to negotiate a DDA with Eden Housing on a property that was listed on the DOF-approved Housing Asset Transfer List and the Successor Agency retained the obligation to fund the loan agreement. DOF stated that the Successor Agency can terminate the agreement due to dissolution, but the Successor Agency is not required to terminate under the Dissolution Act and the DOF cannot require the Successor Agency to do so. Eden Housing and the Housing Functions Successor are in the process of negotiating a DDA and anticipate requiring funding of this obligation during FY2013-14.</td>
</tr>
<tr>
<td>Item #</td>
<td>Project Name / Debt Obligation</td>
<td>Notes/Comments</td>
</tr>
<tr>
<td>--------</td>
<td>--------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>19</td>
<td>Cooperation Agreement</td>
<td>After a meet and confer on this disputed item, DOF dissapproved this item on ROPS III. However, no payment had been requested on ROPS III due to insufficient RPTTF. The Successor Agency intends to continue pursuing funding of this item with RPTTF on ROPS 13-14A. The outstanding obligation has been revised from prior ROPS based on estimated funding requirements under the terms of the agreement.</td>
</tr>
<tr>
<td>20</td>
<td>FY13-14 Administrative Allowance</td>
<td>Due to the uneven nature of the Successor Agency's FY2013-14 obligations of RPTTF, the entire administrative allowance is being included on ROPS 13-14A.</td>
</tr>
</tbody>
</table>
Date: February 26, 2012
To: Oversight Board of the El Cerrito Redevelopment Agency Successor Agency
From: Lori Treviño, Economic Development Manager
Subject: Independent Accountant’s Reports on Applying Agreed-Upon Procedures on the Low and Moderate Income Housing Funds and on the Non-Housing Funds

ACTION REQUESTED
Receive public comments on the Independent Accountant’s Reports on Applying Agreed-Upon Procedures on the Low and Moderate Income Housing Funds and on the Non-Housing Funds.

BACKGROUND
California Health & Safety Code Section 34179.5 requires each successor agency to employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities. The El Cerrito Redevelopment Agency Successor Agency (“Successor Agency”) selected MGO Certified Public Accountants to perform the Agreed-Upon Procedures (“Due Diligence Review”) and received approval by the County Auditor-Controller.

AMENDED HOUSING DUE DILIGENCE REVIEW
The Due Diligence Review of the Low and Moderate Income Housing Fund (“LMIHF”) was submitted to the Oversight Board, the County Auditor-Controller, the State Controller’s Office and the Department of Finance (“DOF”) in November, 2012. The Oversight Board held the required meeting for public review and comment on the Due Diligence Review of the LMIHF on November 7, 2012. On November 15, 2012, the Oversight Board took the actions required under Health and Safety Code Section 34179.6(c) to review, approve, and transmit the results of the Due Diligence Review of the LMIHF to the DOF and County Auditor-Controller, with a determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities. The Oversight Board determined that $176,161 in cash held by the Successor Agency was required to pay enforceable obligations and therefore was not available for disbursement to taxing entities.

The original source of the $176,161 was Tax Increment that had been distributed to the former Redevelopment Agency on December 16, 2011, prior to dissolution. As required by California Redevelopment Law at that time, the Redevelopment Agency deposited 20 percent of the tax increment received in its LMIHF. Upon dissolution, DOF instructed the redevelopment agencies being dissolved that any funds received on December 16, 2011 were to be considered Redevelopment Property Tax (“RPT”), not Tax Increment, and 20 percent should not have been deposited into the LMIHF. The Redevelopment
Agency had used portions of what it had then considered tax increment to pay both housing- and non-housing-related enforceable obligations prior to dissolution, and the cash balances in all of its funds on January 31, 2012, including LMIHF, were transferred to the Successor Agency’s Redevelopment Obligation Retirement Fund (“RORF”) on February 1, 2012.

In June 2012, DOF determined that two of the Successor Agency’s enforceable obligations on ROPS I should be paid from LMIHF, a fund which no longer existed. Due to this confusion, Successor Agency staff attempted to identify what portion of balance in the RORF had originated as the December 16, 2011 deposit to the LMIHF, when the Redevelopment Agency thought the funds should be treated as Tax Increment. This was the source of the $176,161 amount listed in the Due Diligence Review of the LMIHF as necessary to pay enforceable obligations.

However, this was inconsistent with the True Up Payment Demand provisions in Assembly Bill 1484 (“Trailer Bill”), which determined that those funds should be treated as RPT, and if not needed for approved items on ROPS I, must be returned to the A-C for distribution to taxing entities. During settlement discussions of the Successor Agency’s True Up litigation with DOF and the A-C, it became clear that the Due Diligence Review of the LMIHF that the Oversight Board considered in November, 2012 was inaccurate as the $176,161 was not LMIHF, but rather it was RPT that needed to be spent on ROPS I approved items or be returned to the A-C. The Successor Agency had unpaid approved ROPS I items, so those items were paid, consistent with the settlement discussions, and Successor Agency staff requested to amend the Housing Due Diligence Review. Unfortunately, the timing was such that DOF issued a determination letter ordering return of the $176,161 to the A-C. Staff is working with DOF to resolve this conflicting information and therefore is providing the Oversight Board an amended Due Diligence Review for the LMIHF along with the Due Diligence Review of Non-Housing Funds. Attachment 1 to this report is the Report prepared by MGO, as prescribed in California Health & Safety Code Section 34179.5, for the Oversight Board’s review.

