

# **POWAY REDEVELOPMENT AGENCY**

Review Report

## **ASSET TRANSFER REVIEW**

*January 1, 2011, through January 31, 2012*



**Betty T. Yee**  
California State Controller

May 2015



**BETTY T. YEE**  
California State Controller

May 19, 2015

Scott Edwards, Director of Administrative Services  
Successor Agency/City of Poway  
13325 Civic Center Drive  
Poway, CA 92064

Dear Mr. Edwards:

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the Poway Redevelopment Agency (RDA) to the City of Poway (City) or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether the asset should be turned over to the Successor Agency.

Our review applied to all assets including, but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers to the City or any other public agency have been reversed.

Our review found that the RDA transferred \$159,522,094 in assets after January 1, 2011, including unallowable transfers totaling \$135,831,880, or 85.15% of transferred assets. The unallowable transfers included \$96,502,200 to the City and \$39,329,680 to the Housing Authority.

However, on and after February 1, 2012, the City and the Housing Authority turned over \$135,831,880 in assets to the Successor Agency. Therefore, no further action is necessary.

If you have any questions, please contact Elizabeth González, Chief, Local Government Compliance Bureau by telephone at (916) 324-0622 or by email at [egonzalez@sco.ca.gov](mailto:egonzalez@sco.ca.gov).

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/lis

Attachment

cc: Andrew White, Finance Manager  
Successor Agency/City of Poway  
Bruce Tarzy, Chair  
Oversight Board to Poway Successor Agency  
Richard J. Chivaro, Chief Legal Counsel  
State Controller's Office  
Elizabeth González, Bureau Chief  
Division of Audits, State Controller's Office  
Scott Freesmeier, Audit Manager  
Division of Audits, State Controller's Office  
Trisha L. Quiambao, Auditor-in-Charge  
Division of Audits, State Controller's Office  
David Botelho, Program Budget Manager  
California Department of Finance  
Tracy Sandoval, CPA, Auditor Controller  
San Diego County

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# Asset Transfer Review Report

## Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Poway Redevelopment Agency (RDA) after January 1, 2011. Our review included, but was not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payments of any kind from any source.

Our review found that the RDA transferred \$159,522,094 in assets after January 1, 2011, including unallowable transfers totaling \$135,831,880 or 85.15% of transferred assets. The unallowable transfers included \$96,502,200 to the City of Poway (City) and \$39,329,680 to the Housing Authority.

However, on and after February 1, 2012, the City and the Housing Authority turned over \$135,831,880 in assets to the Successor Agency. Therefore, no further action is necessary.

## Background

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget. The Governor's proposal was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor on June 28, 2011.

ABX1 26 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA successor agencies and oversight boards to oversee dissolution of the RDAs and redistribution of RDA assets.

A California Supreme Court decision on December 28, 2011 (*California Redevelopment Association et al. v. Matosantos*), upheld ABX1 26 and the Legislature's constitutional authority to dissolve the RDAs.

ABX1 26 was codified in the Health and Safety (H&S) Code beginning with section 34161.

H&S Code section 34167.5 states in part, ". . . the Controller shall review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency."

The SCO identified asset transfers that occurred after January 1, 2011, between the RDA, the City and/or any other public agency. By law, the SCO is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABX1 26, be turned over to the Successor Agency. In addition, the SCO may file a legal action to ensure compliance with this order.

## **Objective, Scope, and Methodology**

Our review objective was to determine whether asset transfers that occurred after January 1, 2011, and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the city or county, or city and county that created an RDA or any other public agency, and the RDA, were appropriate.

We performed the following procedures:

- Interviewed Successor Agency personnel to gain an understanding of the Successor Agency's operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the City, the RDA, the Successor Agency, and the Oversight Board.
- Reviewed accounting records relating to the recording of assets.
- Verified the accuracy of the Asset Transfer Assessment Form. This form was sent to all former RDAs to provide a list of all assets transferred between January 1, 2011, and January 31, 2012.
- Reviewed applicable financial reports to verify assets (capital, cash, property, etc.).

## **Conclusion**

Our review found that the Poway Redevelopment Agency transferred \$159,523,094 in assets after January 1, 2011, including unallowable transfers totaling \$135,831,880, or 85.15% of transferred assets. The unallowable transfers included \$96,502,200 to the City of Poway (City) and \$39,329,680, to the Housing Authority.

However, on and after February 1, 2012, the City and the Housing Authority turned over \$135,831,880 in assets to the Successor Agency. Therefore, no further action is necessary.

Details of our findings are described in the Findings and Orders of the Controller section of this report.

## **Views of Responsible Officials**

We issued a draft review report on December 17, 2014. Scott Edwards, Director of Administrative Services, responded by letter dated January 23, 2015, partially disagreeing with the review results. The City's response is included in this final review report as an attachment.

**Restricted Use**

This report is solely for the information and use of the City of Poway, the Successor Agency, the Oversight Board, Housing Authority, and the SCO. It 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 when issued final.

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

May 19, 2015

# Findings and Orders of the Controller

**FINDING 1—  
Unallowable asset  
transfers to the  
City of Poway**

The Poway Redevelopment Agency (RDA) made unallowable asset transfers of \$96,502,200 to the City of Poway (City). The transfers occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

The unallowable transfers were as follows:

- On January 18, 2011, the RDA adopted Resolution No. R-11-02 approving and restating the Cooperation Agreement between the RDA and the City and the repayment of a loan owed by the RDA to the City. A total of \$18,778,448 in loan repayments were made on various dates during the period of January 1, 2011, through January 31, 2012.
- On March 11, 2011, the RDA adopted resolution R11-06, to amend the Cooperation Agreement between the RDA and the City, and resolution R11-07, to transfer assets and obligations from the RDA and the City. Transfers were made on and after March 11, 2011. The transfers included the following:

Cash	\$ 12,991,060
Note Receivable	7,680,253
Land held for resale	1,029,392
Land	17,527,517
Building and Improvements	17,581,602
Infrastructure	11,016,803
Construction in process	<u>9,897,125</u>
Total transfers	<u>\$ 77,723,752</u>

Pursuant to Health and Safety (H&S) Code section 34167.5, the RDA may not transfer assets to a city, county, city and county, or any other public agency after January 1, 2011. The assets must be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177(d) and (e).