**NON-HOUSING DUE DILIGENCE REVIEW**

Health & Safety Code Section 34179.5 also requires a Due Diligence Review of all other funds of the former Redevelopment Agency. Attachment 2 to this report is the Report prepared by MGO for Non-Housing funds. Although the Trailer Bill required this to be completed by mid-December 2012, many successor agencies have experienced delays for various reasons. By completing the Report subsequent to completion of the City’s Comprehensive Annual Financial Report for FY 2011-12, MGO was able to complete a more thorough Report for the Oversight Board’s consideration.

**FORMAL CONSIDERATION**

The Oversight Board is scheduled to hold a special meeting on Wednesday, March 6 at 7 p.m. to take the actions required under Health and Safety Code Section 34179.6(c) to review, approve, and transmit the results of the Due Diligence Review of the LMIHF to the DOF and County Auditor-Controller, with a determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities. You will note that
Agenda Item No. 5(C)

per the Reports, there are no cash or cash equivalents available for disbursement, as cash held is required for payment of enforceable obligations.

Reviewed by:

Scott Hanin
City Manager

Attachments:

1. Independent Accountant’s Report on Applying Agreed-Upon Procedures on the Low and Moderate Income Housing Funds of the Former El Cerrito Redevelopment Agency
2. Independent Accountant’s Report on Applying Agreed-Upon Procedures on the Successor Agency to the El Cerrito Redevelopment Agency, excluding Low and Moderate Income Housing Funds
CITY OF EL CERRITO, CALIFORNIA

Independent Accountant's Report on Applying Agreed-Upon Procedures on the Low and Moderate Income Housing Funds of the Former El Cerrito Redevelopment Agency

As Prescribed in Section 34179.5 of the California Health and Safety Code

Certified Public Accountants.
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency
El Cerrito, California

Independent Accountant’s Report on
Applying Agreed-Upon Procedures

We have performed the procedures applied to the Low and Moderate Income Housing Funds of the former El Cerrito Redevelopment Agency (Agency) enumerated in Attachment A, which were agreed to by the City of El Cerrito (City), as Successor Agency to the Agency (Successor Agency), the California State Controller’s Office, and the California State Department of Finance (DOF) (collectively referred to as the Specified Parties), solely to assist the Specified Parties in determining the balances available for transfer to taxing entities from assets transferred to the Successor Agency from the Low and Moderate Income Housing Funds of the former Agency, as prescribed in Section 34179.5 of the California Health and Safety Code (HSC). Management of the former Agency and the Successor Agency are responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures applied to the Low and Moderate Income Housing Funds of the Agency as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the balances available for transfer to taxing entities from assets transferred to the Successor Agency from the Low and Moderate Income Housing Funds of the former Agency or as to the appropriateness of the other financial information summarized in Attachments A, B, and C. 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.

In our previously issued independent accountant’s report on applying agreed-upon procedures dated October 24, 2012, the City of El Cerrito (City) did not complete its financial statement audit as of and for the year ended June 30, 2012 and did not obtain the DOF’s determination letter on its Low and Moderate Income Housing Fund Due Diligence Review dated January 23, 2013. Subsequent to the completion of the agreed-upon procedures engagement, the City informed us of significant audit adjustments and updated interpretations of this information and as such we updated Attachments A, B and C and removed Attachments D and E to reflect this additional information. This additional information changed the amount reported in the calculation of the amount to be remitted to the County for disbursement to taxing entities in our report on applying agreed-upon procedures dated October 24, 2012, and it is replaced by this report.
This report is intended solely for the information and use of the Successor Agency, the California State Controller's Office, and the California State Department of Finance, 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.

Macias Trimian & Counsel LLP
Walnut Creek, California
February 22, 2013
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency

Attachment A – Agreed-Upon Procedures and Findings
Low and Moderate Income Housing Funds

The agreed-upon procedures, as it relates to the Low and Moderate Income Housing Funds of the former Agency and the Successor Agency, and findings are as follows:

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

Finding: We obtained from the Successor Agency a copy of the City’s basic financial statements as of and for the year ended June 30, 2012. These financial statements were audited by other auditors whose report thereon has been furnished to us. These financial statements include a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on or about February 1, 2012, as described in Note 16 to the basic financial statements and as follows:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Redevelopment Agency (prior to transfer)</th>
<th>Transferred to Successor Housing</th>
<th>Transferred to Successor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>$953,756</td>
<td>$953,756</td>
<td>$-</td>
</tr>
<tr>
<td>Cash and investments with fiscal agents</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>3,629,928</td>
<td>-</td>
<td>3,629,928</td>
</tr>
<tr>
<td>Advance to other funds</td>
<td>1,663,091</td>
<td>-</td>
<td>1,663,091</td>
</tr>
<tr>
<td>Property held for resale</td>
<td>3,950,000</td>
<td>-</td>
<td>3,950,000</td>
</tr>
<tr>
<td>Capital assets - land and land improvements</td>
<td>52,851</td>
<td>52,851</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>$10,249,628</td>
<td>$1,006,609</td>
<td>$9,243,019</td>
</tr>
</tbody>
</table>

In summary, the low and moderate income housing assets that were transferred from the former redevelopment agency to the Housing Successor on or about February 1, 2012 was $9,243,019. The assets transferred to the Successor Agency in the amount of $1,006,609 are addressed in a separate the “non-housing” agreed upon procedures report.

We also note that on December 17, 2012, the State Department of Finance disallowed the Successor Agency’s request to retain what had been identified as a low and moderate income housing assets in the amount of $176,141 on the previously issued October 24, 2012 “housing” agreed upon procedures report. The City determined the balance to be redevelopment property tax and should have been transferred to the Successor Agency upon dissolution and could only be used on enforceable obligations on the ROPS. The balance was held by the Successor Agency at February 1, 2012 and is included in the $1,006,609 assets transferred to the Successor Agency and addressed separately in the “non-housing” agreed-upon procedures report.