Order of the Controller

Pursuant to H&S Code section 34167.5, the City is ordered to reverse the transfers totaling \$96,502,200 and turn over the assets to the Successor Agency.



However, as of June 30, 2012, the City turned over \$96,502,200 in assets to the Successor Agency. This amount included the following:

Loan repayments	\$ 18,778,448
Cash	12,991,060
Notes Receivable	7,680,253
Land held for resale	1,029,392
Land	17,527,517
Building and Improvements	17,581,602
Infrastructure	11,016,803
CIP	<u>9,897,125</u>
Total	<u>\$ 96,502,200</u>

Therefore, no further action is necessary.

#### City's Response

The City's response in regard to the finding was, in part:

The City respectfully disagrees with the SCO's determination for the following reasons: (1) balances were written off because expenditures for design had been capitalized, but no tangible asset had been produced, (2) assets had been sold or transferred to the other entities pre-dissolution, but had not been removed from the Redevelopment Agency's (the Agency) records, and (3) assets had been transferred to the City predissolution, but had not been removed from the Agency's records.

In accordance with Health and Safety Code 34176 (b)(2), the City elected upon dissolution of the Redevelopment Agency on February 1, 2012, to transfer the housing assets and functions previously performed by the Redevelopment Agency to the Poway Housing Authority.

Here, the Settlement Agreement, the Stipulation and the Judgment require that the funds be used for affordable housing purposes.

Therefore, because the City elected pursuant to Health and Safety Code 34176, to transfer the housing assets and functions previously performed by the Redevelopment Agency to the Poway Housing Authority, the Smith Funds are required by California state law to be in the possession of the Poway Housing Authority.

#### SCO's Comment

The SCO acknowledges the receipt of additional documentation and agrees with the City's explanation related to the transfers of various capital assets. The Finding and Order of the Controller has been modified accordingly.

With regards to the transfer of Smith Settlement funds, the SCO acknowledges that pursuant to H&S Code section 34176, these funds, which were required to be used for housing purposes, are to be transferred to the Entity Assuming the Housing Functions, the City’s Housing Authority (Authority) elected to serve. However, it is noted that due to pending litigation between the Authority and the Department of Finance, the Authority has yet to execute a book transfer of these funds.

We made necessary adjustments in the Order of the Controller and the Schedule 1—Unallowable Asset Transfers to the City of Poway sections of this report. No further action is necessary.

**FINDING 2—  
Unallowable  
transfers to the  
Poway Housing  
Authority**

The RDA made unallowable asset transfers of \$39,329,680 to the Poway Housing Authority (Housing Authority). The transfers occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

On March 11, 2011, the RDA adopted the following resolutions:

- Resolution No. R11-08 to transfer available funds to the Housing Authority for the implementation of the newly adopted Cooperation Agreement between the RDA and the Housing Authority. This transfer was accepted by the Housing Authority via adoption of Resolution No. H11-04 on the same date.
- Resolution No. R11-09 to transfer various assets from the Low and Moderate Income Housing Fund to the Housing Authority. This transfer was accepted by the Housing Authority via adoption of Resolution No. H11-05 on the same date.

Transfers were made on and after March 11, 2011. The transfers included the following:

Cash	\$ 19,168,950
Land	<u>20,160,730</u>
Total transfers	<u>\$ 39,329,680</u>

Pursuant to H&S Code section 34167.5, the RDA may not transfer assets to a city, county, city and county, or any other public agency after January 1, 2011, that were not contractually committed to a third party prior to June 28, 2011. The assets must be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177 (d) and (e).

In accordance with H&S Code section 34176(b)(2):

- (b) If a city, county, or city and county does not elect to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, duties, and obligations associated with the housing activities of the agency, excluding enforceable obligations retained by the successor agency and any amounts in the Low and Moderate Income Housing Fund, shall be transferred as follows:

(2) If there is one local housing authority in the territorial jurisdiction of the former redevelopment agency, to that local housing authority.

And In accordance with H&S Code section 34177(g):

Successor agencies are required to do all of the following:

(g) Effectuate transfer of housing functions and assets to the appropriate entity designated pursuant to Section 34176.

Order of the Controller

Pursuant to H&S Code section 34167.5, the Housing Authority is ordered to reverse the transfers totaling \$39,329,680 and turn over the assets to the Successor Agency.

However, on and after February 1, 2012, the Housing Authority turned over \$22,033,709 in assets to the Successor Agency. This amount included the following:

Cash	\$ 19,022,695
Land	2,864,759
Fiscal year end June 30, 2012 AP	16,953
Fiscal year end June 30, 2012 Lease Revenues	<u>129,302</u>
Total	<u>\$ 22,033,709</u>

In addition, on January 17, 2012, the Successor Agency effectuated the transfer of \$17,295,971 in land by electing the Housing Authority to serve as the Housing Successor in accordance with H&S Code section 34176 (b)(2) and 34177 (g). Therefore, no further action is necessary.

City's Response

The City did not comment on this finding.