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.

Finding: The State Controller’s Office has not completed its review of transfers required under both Sections 34167.5 and 34178.8 nor issued its report regarding such review.

If this has not yet occurred, perform the following procedures:
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency

Attachment A – Agreed-Upon Procedures and Findings
Low and Moderate Income Housing Funds

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.

Finding: We obtained a listing prepared by the Successor Agency of transfers from the former redevelopment agency to the City for the period from January 1, 2011 through January 31, 2012 to the City. See Attachment C for the listing of transfers with the description of the purpose and in what sense the transfer was required by one of the Agency’s enforceable obligations or other legal requirements.

In addition, we noted that Note 4 to the basic financial statements describes a transfer of $64,419 for indirect costs from the Redevelopment Low and Moderate Income Housing Special Revenue Fund to the City’s General Fund made for the year ended June 30, 2012. The City excluded this from the listing because the City deemed this to be a payment of goods and services.

In addition, per review of the fiscal year ended June 30, 2011 audited basic financial statements the Agency’s Low and Moderate Income Housing Fund made a transfer of land held for resale in the amount of $2,130,000 to the General Fund which was subsequently returned to the former Agency during the year ended June 30, 2012 as described in Note 4 to the basic financial statements for the year ended June 30, 2012 and transferred to the City as Housing Successor. The remaining $1,820,000 included in the $3,950,000 of land held for resale transferred to the City as Housing Successor was addressed separately in the “non-housing” agreed-upon procedures 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 redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency’s enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Finding: We obtained a listing prepared by the Successor Agency of transfers from the Successor Agency to the City and noted that the City did not list any assets transferred for the period February 1, 2012 through June 30, 2012. In addition, as described in procedure 1, the former Redevelopment Agency upon dissolution transferred assets totaling $9,243,019 to the Housing Successor.

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.

Finding: Except for the transfers not listed by the Successor Agency, we obtained the legal document that formed the basis for the enforceable obligation that required the transfer as described in Attachment C.
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency

Attachment A – Agreed-Upon Procedures and Findings
Low and Moderate Income Housing Funds

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.

Finding: The State Controller’s Office has not completed its review of transfers required under both Sections 34167.5 and 34178.8 nor issued its report regarding such review.

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

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

Finding: We obtained a listing prepared by the Successor Agency of transfers from the former redevelopment agency to any other public agency or to private parties and noted that the Successor Agency did not list any transfer during the period from January 1, 2011 through January 31, 2012.

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.

Finding: We obtained a listing prepared by the Successor Agency of transfers from the Successor Agency to any other public agency or to private parties and noted that the Successor Agency did not list any transfers during the period from February 1, 2012 through June 30, 2012.

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.

Finding: The procedure is not applicable. The Successor Agency did not list any transfers of assets to any other public agency or to private parties during the period January 1, 2011 through June 30, 2012.

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.
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency
Attachment A – Agreed-Upon Procedures and Findings
Low and Moderate Income Housing Funds

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.

Finding: This procedure pertains to the Successor Agency as a whole as such this procedure will be
addressed in the agreed-upon procedures report that is due on December 15, 2012 pursuant to
guidance provided by the DOF.

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

Finding: We obtained from the Successor Agency a listing of all assets of the Low and Moderate
Income Housing Fund as of June 30, 2012 and noted that the Successor Agency did not list any assets
of the Low and Moderate Income Housing fund as of June 30, 2012.

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.

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.
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency

Attachment A – Agreed-Upon Procedures and Findings
Low and Moderate Income Housing Funds

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 document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Finding: We noted the Successor Agency did not have asset balances held on June 30, 2012 that are restricted.

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 a 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.

Finding: We noted the Successor Agency did not have asset balances held on June 30, 2012 that are not liquid or otherwise available for distribution.

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

Attachment A – Agreed-Upon Procedures and Findings
Low and Moderate Income Housing Funds

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:

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

ii. Compare the forecasted annual spending requirements to the legal document supporting each
enforceable obligation.

   a. Obtain from the Successor Agency its assumptions relating to the forecasted annual
      spending requirements and disclose in the report major assumptions associated with the
      projections.

iii. For the forecasted annual revenues:

   a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues
      and disclose in the report major assumptions associated with the projections.

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.

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.

Finding: We noted that the Successor Agency did not report any cash balances that needed to be retained as of June 30, 2012 under Procedures 8A, 8B or 8C as such these procedures are not applicable.

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.

Finding: We noted the Successor Agency does not have cash balances as of June 30, 2012 that need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule for the period of July 1, 2012 through June 30, 2013.

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).

Finding: See Attachment B for the results of this procedure for the Low and Moderate Income Housing Fund.