**Schedule 1—  
Unallowable Asset Transfers to  
the City of Poway  
January 1, 2011, through January 31, 2012**

Date	Description	Unallowable Transfers
<u>Loan Repayments</u>		
03/09/11	RDA loan repayment to the City's Water Fund	\$ 1,539,889
03/09/11	RDA loan repayment to the City's Water and Drainage Funds	5,001,111
03/11/11	RDA loan repayment to the City's General, Drainage, Street, Water, and Sewer Funds	7,372,560
12/31/11	RDA loan repayment to the City's General Fund	516,356
01/31/12	RDA loan repayment to the City's Sewer Fund	4,348,532
	Subtotal Loan repayments	18,778,448
<u>Cash transfers</u>		
various	Fund 312 - City RDA Debt Service	702,823
various	Fund 417 - City RDA CIP Housing 2001 TABS	2,279
various	Fund 424 - City RDA CIP 2001 TABS	258,227
various	Fund 425 - City RDA CIP 2003 TABS	191,678
various	Fund 426 - City RDA CIP Fund	6,020,831
various	Fund 427 - City RDA CIP Housing 2001 TABS	2,272,935
various	Fund 428 - City RDA Admin Fund	497,096
various	Fund 429 - City Special Programs (Smith Settlement)	3,045,191
	Subtotal Cash transfers	12,991,060
<u>Notes Receivable transfers</u>		
03/11/11	Poinsettia note receivable	5,787,950
03/11/11	Hotel note receivable	1,892,303
	Subtotal Note Receivable transfers	7,680,253
<u>Land held for resale transfers</u>		
03/11/11	Property transfer 436 LHFR	474,974
03/11/11	Property transfer 438 LHFR	554,418
	Subtotal Land held for resale transfers	1,029,392
<u>Land transfers</u>		
03/11/11	Wanesta@Hilleary, 317-101-27	202,121
03/11/11	CIVIC CNT SITE-GAMMA 77 31419339/40/41	260,199
03/11/11	CIVIC CNT SITE-13620 TEMPLE/13621 ADRIAN	394,646
03/11/11	LAND,HILLEARY PRK,SOUTH ACCESS	32,000
03/11/11	LIBRARY SITE,WESTERN LUMBER(POWAYRD)	375,000
03/11/11	SITE,COMMERCIAL,WESTERN LUMBER,13137	560,323
03/11/11	1.54Acres:NW CornerTarascan@PowayRd-13100 Poway Rd APN317-101-06	1,158,018
03/11/11	Auto Dealership Off-Site Storage Lot @ Business park	2,949,250

## Schedule 1 (continued)

Date	Description	Unallowable Transfers
<u>Land transfers (continued)</u>		
03/11/11	2 Acres Commercial Midland Road Old Poway Park Agency Owned	1,348,988
03/11/11	Big Stone Lodge acquisition (Deposit)	50,000
03/11/11	14038 York Escrow Close on Field Property Acquisition	312,198
03/11/11	14055 York Ave Escrow Close on Field Property Acquisition	321,400
03/11/11	14152 Sycamore Ave	5,000
03/11/11	14152 Sycamore Ave Escrow Close on Field Property Acquisition	296,115
03/11/11	14134 Sycamore Ave	5,000
03/11/11	Auto Dealership Off-Site Storage Lot (5 Acre Industrial Park- RDA Owned)	7,695
03/11/11	14134 Sycamore Ave 314-201-20	343,800
03/11/11	12237 Old Pomerado Road 317-232-22 (Big Stone Lodge)	809,671
03/11/11	Dunster Property 317-540-73	160,000
03/11/11	13033 Poway Rd, 317-472-18	4,601,382
03/11/11	14146 Sycamore. 314-201-19	458,026
03/11/11	14056 York, 314-214-05	412,672
03/11/11	14049 York,	5,000
03/11/11	Property Field Acquisition	570,200
03/11/11	Dunster Property 317-540-73	88,950
03/11/11	Property Field Acquisition	140,638
03/11/11	LAND,BREIHAN PROPTY,ESCROW DEPOSIT(COMM)	84,250
03/11/11	LAND,E OF COMMUNITY,SOF CIVICCNT RD,BREI	1,574,975
	Subtotal Land transfers	17,527,517
<u>Building and Improvement transfers</u>		
03/11/11	STARRIDGE PARK RESTROOM	105,030
03/11/11	GARDEN PARK RESTROOM	104,005
03/11/11	CHAIN LINK FENCE AT COMMUNITY PARK	9,620
03/11/11	JOINT USE FACILITY-CNT FOR PERF ARTS	180,039
03/11/11	TWIN PKS MULTI-PURP CNT IMPROVEMENTS	6,340
03/11/11	TWIN PKS MULTI-PURP CNT IMPROVEMENTS	14,834
03/11/11	COMMUNITY PARK REST ROOM BLDG	13,467
03/11/11	COMMUNITY PARK RST RM-BLDG UTILITIES	48,383
03/11/11	COMMUNITY PARK RST RM-BLDG	6,768
03/11/11	COMMUNITY PARK RST RM-BLDG	7,384
03/11/11	BACKSTOP, INSATLL	9,539
03/11/11	RESTROOM COMPLETION	11,250
03/11/11	PERF ARTS CNT CIP CLOSED	7,923,004
03/11/11	CPA JOINT USE FACILITY	82,213