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

Finding: No exceptions noted as a result of this procedure.
El Cerrito Redevelopment Agency
Attachment B - Low and Moderate Income Housing Funds
Assets Transferred to the Successor Agency That Are Available to Distribute to Affected Taxing Entities

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) $ -

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) -

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) -

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 $ -
### Asset Transfers to the City of El Cerrito for the Period January 1, 2011 Through January 31, 2012

<table>
<thead>
<tr>
<th>Asset Description</th>
<th>Name of the recipient</th>
<th>Date of Transfer</th>
<th>Book value of asset at date of transfer</th>
<th>Description of purpose and enforceable obligation or other legal requirement requiring such transfer and the date of such requirement.</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Cash - refundable deposits</td>
<td>City of El Cerrito Housing Fund</td>
<td>1/31/2012</td>
<td>$25,000</td>
<td>Transfer of developer deposit pursuant to EOPS Enforceable Obligation #16. Per ABIX 26 and City Council's Resolution No. 2012-04, the City elected to become the Housing Successor of the former redevelopment agency. Transfer of housing assets held as refundable deposits under terms of the Predevelopment Loan Agreement by and between the El Cerrito Redevelopment Agency and Eden Housing, Inc. (10860 and 10848 San Pablo Avenue) dated May 17, 2011 for the development of approximately 64 units of affordable housing.</td>
<td></td>
</tr>
<tr>
<td><strong>Land held for resale:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Real property for low-mod housing w/ commercial space at 10848 and 10860 San Pablo Avenue, El Cerrito. Assessor Parcel Numbers: 503-010-003, 503-101-014</td>
<td>City of El Cerrito General Fund</td>
<td>3/22/2011</td>
<td>$2,130,000</td>
<td>On March 22, 2011, under the provisions of Health and Safety Code Section 33433, the Agency entered into a property conveyance agreement with the City to transfer one property in exchange for an agreement to cause its development with an affordable housing project consistent with the Redevelopment Plan and pay the Agency any value received. The value of the land held for resale transferred was $3,950,000, of which $1,820,000 was funded by 2004 Bond Series A bond proceeds and $2,130,000 was funded by the Low and Moderate Income Housing Fund. Per ABIX 26 and City Council's Resolution No. 2012-03, the City elected to become the Housing Successor of the former redevelopment agency. Transfer of housing assets as approved by the State Department of Finance.</td>
<td></td>
</tr>
<tr>
<td><strong>Loans receivable:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Ohlone Gardens, L.P.</td>
<td>City of El Cerrito Housing Fund</td>
<td>2/1/2012</td>
<td>$3,210,178</td>
<td>Per ABIX 26 and City Council's Resolution No. 2012-04, the City elected to become the Housing Successor of the former redevelopment agency. Transfer of housing assets as approved by the State Department of Finance.</td>
<td></td>
</tr>
<tr>
<td>2 Idaho Apartments</td>
<td>City of El Cerrito Housing Fund</td>
<td>2/1/2012</td>
<td>$379,750</td>
<td>Per ABIX 26 and City Council's Resolution No. 2012-04, the City elected to become the Housing Successor of the former redevelopment agency. Transfer of housing assets as approved by the State Department of Finance.</td>
<td></td>
</tr>
<tr>
<td>3 Eden Housing, Inc.</td>
<td>City of El Cerrito Housing Fund</td>
<td>2/1/2012</td>
<td>$40,000</td>
<td>Per ABIX 26 and City Council's Resolution No. 2012-04, the City elected to become the Housing Successor of the former redevelopment agency. Transfer of housing assets as approved by the State Department of Finance.</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>3,629,928</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SERAF/ERAFL Receivable:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 SERAF 2011</td>
<td>City of El Cerrito Housing Fund</td>
<td>2/1/2012</td>
<td>$1,327,655</td>
<td>Per ABIX 26 and City Council's Resolution No. 2012-04, the City elected to become the Housing Successor of the former redevelopment agency. Transfer of housing assets as approved by the State Department of Finance.</td>
<td></td>
</tr>
<tr>
<td>2 ERAF 2005 and 2006</td>
<td>City of El Cerrito Housing Fund</td>
<td>2/1/2012</td>
<td>$335,456</td>
<td>Per ABIX 26 and City Council's Resolution No. 2012-04, the City elected to become the Housing Successor of the former redevelopment agency. Transfer of housing assets as approved by the State Department of Finance.</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>1,663,091</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total asset transfers to the City of El Cerrito</strong></td>
<td></td>
<td></td>
<td>$7,448,019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CITY OF EL CERRITO, CALIFORNIA

Independent Accountant’s Report on Applying Agreed-Upon Procedures on the Successor Agency to the El Cerrito Redevelopment Agency, excluding Low and Moderate Income Housing Funds

As Prescribed in Section 34179.5 of the California Health and Safety Code
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency
El Cerrito, California

Independent Accountant’s Report on
Applying Agreed-Upon Procedures

We have performed the procedures enumerated in Attachment A, which were agreed to by the City of El Cerrito (City), as Successor Agency to the El Cerrito Redevelopment Agency (Successor Agency), the California State Controller’s Office, and the California State Department of Finance (collectively referred to as the Specified Parties), solely to assist the Specified Parties in determining the balances available for transfer to taxing entities from assets transferred to the Successor Agency, excluding balances from the Low and Moderate Income Housing Funds of the former El Cerrito Redevelopment Agency (Agency), as prescribed in Section 34179.5 of the California Health and Safety Code. Management of the Successor Agency is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the balances available for transfer to taxing entities from assets transferred to the Successor Agency excluding the Low and Moderate Income Housing Funds of the former Agency or as to the appropriateness of the other financial information summarized in Attachments A, B, C, D, E, F, G, H, and I. 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 Successor Agency, the California State Controller’s Office, and the California State Department of Finance, 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.