## Schedule 1 (continued)

Date	Description	Unallowable Transfers
<u>Building and Improvement transfers (continued)</u>		
03/11/11	Meadowbrook Multi-Purpose Room	157,563
03/11/11	Meadowbrook Multi-Purpose Room	100,000
03/11/11	Meadowbrook Multi-Purpose Room	300,000
03/11/11	Meadowbrook Multi-Purpose Room	150,000
03/11/11	Meadowbrook Multi-Purpose Room	150,000
03/11/11	Meadowbrook Multi-Purpose Room	119,042
03/11/11	GYM,MEADOWBROOK SCHOOL,PO#18602,PAY#6	49,579
03/11/11	GYM,MEADOWBROOK SCHOOL,PO#18602,PAY#9	158,108
03/11/11	GYM,MEADOWBROOK SCHOOL,PO#18602,PAY#10	118,295
03/11/11	TRACK,RAILROAD,65LB,MISLAND RD PARK	13,359
03/11/11	RESTROOM BLDG,HILLEARY PRK,PAY#1	12,375
03/11/11	FENCE, 12' W/GATES&WINDSCREEN,HILLEARY PK	13,204
03/11/11	RESTROOM BLDG,HILLEARY PRK,PAY#3	4,950
03/11/11	GUARDRAIL,CABLE W/POSTS,HILLEARY PARK	8,910
03/11/11	PLAYSTRUCTURE,SERIES800,HILLRY PK,PAY#3	5,670
03/11/11	FENCE, 12',HILLEARY PK,PAY#3	13,730
03/11/11	FENCE, 8',CHAINLINK,HILLEARY PK,PAY#4	5,206
03/11/11	FENCE, 10',CHAINLINK,HILLRY PK,ITM38,PAY4	6,458
03/11/11	GUARDRAIL,CABLE W/POSTS,HILLRY,ITM42,PY4	12,015
03/11/11	HANDRAIL W/CONNS,580LF,HILLRY,ITM43,PAY4	21,780
03/11/11	RESTROOM BLDG,HILLEARY PRK,ITM81,PAY4	7,425
03/11/11	BLEACHERS,2BANKS,3ROWS EA,MVBL W/PWR UNI	10,552
03/11/11	GUARDRAIL,CABLE W/POSTS,ITM#42,PAY#7	17,874
03/11/11	GUARDRAIL,CABLE W/POSTS,ITM#42,PAY#8	5,400
03/11/11	BLDG,CONCESSION,MAIN,13.5% COMPLETE	58,003
03/11/11	BLDG,CONCESSION,MAIN,17.5% COMPLETE	17,211
03/11/11	BATTING CAGE @ SPORTS PARK	8,257
03/11/11	BLDG,CONCESSION(MAIN)SPORTS PARK,PAY#4	64,887
03/11/11	BLDG,CONCESSION(MAIN)SPORTS PARK,PAY#5	109,465
03/11/11	BLDG,RESTRM,HILL'RY PRK,ITM#81,FINAL PAY	2,750
03/11/11	BLDG,CONCESSN(MAIN)SPORTS PRK	24,871
03/11/11	SIGNAL,CROSSING,RAILROAD,MAT'L&LAB OR	21,825
03/11/11	CPA JOINT USE FACILITY:92/93 CAPITALIZED	15,684
03/11/11	BLDG,CONCESSN,MAIN,S PWY SPORTS PARK	37,607
03/11/11	BLDG,MTCE,SOUTH POWAY SPORTS PARK	22,802

## Schedule 1 (continued)

Date	Description	Unallowable Transfers
<u>Building and Improvement transfers (continued)</u>		
03/11/11	BLDG,CONCSSN,SMALL,S POWAY SPORTS PARK	5,898
03/11/11	BLDG,GYM,MEADOWBROOK MULTI- PURPOSE ROOM	77,346
03/11/11	BLDG,CONCESSION,MAIN,SPOWAY SPORTS PARK	21,643
03/11/11	BLDG,MTCE,SPOWAY SPORTS PARK	39,147
03/11/11	BLDG,CONCESSION,SMALL,SPOWAY SPORTS PARK	9,644
03/11/11	BLDG,CONCESSION,MAIN,SPOWAY SPORTS PARK	26,419
03/11/11	BLDG,MTCE,SPOWAY SPORTS PARK	2,489
03/11/11	BLDG,TICKET BOOTH,SPOWAY SPORTS PARK	9,735
03/11/11	GLDG,CONCESSION,MAIN,SPOWAY SPORTS PARK	47,374
03/11/11	BLDG,MTCE,SPOWAY SPORTS PARK	2,825
03/11/11	BLDG,CONCESSION,SMALL,SPOWAY SPORTS PARK	4,397
03/11/11	BLDG,TICKET BOOTH,SPOWAY SPORTS PARK	3,484
03/11/11	BLDG,CONCESSION,MAIN,SPOWAY SPORTS PARK	18,502
03/11/11	BLDG,CONCESSION,SMALL,SPOWAY SPORTS PARK	865
03/11/11	BLDG,TICKET BOOTH,SPOWAY SPORTS PARK	549
03/11/11	HVAC REVISIONS,PCPA(50%)	22,613
03/11/11	DOOR,DOUBLE,REMODEL@PCPA	5,000
03/11/11	BUILDING,CONCESSION,SPSPRK,MAIN,100% ,COM	4,303
03/11/11	BUILDING,CONCESSION,SMALL,SPSPRK,100 % CO	185
03/11/11	BOOTH,TICKET,SPWYSPRTSPRK,100%COMP LETE	139
03/11/11	BACKSTOP,CHAINLINK.30',70%,COMMPRK E BAL	18,207
03/11/11	PCPA HVAC, PAY #2	13,195
03/11/11	OLD POWAY PARK - GAZEBO	5,625
03/11/11	Bldg,Gazebo,Old Poway Park	9,800
03/11/11	Improvements-Other:Fountain,Old Poway Park	13,940
03/11/11	Bldg,Gazebo,Old Poway Park	5,625
03/11/11	Bldg,Gazebo,Old Poway Park	5,625
03/11/11	Non-Structural Improvements-Fencing,Old Poway Park	6,534
03/11/11	Bldg,Concession,Main,S Pwy Sports Prk:Cap retention	47,810
03/11/11	Bldg,Concession,Small,S Pwy Sports Prk:Cap retention	2,332
03/11/11	Bldg,Maintenance,S Pwy Sports Prk:Cap retention	7,474
03/11/11	Bldg,Booth,Ticket,S Pwy Sports Prk:Cap Retention	1,545

## Schedule 1 (continued)

Date	Description	Unallowable Transfers
<u>Building and Improvement transfers (continued)</u>		
03/11/11	Improves,Park,Fencing-OldPowayPark:373lf Pay #5	6,714
03/11/11	PCPA HVAC-Band Room Modification:Ducts;Tubing;Fittings	5,976
03/11/11	Bldg,Main,Concessions,Spwy Sports Park:Curvilinear Stairway	14,576
03/11/11	Senior Cnt Remodel:Pay#1-Framing,Plumbg,Electric,Etc	32,643
03/11/11	Bldg:SeniorCnt@CommunityPrk-95 Remodel	14,151
03/11/11	Structure:Shade Structure @ Adobe Ridge Mini-Park	10,260
03/11/11	Equip,Playground,BT-5204B Turn Around Structure AdobeRidge	5,337
03/11/11	Expansion,Weingart Senior Cnt 96 Upgrades	11,777
03/11/11	Weingart Sr Cnt Expansion-94/95:Concrete,Framing,Electrical	38,702
03/11/11	Atarm,Fire:Weingart Senior Cnt '96 Addition	23,030
03/11/11	Expansion,WeingartSeniorCnt(CommPrk):'96 Improvements	115,689
03/11/11	Expansion,WeingartSeniorCnt(CommPrk):'96 Improvements	37,350
03/11/11	Structure,Shade,ArbolitosMiniPark,Pay#2	6,286
03/11/11	Expansion,Weingart Senior Cnt 96 Improvements	24,772
03/11/11	Expansion,Weingart Senior Cnt,96 Improvements	14,646
03/11/11	Expansion,Weingart Cnt,96 Improvements	19,760
03/11/11	PatioEnclsureElectricUpgrades,HamburgFact@OldPwyPrk	5,000
03/11/11	PatioEnclsureHeating,HamburgFact@OldPwyPrk	7,000
03/11/11	8' ConcreteBlockWallAroundCo-GenerationUnit-5534A (8325)	5,000
03/11/11	Netted Fence @SPSportsPark Proj 5620B (8325)	10,364
03/11/11	Restrooms@LkPwy FY97Costs(UpperLake)Proj 5629 (8313)	88,445
03/11/11	12'AlumDocks/4' AlumGangway@LkPwy Proj5638A (8325)	46,261
03/11/11	RestRooms@LkPwyPark-PdFY98forFY97(8313)	256
03/11/11	Restrooms@ArbolitosSportsField(InitialPay)(8311)	18,600
03/11/11	PCPA Courtyard Upgrade:FY98	6,574
03/11/11	Arbolitos Park Restrooms	12,555
03/11/11	Arbolitos Park Restrooms	50,220
03/11/11	Arbolitos Park Restrooms	4,185
03/11/11	Restrooms @ LkPoway (Final Pay)	22,067
03/11/11	Shelter,Picnic,4-Post,12X12,SteelRoof@SilversetPark	8,500
03/11/11	RR Turntable @ Old Poway Park ProgPay#2	8,095
03/11/11	RR Turntable @ OPP- Construction Etc	240,506
03/11/11	Old Poway Park Improvements- Phase IV	26,968



## Schedule 1 (continued)

Date	Description	Unallowable Transfers
<u>Building and Improvement transfers (continued)</u>		
03/11/11	Old Poway Park Train Depot	1,326,097
03/11/11	Fire Station 1 Apparatus Door Replacement (4 Doors)	—
03/11/11	Blue Sky Parking Lot and Grading	1,159,309
03/11/11	Community Park Parking Lot	641,657
03/11/11	Auto Dealership Off-Site	2,201,941
03/11/11	Auto Dealership Off-Site	21,685
03/11/11	Poway Royal Pool	—
03/11/11	Veteran Memorial Park Imp	481,646
	Subtotal Building and Improvement transfers	17,581,602
<u>Infrastructure transfers</u>		
03/11/11	Poway Community Road	74,516
03/11/11	Poway Mino de Oro	273,149
03/11/11	Midland Road widening	1,876,863
03/11/11	Midland Road widening	1,354,900
03/11/11	Titan & Espola Left Lane	349,073
03/11/11	Tarascan Drive Extension	363,156
03/11/11	Poway Road Street Improvement	369,500
03/11/11	Civic Center Drive Extension	775,530
03/11/11	Civic Center Drive Extension	843,116
03/11/11	Orchid Ave Extension	883,133
03/11/11	Midland Village Improvement	3,250,700
03/11/11	Brandalise Homeownership Street Improvement	603,167
	Subtotal Infrastructure transfers	11,016,803
<u>CIP transfers</u>		
03/11/11	Tarascan Drive Extension	75,254
03/11/11	Oak Knoll Widening	6,607
03/11/11	Oak Knoll Widening	216,777
03/11/11	Oak Knoll Widening	363,175
03/11/11	Oak Knoll Widening	2,806,523
03/11/11	Oak Knoll Widening	2,253,530
03/11/11	Poway Rd Mixed Use Fund-Town Center	2,462,635
03/11/11	Poway Rd Mixed Use Fund-Town Center	7,164
03/11/11	Poway Rd Mixed Use Fund-Town Center	24,986
03/11/11	Poway Rd Mixed Use Fund-Town Center	22,319
03/11/11	Big Stone Lodge Rehab	2,215
03/11/11	Big Stone Lodge Rehab	17,903
03/11/11	Veterans Memorial Park	12,764
03/11/11	Veterans Memorial Park	465,861
03/11/11	Business Park /Restaurant Site	673,423
03/11/11	Business Park /Restaurant Site	311,666
03/11/11	Business Park /Restaurant Site	68,464
03/11/11	Business Park /Restaurant Site	105,859
	Subtotal CIP transfers	9,897,125
	Total Unallowable Transfers	96,502,200
	Assets turned over to the Successor Agency on June 30, 2012	(96,502,200)
	Assets subject to Health & Safety Code section 34167.5	\$ 0