Macias Tiberio Cummel LLP

Walnut Creek, California
February 22, 2013
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency

Attachment A – Agreed-Upon Procedures and Findings
Successor Agency, Excluding Low and Moderate Income Housing Funds

The agreed-upon procedures, as it relates to all funds of the former Agency, excluding Low and Moderate Income Housing Funds, and findings are as follows:

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

Finding: We obtained from the Successor Agency a copy of the City’s basic financial statements as of and for the year ended June 30, 2012. These financial statements were audited by other auditors whose report thereon has been furnished to us. These financial statements include a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on or about February 1, 2012, as described in Note 16 to the basic financial statements and as follows:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Redevelopment Agency (prior to transfer)</th>
<th>Transferred to Successor Agency</th>
<th>Transferred to Housing Successor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>$953,756</td>
<td>$953,756</td>
<td>$</td>
</tr>
<tr>
<td>Cash and investments with fiscal agents</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>3,629,928</td>
<td></td>
<td>3,629,928</td>
</tr>
<tr>
<td>Advance to other funds</td>
<td>1,663,091</td>
<td></td>
<td>1,663,091</td>
</tr>
<tr>
<td>Property held for resale</td>
<td>3,950,000</td>
<td></td>
<td>3,950,000</td>
</tr>
<tr>
<td>Capital assets - land and land improvements</td>
<td>52,851</td>
<td>52,851</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>$10,249,628</td>
<td>$1,006,609</td>
<td>$9,243,019</td>
</tr>
</tbody>
</table>

In summary, the assets that were transferred from the former redevelopment agency to the Successor Agency, excluding low and moderate income housing assets, on or about February 1, 2012 was $1,006,609. The assets transferred to the Housing Successor in the amount of $9,243,019 are addressed in a separate the “housing” agreed upon procedures report.

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.

Finding: The State Controller’s Office has not completed its review of transfers required under both Sections 34167.5 and 34178.8 nor issued its report regarding such review.

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.

Finding: We noted that the former redevelopment agency transferred assets for the period from January 1, 2011 through January 31, 2012 to the City. We obtained a listing prepared by the former that notes that the former Agency transferred cash in the amount of $61,000 to the City. See Attachment C for the listing of transfers with the description of the purpose and in what sense
the transfer was required by one of the Agency’s enforceable obligations or other legal requirements.

In addition, we noted that Note 4 to the basic financial statements describes a transfer of $498,000 for indirect costs from the Redevelopment Capital Projects Fund to the City’s General Fund made for the year ended June 30, 2012. The City excluded this from the listing because the City deemed this to be a payment of goods and services.

Per review of the fiscal year ended June 30, 2011 audited basic financial statements the Agency’s Redevelopment Capital Projects Fund made a transfer in the amount of $1,820,000 to the General Fund which was subsequently returned during the year ended June 30, 2012, as described in Note 4 to the basic financial statements for the year ended June 30, 2012. As described in Attachment C of the Low and Moderate Housing Income Fund Agreed Upon Procedures Report, on March 22, 2011, the Agency entered into a property conveyance agreement with the City to transfer one property in exchange for an agreement to cause its development with an affordable housing project consistent with the Redevelopment Plan and pay the Agency any value received. The value of the land held for resale transferred was $3,950,000, of which $1,820,000 was funded by 2004 Bond Series A bond proceeds and $2,130,000 was funded by the Low and Moderate Income Housing Fund. Per AB X1 26 and City Council Resolution No. 2012-04, the City elected to become the Housing Successor of the former redevelopment agency. The $3,950,000 asset transfer to the City as Housing Successor was listed on the housing asset list as approved by the State Department of Finance.

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

Finding: We obtained a listing prepared by the Successor Agency of transfers from the Successor Agency to the City for the period from February 1, 2012 through June 30, 2012. See Attachment D for the listing of transfers with the description of the purpose and in what sense the transfer was required by one of the Agency’s enforceable obligations or other legal requirements.

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.

Finding: Except for the transfers not listed by the Successor Agency as described above, we obtained the legal document that formed the basis for the enforceable obligation that required the transfer as described in Attachments C and D.

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.

Finding: The State Controller’s Office has not completed its review of transfers required under both Sections 34167.5 and 34178.8 nor issued its report regarding such review.

If this has not yet occurred, perform the following procedures:
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency

Attachment A – Agreed-Upon Procedures and Findings
Successor Agency, Excluding Low and Moderate Income Housing Funds

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

Finding: We obtained a listing prepared by the Successor Agency of transfers from the former redevelopment agency to any other public agency or to private parties and noted that the Successor Agency did not list any transfer during the period from January 1, 2011 through January 31, 2012.

In addition, we noted that Note 4 to the basic financial statements for the year ended June 30, 2012 describes a transfer of $1,031,340 to fund current and future activities pursuant to the terms of the Cooperation Agreement prior to the dissolution of the Redevelopment Agency from the Redevelopment Capital Projects Fund to the Municipal Services Corporation Special Revenue Fund made for the year ended June 30, 2012. The City excluded this from the listing because the City deemed this to be a payment of goods and services.

As discussed in the City’s independent auditor’s report on its basic financial statements as of and for the year ended June 30, 2012 dated December 18, 2012, in fiscal 2011 and 2012, pursuant to a cooperation agreement and assignment and assumption agreements, the former Redevelopment Agency transferred $12,550,552 of assets to the El Cerrito Municipal Services Corporation, a component unit of the City. ABx1 26 and AB 1484 contain provisions that such transfers are subject to a review by the State Controller’s Office. According to Health and Safety Code 34167.5, if such an asset transfer did not occur during that period and the government agency that received the assets is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the extent not prohibited by state and federal law, the Controller shall order the available assets to be returned to the former Redevelopment Agency or, on or after October 1, 2011, to the Successor Agency. As of June 30, 2012, assets totaling $11,755,812, comprised of current assets of $6,333,197 and capital assets of $5,422,615, were held by the Municipal Services Corporation.

The City did not include the transfers to the El Cerrito Municipal Services Corporation (MSC) because the City and the Successor Agency contend that the MSC is a nonprofit public benefit corporation and not a public entity and in particular does not meet the definition of a city, county or city and county set forth in Section 34167.10 and thus the assets transferred to the MSC are not subject to the provisions of Health and Safety Code 34167.5. We noted that Note 4 to the basic financial statements for the year ended June 30, 2012 also stated that transfers with MSC requires approval by MSC’s Board.