**Schedule 2—  
Unallowable Asset Transfers to  
the Housing Authority  
January 1, 2011, through January 31, 2012**

<u>Date</u>	<u>Description</u>	<u>Amounts</u>
<b>Cash transfers</b>		
various	Fund 416 - City RDA Housing	\$ 19,168,950
<b>Land transfers</b>		
03/11/11	Housing Acquisition West of Library	283,928
03/11/11	Community Road Multi-Family Housing Site	5,000
03/11/11	Community Road Multi-Family Housing Site	106,086
03/11/11	Twin Pks at Espola, 321-190-28	846,270
03/11/11	14048 Sycamore, 314-214-18	436,220
03/11/11	13031 Poway Road APN# 317-472-06	347,000
03/11/11	12341-12355 Oak Knoll Road APN 317-152-14	2,089,711
03/11/11	Civic Center Site-Parma Prcl APN #314-220-42x/Parcel # Changed To 314-220-69	298,513
03/11/11	Land, Brookview Village Property, Escrow #29548 (Deposit)	50,000
03/11/11	Land, Huber Property, Ecrow #32148-A, APN 317-473-18 (Deposit)	50,000
03/11/11	Land, Huber Property, APN 317-473-18 (Deposit)	1,598,105
03/11/11	Land, Brookview Village Property, 6.7 Acres, APN 317-521- 02/03/04	1,082,074
03/11/11	Land, Brookview Vill Proj, 6.7 Ac, APN 31752102/03/04 Acq Cost	11,064
03/11/11	12674 Monte Vista Rd #275-460-61	1,291,346
03/11/11	14025/41/56 Brighton at Edgemoor #314-220-07/12/66	1,122,119
03/11/11	Brighton Ave Properties: FY01 Charges to Land Acct	1,596,864
03/11/11	13406 Community Rd Property	1,316,847
03/11/11	Brighton Ave Properties	25,101
03/11/11	13406 Community Road	88,511
03/11/11	13021 Poway Rd Schneider Property Acq Costs for Housing West of Library	1,944,212
03/11/11	Port Lots 4&5 Poway Tr 84-03 Gateway Park Rd	1,502,000
03/11/11	13956 Poway Road (Brandalise) 323-203-19	795,000
03/11/11	13917 Courier Way (Brandalise) 323-203-18	405,000
03/11/11	13424 Scots Way Acquisition	5,000
03/11/11	13655 (13649) Poway Road APN 317-190-21	2,864,759
Total Land transfers		<u>20,160,730</u>
Total unallowable transfers		39,329,680
<b>Less Adjustments:</b>		
2/1/2012	Cash transfers to the Successor Agency	(19,022,695)
06/30/12	Land transfer to Successor Agency - 13655 (13649) Poway Road APN 317-190-21	(2,864,759)
various	Third party invoices	(16,953)
various	FY 12 lease revenues received after the election to assume housing assets and function	(129,302)
January 17, 2012 – Housing Authority election to retain housing assets per City Council meeting held		<u>(17,295,971)</u>
Total transfers subject to H&S Code section 34167.5		<u>\$ —</u>

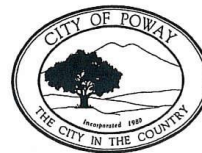
**Attachment**  
**City of Poway's Response to**  
**Draft Review Report**

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In addition to the attached letter, the City provided additional documents. Due to their size, we are not including them as an attachment to this report. Please contact the City for copies of the additional documents:

# CITY OF POWAY

STEVE VAUS, Mayor  
DAVE GROSCH, Deputy Mayor  
JIM CUNNINGHAM, Councilmember  
JOHN MULLIN, Councilmember



January 23, 2015

Mr. Jeffrey V. Brownfield, CPA  
Chief, Division of Audits  
California State Controller's Office  
P.O. Box 942850  
Sacramento, CA 94250-5874

Dear Mr. Brownfield:

In response to the State Controller's Office Asset Transfer Review letter, dated December 17, 2015, the City believes the findings can be broken down into two issues, Capital Assets and the Smith Judgment, with each issue being addressed below.

## **Capital Assets:**

The California State Controller's Office ("SCO") is ordering the return of approximately \$21,845,296 in Capital Assets to the Successor Agency. (See, Draft Asset Transfer Review, pg. 7, Fund 429 – City Special Programs). The change in the capital asset transfer amount can be attributed to several factors as documented in the attached schedule (Attachment "A"). The City respectfully disagrees with the SCO's determination for the following reasons: (1) balances were written off because expenditures for design had been capitalized, but no tangible asset had been produced, (2) assets had been sold or transferred to other entities pre-dissolution, but had not been removed from the Redevelopment Agency's (the Agency) records, and (3) assets had been transferred to the City pre-dissolution, but had not been removed from the Agency's records. Additional support in the form of grant deeds is included with Attachment A.

## **Smith Judgment:**

### **I. Fund 429 – City Special Programs (The Smith Fund)**

The California State Controller's Office ("SCO") is ordering the return of approximately \$2,762,808 to the Successor Agency. (See, Draft Asset Transfer Review, pg. 7, Fund 429 – City Special Programs). The Successor Agency respectfully disagrees with the SCO's determination for the following reasons: (1) the funds represent housing assets that are mandated by law to be turned over to the Poway Housing Authority ("Housing Authority") and not to the Successor Agency; (2) a portion of the funds are committed to third parties and therefore, to the extent committed, those funds cannot be turned over to the Successor Agency; and (3) the Successor Agency has received its finding of completion ("FOC") from the California Department of Finance ("DOF") and therefore a

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determination has been made that the taxing entities have received all the funds to which they are entitled.

Accordingly, for the foregoing reasons, which are discussed in further detail below, the SCO should reverse its finding that the funds at issue be turned over to the Successor Agency.

## **II. Background Of The Smith Fund**

The funds at issue are part of the Housing Special Program Fund that was created as part of a settlement agreement (the "Settlement Agreement") in *Smith et al. v. All Persons Interested*, SDSC Case No. 667691 (the "Smith Action"), a reverse validation action that challenged an Amendment to the 1993 Redevelopment Plan for the Paguay Redevelopment Project Area. [A copy of the Reporter's Transcript detailing the Settlement in open court is attached hereto as Exhibit 1 to Attachment B.] The Settlement Agreement required and produced a Stipulation re Settlement (the "Stipulation"), attached as Exhibit 2 to Attachment B. Pursuant to the Stipulation, a stipulated judgment (the "Judgment"), attached as Exhibit 3 to Attachment B, was entered in the Smith Action on January 26, 1995.

The Stipulation and the Judgment required the following:

- (a) Two Percent for Non-Profit Housing Corporations. Commencing in the fiscal year 2000-2001 Poway shall allocate 2% of its gross tax increment funds for the life of the redevelopment project to be distributed to qualified, non-profit 501(c)(3) or comparable organizations in the following order of priority: A. First, to capacity building; B. Second for pre-development costs; and C. Third for community outreach and education concerning housing issues.