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.
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency

Attachment A – Agreed-Upon Procedures and Findings
Successor Agency, Excluding Low and Moderate Income Housing Funds

Finding: We obtained a listing prepared by the Successor Agency of transfers from the Successor Agency to any other public agency or to private parties and noted that the Successor Agency did not list any transfers during the period from February 1, 2012 through June 30, 2012.

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.

Finding: The procedure is not applicable. The Successor Agency did not list any transfers of assets to any other public agency or to private parties during the period January 1, 2011 through June 30, 2012.

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.

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.

Finding: No exceptions were noted as a result of applying these procedures, except that the financial transactions of the Successor Agency are presented using the accrual basis of accounting. Please refer to Attachment E for a summary of the financial transactions of the former Agency and the Successor Agency for the periods ended June 30, 2010, June 30, 2011, January 31, 2012, and June 30, 2012. We agreed the financial transactions of the former Agency for the period ended June 30, 2010, to the corresponding audited financial statements and State Controller’s Report. We agreed the financial transactions of the former Agency and Successor Agency for the periods ended June 30, 2011 and June 30, 2012 to the corresponding audited financial statements. We agreed the financial transactions of the former Agency as of and for the period ended January 31, 2012 to the June 30, 2012 audited financial statements.

Finding: We obtained from the Successor Agency a listing of all assets of the Successor Agency as of June 30, 2012, excluding assets of its Low and Moderate Income Housing Fund. 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.

Finding: We obtained from the Successor Agency a listing of all assets of all funds of the Successor Agency, excluding assets of its Low and Moderate Income Housing Fund, and agreed the assets listed to the recorded balances reflected in the audited basic financial statements of the City as of June 30, 2012. See listing of assets at Attachment F.
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.

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 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.

D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Finding: We noted the Successor Agency did not list any asset balances held on June 30, 2012 that are restricted for unspent bond proceeds, grant proceeds and program income, and other assets.

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.
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency

Attachment A – Agreed-Upon Procedures and Findings
Successor Agency, Excluding Low and Moderate Income Housing Funds

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

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.

Finding: We noted the Successor Agency reported land held on June 30, 2012 with a book value of $52,581 that is not liquid or otherwise available for distribution as noted on Attachment G.

8. Perform the following procedures:

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

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

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:

i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.

ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency

Attachment A – Agreed-Upon Procedures and Findings
Successor Agency, Excluding Low and Moderate Income Housing Funds

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.

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.

Finding: We noted the Successor Agency did not have asset balances as of June 30, 2012 that need to be retained to satisfy enforceable obligations that are not otherwise already listed on the Recognized Obligation Payment Schedule in procedure 9.

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.

Finding: We noted the Successor Agency believes cash balances in the amount of $1,949,249 as of June 30, 2012 needs to be retained to satisfy obligations on the ROPS for the period of July 1, 2012 through December 31, 2012. Please refer to Attachment H for the results of this procedure. See Attachment I for the final ROPS for the period of July 1, 2012 through December 31, 2012.
City of El Cerrito, Successor Agency to the
El Cerrito Redevelopment Agency

Attachment A – Agreed-Upon Procedures and Findings
Successor Agency, Excluding Low and Moderate Income Housing Funds

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).

Finding: See Attachment B for the results of this procedure for all other funds combined excluding
the Low and Moderate Income Housing Fund. However, Attachment B does not include assets
transferred described in Procedures 2 and 3 above that were not included by the City.

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

Finding: No exceptions noted as a result of this procedure.
**El Cerrito Redevelopment Agency**  
**Attachment B - Excluding Low and Moderate Income Housing Funds**  
**Assets Transferred to the Successor Agency That Are Available to Distribute to Affected Taxing Entities**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount of assets held by the successor agency as of June 30, 2012</td>
<td>$2,002,100</td>
</tr>
<tr>
<td>Add the amount of any assets transferred to the city or other parties for</td>
<td>-</td>
</tr>
<tr>
<td>which an enforceable obligation with a third party requiring such transfer</td>
<td></td>
</tr>
<tr>
<td>and obligating the use of the transferred assets did not exist (procedures</td>
<td></td>
</tr>
<tr>
<td>2 and 3)</td>
<td></td>
</tr>
<tr>
<td>Less assets legally restricted for uses specified by debt covenants, grant</td>
<td>(52,851)</td>
</tr>
<tr>
<td>restrictions, or restrictions imposed by other governments (procedure 6)</td>
<td></td>
</tr>
<tr>
<td>Less assets that are not cash or cash equivalents (e.g., physical assets)</td>
<td>(1,949,249)</td>
</tr>
<tr>
<td>- (procedure 7)</td>
<td></td>
</tr>
<tr>
<td>Less balances that are legally restricted for the funding of an enforceable</td>
<td>-</td>
</tr>
<tr>
<td>obligation (net of projected annual revenues available to fund those</td>
<td></td>
</tr>
<tr>
<td>obligations) - (procedure 8)</td>
<td></td>
</tr>
<tr>
<td>Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure</td>
<td>(1,949,249)</td>
</tr>
<tr>
<td>9)</td>
<td></td>
</tr>
<tr>
<td>Less the amount of payments made on July 12, 2012 to the County Auditor-</td>
<td>-</td>
</tr>
<tr>
<td>Controller as directed by the California Department of Finance</td>
<td></td>
</tr>
<tr>
<td>Amount to be remitted to county for disbursement to taxing entities</td>
<td>-</td>
</tr>
<tr>
<td>Asset Description</td>
<td>Name of the recipient</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>Cash:</td>
<td></td>
</tr>
<tr>
<td>Restricted cash held in the Senior Center Construction Fund</td>
<td>City of El Cerrito General Fund</td>
</tr>
<tr>
<td>Asset Description</td>
<td>Name of the recipient</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Cash in Redevelopment Obligation Retirement Fund</td>
<td>City as Housing Successor</td>
</tr>
<tr>
<td>Cash in Redevelopment Obligation Retirement Fund</td>
<td>City of El Cerrito</td>
</tr>
</tbody>
</table>

Total asset transfers to the City of El Cerrito $ 665,773.
## El Cerrito Redevelopment Agency
### Attachment E - Condensed Summary of Financial Data

### Modified Accrual Basis of Accounting

<table>
<thead>
<tr>
<th>Redevelopment Agency</th>
<th>Redevelopment Agency</th>
<th>Redevelopment Agency</th>
<th>Successor Agency</th>
</tr>
</thead>
</table>

#### Assets:

- **Cash and investments**: 1,421,312 $ – 584,206 $ – 953,756 $ – 406,140 $
- **Cash and investments with fiscal agent**: 2,493,096 $ – 1,477,922 $ – 2 $ – 1,543,109 $
- **Accounts receivable**: 7,865 $ – 1,231 $ – – 1,543,109 $
- **Due from other governments**: 247,381 $ – – – –
- **Loans receivable**: 3,482,094 $ – 3,583,259 $ – 3,629,928 $ –
- **Deposits**: 10,000 $ – 10,000 $ – –
- **Advances to other funds**: 2,102,854 $ – 1,663,091 $ – 1,663,091 $ –
- **Land held for redevelopment**: 8,584,789 $ – – – –
- **Former Agency land**: 52,851 $

#### Total Assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td>18,349,391 $</td>
<td>7,319,709 $</td>
<td>10,196,777 $</td>
<td>2,002,100 $</td>
</tr>
</tbody>
</table>

#### Liabilities:

- **Accounts payable**: 18,975 $ – 2,253 $ – $ –
- **Deposits payable**: 5,000 $ – 30,000 $ – –
- **Deferred revenue**: 3,482,094 $ – 3,583,259 $ – 3,629,928 $ –
- **Advances from the City**: 1,100,000 $ – – – –
- **Advances from other funds - SERAF**: 2,102,854 $ – 1,663,091 $ – 1,663,091 $ –
- **Former Agency liabilities - Long term**: – – – 22,392,337 $

#### Total Liabilities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>6,792,125 $</td>
<td>5,361,805 $</td>
<td>5,800,512 $</td>
<td>22,875,472 $</td>
</tr>
</tbody>
</table>

#### Equity

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities + Equity</strong></td>
<td>18,349,391 $</td>
<td>7,319,709 $</td>
<td>10,196,777 $</td>
<td>2,002,100 $</td>
</tr>
</tbody>
</table>

#### Other Information

- **Capital Assets as of end of year**: 5,894,342 $ – 52,851 $ – 52,851 $ –
- **Long term debt as of end of year**: 23,900,011 $ – 22,854,515 $ – 21,268,311 $ – 22,392,337 $

### Note:

- **Includes 1) expenditures, 2) extraordinary loss of RDA dissolution, and 3) payments on enforceable obligations.**
- **Includes Special Item of $8,584,789 recorded in fiscal year ended June 30, 2011.**
- **Includes gain on extinguishment of debt of $83,202 recorded in fiscal year ended June 30, 2012.**
El Cerrito Redevelopment Agency  
Attachment F - Successor Agency Assets, Excluding Low and Moderate Income Housing Fund  
Assets Transferred to the Successor Agency

<table>
<thead>
<tr>
<th>Assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>$ 406,140</td>
</tr>
<tr>
<td>Cash and investments with fiscal agent</td>
<td>1,543,109</td>
</tr>
<tr>
<td>Former Agency land</td>
<td>52,851</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 2,002,100</strong></td>
</tr>
<tr>
<td>Asset</td>
<td>Book value of asset at 6/30/2012</td>
</tr>
<tr>
<td>---------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>Land</td>
<td>$52,851</td>
</tr>
</tbody>
</table>
### Nature of assets required to pay enforceable obligations

<table>
<thead>
<tr>
<th>Nature of assets required to pay enforceable obligations</th>
<th>Book value of asset at 6/30/2012</th>
<th>ROPS II Reference</th>
<th>Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from RPTTF for ROPSII obligations</td>
<td>$ 406,140</td>
<td>Page 1 item 1</td>
<td>Tax Allocation Bond Debt Service Payment due to trustee on 12/27/2012 and to bondholders on 1/1/2013. Tax Allocation Bond Debt Service Payment due to trustee on 6/27/2012 and to bondholders on 7/1/2012.</td>
</tr>
<tr>
<td>Cash held by fiscal agent</td>
<td>1,543,109</td>
<td>Page 1 item 1</td>
<td></td>
</tr>
<tr>
<td>Assets held by the successor agency that are need to be retained to satisfy obligations on the ROPS</td>
<td>$ 1,949,249</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>Project Name / Debt Obligation</td>
<td>Date of Agreement</td>
<td>Payee</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------------</td>
<td>------------------</td>
<td>-------</td>
</tr>
<tr>
<td>1</td>
<td>Tax Allocation Bonds (Combined)</td>
<td>12/17/07 &amp; 10/24/04</td>
<td>Union Bank</td>
</tr>
<tr>
<td>2</td>
<td>Valente Promissory Note</td>
<td>3/3/2009</td>
<td>George Valente</td>
</tr>
<tr>
<td>3</td>
<td>Cooperation Agreement</td>
<td>9/7/2011</td>
<td>El Cerrito Municipal Services Corporation</td>
</tr>
<tr>
<td>4</td>
<td>Cooperation Agreement</td>
<td>2/22/2011</td>
<td>City of El Cerrito</td>
</tr>
<tr>
<td>5</td>
<td>2009-2010 SERAF Loan</td>
<td>2/16/2010</td>
<td>L&amp;M Housing Fund</td>
</tr>
<tr>
<td>7</td>
<td>Administrative Allowance</td>
<td></td>
<td>Statutory</td>
</tr>
</tbody>
</table>