To comply with the Settlement Agreement, the Stipulation and the Judgment, former Poway Redevelopment Agency ("Redevelopment Agency") established the Housing Special Program (the "Program") in 2001 for the purpose of disbursing two percent of its property tax increment to nonprofit housing developers. **This was in addition to the 20% set aside required by the California Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund ("LMIHF").** The Program's mission was to increase, improve, and preserve quality affordable housing in Poway that is well-managed and valued in the community.

Program funds (the "Fund(s)") are disbursed annually in the form of grants and loans for: (1) capacity building, (2) predevelopment costs, and (3) community outreach and education concerning housing issues, in this order of priority. The Funds have provided significant support to local nonprofit organizations allowing them to continue their mission of developing and maintaining quality affordable housing in Poway.

In March, 2011, the Fund balance was transferred from the Redevelopment Agency to the City pursuant to a Cooperation Agreement. The City has administered the Fund and the Program ever since.

Pursuant to their obligations under the Settlement Agreement, the Stipulation and the Judgment, the former Redevelopment Agency, and later the City pursuant to the Cooperation Agreement, have

entered into various loan/funding agreements with various nonprofit organizations, including, but not limited to, Community Housing Works, Wakeland Housing and Development Corp., and San Diego Interfaith Housing Foundation (the "Funding Agreements"). [Copies of the loan/funding agreements are attached hereto as Exhibits 4-6 to Attachment B, respectively.]

### **III. The Dissolution Act<sup>1</sup> Mandates that the Funds Be Transferred To The Housing Authority**

Health and Safety Code § 34176(b)(2), states, in part:

"If a city, county, or city and county does not elect to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, duties, and obligations associated with the housing activities of the agency, excluding enforceable obligations retained by the successor agency and any amounts in the Low and Moderate Income Housing Fund, shall be transferred as follows:...(2) If there is one local housing authority in the territorial jurisdiction of the former redevelopment agency, to that local housing authority."

In accordance with Health and Safety Code § 34176(b)(2), the City elected, upon dissolution of the Redevelopment Agency on February 1, 2012, to transfer the housing assets and functions previously performed by the Redevelopment Agency to the Poway Housing Authority. As such, to the extent permitted by the California Constitution and by §§ 34173 and 34176 of the Health and Safety Code, many of the Redevelopment Agency's rights, powers, duties, and obligations associated with those housing functions became rights, powers, duties, and obligations of the Poway Housing Authority ("Housing Authority").

Health and Safety Code § 34176.5 states in pertinent part, "...the Controller shall review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency. If such an asset transfer did 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 redevelopment agency..." (emphasis added).

Here, the Settlement Agreement, the Stipulation and the Judgment require that the funds be used for affordable housing purposes. Health and Safety Code section 34176(e)(2) states that a housing asset is "[a]ny funds that are encumbered by an enforceable obligation to build or acquire low- and moderate-income housing..."

Therefore, because the City elected pursuant to Health and Safety Code section 34176, to transfer the housing assets and functions previously performed by the Redevelopment Agency to the Poway

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1. The Dissolution Act is hereby defined as AB 26, as amended by AB 1484 and further amended by various assembly and senate bills passed by the Legislature and signed by the Governor. The Dissolution Act is codified as Health and Safety Code § 33500, et seq.

Housing Authority, the Smith Funds are required by California state law to be in the possession of the Poway Housing Authority.

Accordingly, because California state law prohibits the Smith Funds from being transferred to any other entity other than the Housing Authority, the SCO should reverse its finding that the Funds be transferred to the Successor Agency.

**IV. Portions Of The Smith Funds Are Contractually Committed To Third Parties And Therefore Cannot Be Ordered Transferred To The Successor Agency**

Health and Safety Code section 34167.5, states in pertinent part:

“Commencing on the effective date of the act adding this part, the Controller shall review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency. If such an asset transfer did 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 redevelopment agency or, on or after October 1, 2011, to the successor agency...” (emphasis added).

Further, with respect to any transfers that occurred post-dissolution (i.e., after February 1, 2012), AB 1963 (which took effect in July as emergency legislation) prevents the SCO from reviewing any transfers that occurred after February 1, 2012.

Here, approximately \$135,967.01 of the Funds were contractually committed to third parties pursuant to the Funding Agreements attached as Exhibits 5 and 6 to Attachment B hereto, and therefore must be excluded from the amounts ordered returned to the Successor Agency.

Specifically, on August 17, 2010, the former Redevelopment Agency and San Diego Interfaith Housing Foundation (“Interfaith”) entered into a Funding Agreement whereby the former Redevelopment Agency pledged a portion of the Funds to Interfaith to be used for affordable housing purposes.

Further, on July 1, 2011, the former Redevelopment Agency and Community Housing Works (“CHW”) entered into a Funding Agreement whereby the former Redevelopment Agency pledged a portion of the Funds to CHW to be used for affordable housing purposes.

At the time of dissolution, CHW had approximately \$123,150.71 and Interfaith had approximately \$12,816.30 in Funds pledged to them for affordable housing purposes. Those amounts that had been pledged were returned to the Fund balance in June, 2012, but still remain encumbered pursuant to the Funding Agreements.

Accordingly, to the extent the SCO continues to order that the Funds be turned over to the Successor Agency, at least \$135,967.01 must be deducted from the Fund balance.

**V. The Successor Agency Has Received Its Finding of Completion From DOF And Ordering The Funds Returned To The Successor Agency Conflicts With DOF's Determination That All Available Funds Have Been Distributed To The Taxing Entities**

AB 1484 requires two "due diligence reviews" (each, a "DDR") of business transacted between January 1, 2011, and June 30, 2012, by the Redevelopment Agency and the Successor Agency. (Health and Safety Code § 34179.5.) The reviews must identify "the dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer." (*Id.* § 34179.5(c)(3).) One DDR is for transactions involving the Redevelopment Agency's Low and Moderate Income Housing Fund, and the other is for transactions involving the Redevelopment Agency's Other Funds and Accounts ("OFA DDR").