Unpaid Obligations from Prior ROPS

<table>
<thead>
<tr>
<th>Item</th>
<th>Project Name / Debt Obligation</th>
<th>Date of Agreement</th>
<th>Payee</th>
<th>Description</th>
<th>Project Area</th>
<th>Total Outstanding Obligation as of 6/30/12</th>
<th>Total Due During FY 2012-13</th>
<th>Payable from the Redevelopment Property Tax Trust Fund (RPTTF) Payments by Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Online Gardens Loan Agreement</td>
<td>5/24/2009</td>
<td>Online Gardens LP</td>
<td>Undisbursed loan commitment</td>
<td>City of El Cerrito Redevelopment Project Area</td>
<td>471,152</td>
<td>471,152</td>
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</tr>
<tr>
<td>9</td>
<td>Eden Housing Loan Agreement</td>
<td>5/17/2011</td>
<td>Eden Housing</td>
<td>Undisbursed loan commitment</td>
<td>City of El Cerrito Redevelopment Project Area</td>
<td>310,000</td>
<td>310,000</td>
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<tr>
<td>10</td>
<td>2009-2010 SERAF Loan</td>
<td></td>
<td>L&amp;M Housing Fund</td>
<td>Funds advanced for SERAF payment</td>
<td>City of El Cerrito Redevelopment Project Area</td>
<td>331,914</td>
<td>331,914</td>
<td>-</td>
</tr>
<tr>
<td>11</td>
<td>2005-2006 ERAF Loan</td>
<td></td>
<td>L&amp;M Housing Fund</td>
<td>Funds advanced for ERAF payment</td>
<td>City of El Cerrito Redevelopment Project Area</td>
<td>83,859</td>
<td>83,859</td>
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<tr>
<td>12</td>
<td>Pass-Through Payments</td>
<td>1993 Contracts &amp; 1994 Statutory</td>
<td>Taxing Entities</td>
<td>Attributable to 12/19/2011 Tax Increment Payment</td>
<td>City of El Cerrito Redevelopment Project Area</td>
<td>507,493</td>
<td>507,493</td>
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<tr>
<td>13</td>
<td>Administrative Allowance</td>
<td></td>
<td>Statutory</td>
<td>Administrative Allowance per AB11x26</td>
<td>City of El Cerrito Redevelopment Project Area</td>
<td>250,000</td>
<td>250,000</td>
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</tr>
</tbody>
</table>

New Item

<table>
<thead>
<tr>
<th>Item</th>
<th>Project Name / Debt Obligation</th>
<th>Date of Agreement</th>
<th>Payee</th>
<th>Description</th>
<th>Project Area</th>
<th>Total Outstanding Obligation as of 6/30/12</th>
<th>Total Due During FY 2012-13</th>
<th>Payable from the Redevelopment Property Tax Trust Fund (RPTTF) Payments by Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Pass-Through Payments</td>
<td>1993 Contracts &amp; 1994 Statutory</td>
<td>Taxing Entities</td>
<td>Payment Amounts Provided by County Auditor-Controller for 8/1/12 RPT Distribution</td>
<td>City of El Cerrito Redevelopment Project Area</td>
<td>415,222</td>
<td>415,222</td>
<td>-</td>
</tr>
</tbody>
</table>

**Notes:**
1. Item 1: This item combines Items 1-5 from the Jan-Jun 2012 ROPS. Debt service payments due on July 1, 2012 have been moved from the Jan-Jun 2012 ROPS to the Jul-Dec ROPS. "Total Outstanding Obligations 6/30/12" and "Total Due During FY 2012-13" amounts have been adjusted.
2. Items 3 & 4: During the review by the Department of Finance (DOF) of the First ROPS, the DOF objected to the Cooperation Agreements with the El Cerrito Municipal Services Corporation and with the City of El Cerrito. The Successor Agency has disputed the objection and is awaiting a response from DOF. The items are included on this Jan-Jun 2012 ROPS in order to request establishment of reserves while the Successor Agency awaits resolution of the dispute.
3. Items 5 & 6: Should funds available for the Jun-Dec 2012 ROPS period be insufficient, the December 2012 payments on the ERAF and SERAF loans will be listed as obligations on the next ROPS.
4. Item 7: Should there be insufficient RPT funding available for the Successor Agency Administrative Allowance, it will be included as an obligation on the next ROPS.
5. Items 8-12: Due to insufficient RPT funding available for the Jan-Jun 2012 ROPS, the unpaid balances of these obligations were deferred to the Jul-Dec 2012 ROPS. Payments will be scheduled as RPT becomes available.
6. Items 12 & 14: The Contra Costa County Auditor-Controller provided the payment estimates for FY11-12 pass-through payments subsequent to preparation of the draft ROPS. Pass-Through Payments are subject to subordination to debt service payments if insufficient RPT is available. Subordinated pass-through payments will be carried to subsequent ROPS until sufficient funds are available.