The purpose of the DDRs is to identify "net balances . . . available for allocation to" other public agencies that receive ad valorem property taxes collected within the jurisdictional limits of the former Redevelopment Agency. (*Id.* § 34179.5(c)(6).) The statute specifies that this "available" balance must include "any amounts that were transferred as identified in [section 34179.5(c)(3)] if an enforceable obligation to make that transfer did not exist." (*Id.*)

AB 1484 gives DOF final authority to approve the DDRs, and to direct payment by the Successor Agency to the Auditor-Controller of any "available" balances. (*Id.* § 34179.6(d).)

If a successor agency disagrees with DOF's determination concerning the DDR, the successor agency may request a "meet and confer" with DOF to discuss the reasons for the determination. If a meet and confer is requested on the DDR, then DOF is to issue its final determination within thirty (30) days of the request for the meet and confer. (Health and Safety Code, § 34179.6(d) and (e).)

As required by Health and Safety Code § 34179.6(c), on January 15, 2013 the Successor Agency submitted to DOF the OFA DDR approved by its Oversight Board. The OFA DDR reflected the transfer of the Funds to the City and subsequent deposits into the Fund resulting in a Fund balance of \$2,846,518.2 The OFA DDR was not required to include the Fund amount in the funds available for distribution to the taxing agencies.

On March 27, 2013, DOF issued a determination letter, attached as Exhibit 7 to Attachment B, as to the OFA DDR that determined that the transfer of the Funds to the City was "disallowed" as not being supported by an enforceable obligation with the City. However, **DOF also determined that the Funds were restricted, meaning that they must be spent in accordance with the Settlement Agreement, the Stipulation and the Judgment, and therefore not available for distribution to the taxing entities.**

---

2. Because the Judgment and Stipulation required the Redevelopment Agency to set aside tax increment in addition to the 20% required to be deposited in the LMIHF, and because the Funds were never deposited into the LMIHF, they were included in the OFA DDR.



In a letter dated May 2, 2013, attached as Exhibit 8 to Attachment B, DOF directed that the Funds be returned to the Successor Agency and used for its intended purposes under the Settlement Agreement, Stipulation and the Judgment through the Recognized Obligation Payment Schedule ("ROPS") process.

On May 24, 2013, following the OFA DDR and pursuant to Health and Safety Code § 34179, DOF issued a Finding of Completion ("FOC"), attached as Exhibit 9 to Attachment B, to the Successor Agency, stating that the Successor Agency had paid the full amount as determined during both due diligence reviews and that the San Diego Auditor-Controller ("Auditor-Controller") had reported those payments to DOF.

Hence, as demonstrated above, the Settlement Agreement, Stipulation and the Judgment are obligations associated with the housing activities of the former Redevelopment Agency and the Funds are a housing asset of the former Redevelopment Agency under Health and Safety Code § 34176(e). Accordingly, in August, 2013, pursuant to Health and Safety Code § 34176, which requires that all housing assets and functions be transferred to the relevant housing successor, as well as DOF's May 2, 2013 letter, the City approved transfer of the Funds to the Housing Authority in its capacity as housing successor.

On August 21, 2013, the Oversight Board approved and ratified Resolution No. OSB 13-003 (the "Resolution"), attached as Exhibit 10 to Attachment B, approving the City's transfer of the Funds to the Housing Authority, and subsequently sent the Resolution to DOF as required by Health and Safety Code § 34181(c) & (f).

On December 5, 2013, DOF issued a letter, attached as Exhibit 11 to Attachment B, disapproving the Resolution by taking the position for the very first time, and in direct contravention of both the FOC and its May 2, 2013 letter, that the Funds were unrestricted and therefore considered "available" to be used to pay enforceable obligations prior to requesting RPTTF.

DOF's position that the funds are unrestricted has the unlawful effect of diverting housing assets that are mandated by law to be transferred to the Housing Authority. DOF's new position further completely undermines the purpose and findings of the FOC, which provides that the taxing entities have received all the funds to which they are entitled.

Because of the foregoing dispute, the City, Successor Agency and Housing Authority have filed a lawsuit (*City of Poway, et al. v. Cohen, et al.*, Sacramento Superior Court Case No. 34-2014-80001923) against DOF and the Auditor-Controller seeking an order that the Funds are housing assets that are required by law to be transferred to the Housing Authority, and that the Funds must be used to fulfill the obligations of the former Redevelopment Agency under the Settlement Agreement, the Stipulation and the Judgment.

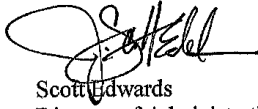
If the Funds are transferred to the Successor Agency, it would: (1) have the effect of increasing the distribution of RPTTF to the taxing agencies, in direct conflict with the FOC; and (2) would unlawfully divert a housing asset from the Housing Authority.

Mr. Jeffrey V. Brownfield, CPA  
January 23, 2015  
Page | 7

Given that DOF has previously issued a FOC to the Successor Agency, as well as California state law requiring that the Funds be deposited with the Housing Authority to be used to satisfy the Settlement Agreement, the Stipulation and the Judgment, the SCO should reverse its finding that the Funds be transferred to the Successor Agency.

If you have any questions please contact me by telephone at (858) 668-4413 or by e-mail at [sedwards@poway.org](mailto:sedwards@poway.org) or Andrew White by telephone at (858) 668-4426 or by e-mail at [awhite@poway.org](mailto:awhite@poway.org).

Sincerely,



Scott Edwards  
Director of Administrative Services

Attachments:

- A. Capital Asset Reconciliation (with Exhibits)
- B. Smith Judgment (with Exhibits)

cc via e-mail:

Richard J. Chivaro, Chief Legal Counsel  
State Controller's Office  
Elizabeth Gonzalez, Bureau Chief  
Division of Audits, State Controller's Office  
Scott Freesmeier, Audit Manager  
Division of Audits, State Controller's Office  
Trisha L. Quiambao, Auditor-in-Charge  
Division of Audits, State Controller's Office  
Tina White, Assistant City Manager  
Successor Agency/City of Poway  
Andrew White, Finance Manager  
Successor Agency/City of Poway

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