

# **WALNUT CREEK REDEVELOPMENT AGENCY**

## **ASSET TRANSFER REVIEW**

### **Review Report**

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



**JOHN CHIANG**  
California State Controller

December 2013



**JOHN CHIANG**  
**California State Controller**

December 11, 2013

Ken Nordhoff, City Manager/Oversight Board Chairperson  
City of Walnut Creek Redevelopment/Successor Agency  
1666 North Main Street  
Walnut Creek, CA 94596

Dear Mr. Nordhoff:

Pursuant to Health and Safety (H&S) Code section 34167.5, the State Controller's Office reviewed all asset transfers made by the Walnut Creek Redevelopment Agency (RDA) to the City of Walnut Creek 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 it should be turned over to the Walnut Creek Redevelopment 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 of assets to the City of Walnut Creek or any other public agencies have been reversed.

Our review found that the RDA transferred \$17,828,600 in assets. These included unallowable transfers totaling \$12,455,834 or 69.86%, that must be turned over to the Successor Agency. However, on April 10, 2013, the Successor Agency Oversight Board approved \$9,373,885 of the transferred assets because the assets are used for housing purposes. No further action is necessary in relation to the transfer of those assets. However, the remaining \$3,081,949 in unallowable assets must be turned over to the Successor Agency.

If you have any questions, please contact Elizabeth Gonzalez, Bureau Chief, Local Government Compliance Bureau, by phone at (916) 324-0622.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/kw

Attachment

cc: Cindy Mosser, Finance Manager  
City of Walnut Creek  
Robert Campbell, Auditor-Controller  
County of Contra Costa  
David Botelho, Program Budget Manager  
California Department of Finance  
Richard J. Chivaro, Chief Legal Counsel  
State Controller's Office  
Elizabeth Gonzalez, Bureau Chief  
Division of Audits, State Controller's Office  
Betty Moya, Audit Manager  
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Daniel Tobia, Auditor-in-Charge  
Division of Audits, State Controller's Office

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# Asset Transfer Review Report

## Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Walnut Creek 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 \$17,828,600 in assets, which included unallowable transfers totaling \$12,455,834 or 69.86%, that must be turned over to the Successor Agency. However, on April 10, 2013, the Successor Agency Oversight Board approved \$9,373,885 of the transferred assets because the assets are used for housing purposes. No further action is necessary in relation to those assets. The remaining \$3,081,949 in unallowable assets must be turned over to the Successor Agency.

## 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 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 Code (H&S Code) beginning with section 34161.

In accordance with the requirements of H&S Code section 34167.5, the State Controller is required to review the activities of RDAs, "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," and the date on which the RDA ceases to operate, or January 31, 2012, whichever is earlier.

The SCO has identified transfers of assets that occurred after January 1, 2011, between the Walnut Creek Redevelopment Agency, the City of Walnut Creek, and/or other public agencies. 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 order 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 operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the Walnut Creek City Council and the Walnut Creek Redevelopment Agency.
- 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 RDA transferred \$17,828,600 in assets, which included unallowable transfers totaling \$12,455,834, or 69.86%, that must be turned over to the Successor Agency. However, on April 10, 2013, the Successor Agency Oversight Board approved \$9,373,885 of the transferred assets because the assets are used for housing purposes. No further action is necessary in relation to those assets. The remaining \$3,081,949 in unallowable assets must be turned over to the Successor Agency.

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

## **Views of Responsible Officials**

We issued a draft review report on April 17, 2013. Ken Nordhoff, City Manager, responded by letter, dated April 25, 2013, disagreeing with the review results. We issued a revision of Finding 1 on September 10, 2013. The City Manager responded by letter dated September 30, 2013, disagreeing with revised Finding 1. Both of the City's responses are included in this final review report.

**Restricted Use**

This report is solely for the information and use of the City of Walnut Creek, Successor Agency, Walnut Creek Successor Agency Oversight Board, Walnut Creek Successor Housing Agency, 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

December 11, 2013

# Findings and Orders of the Controller

## **FINDING 1— Unallowable asset transfers to the City of Walnut Creek**

The Walnut Creek Redevelopment Agency (RDA) transferred \$3,081,949 in assets to the City of Walnut Creek (City). All of the asset transfers to the City of Walnut Creek occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

Unallowable asset transfers were as follows:

- On March 1, 2011, the RDA transferred \$274,644 in cash assets to pay off a loan to the City. This transfer was accomplished in accordance with the March 1, 2011 Meeting Agenda Item No. 4b.
- On March 15, 2011, the RDA transferred of \$2,807,305 in capital assets to the City. To accomplish those transfers, the City and the RDA entered into an agreement under Resolution RA-180 and March 15, 2011 Meeting Agenda Item No. 2k.

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. Those assets should be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177 (d) and (e). However, it appears that some of those assets also may be subject to the provisions of H&S Code section 34181(a). H&S Code section 34181(a) states:

The oversight board shall direct the successor agency to do all of the following:

- (a) Dispose of all assets and properties of the former redevelopment agency that were funded by tax increment revenues of the dissolved redevelopment agency; provided however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a government purpose, such as roads, school buildings, parks, and fire stations, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such as asset....”

Additionally, the loan agreement involving the March 1, 2011 transfer is not an enforceable obligation pursuant to H&S Code section 34171(d)(2). However, the argument may be reinstated in accordance with H&S Code section 34191.4 once the Successor Agency obtains a Finding of Completion from the Department of Finance (DOF), pursuant to H&S Code section 34179.7.

### Order of the Controller

Based on H&S Code section 34167.5, the City of Walnut Creek is ordered to reverse the transfer of the above assets, described in Schedule 1, in the amount of \$3,081,949, plus any interest earned, and turn over them to the Successor Agency.

The Successor Agency is directed to properly dispose of those assets in accordance with H&S Code sections 34177(d) and (e) and 34181(a).

### City's Response to Draft Report

The City responded to an initial version of Finding 1 in a letter dated April 25, 2013 (Attachment 1). The SCO issued a revised Finding 1 (Attachment 2) on September 10, 2013; the City responded to the revision with a letter dated September 30, 2013 (Attachment 3). The SCO's comments to both responses are given below.

### City's April 25, 2013 Response

The SCO contends that the \$209,644 RDA loan repayment to the City on March 1, 2011 was an unallowable asset transfer as it was not an enforceable obligations pursuant to H&S Code section 34171(d)(2).

This was a repayment of City advances to the RDA made in 1988 and 1991, not an asset transfer. In addition, Health and Safety Code section 34171 did not take effect until February 1, 2012, when successor agencies replaced redevelopment agencies. More importantly, however, it is **Section 34167** that governed the actions of the redevelopment agencies prior to their dissolution. The definition of "enforceable obligation" in Section 34167(d) did not exclude city-agency agreements, and the section authorized the agency to repay "any legally binding and enforceable agreement or contract [sic] that is not otherwise void as violating the debt limit or public policy." Section 34167 remained in effect through January 31, 2012.

The RDA was required to make this final payment for the remaining amount of the City loan because the Mt. Diablo project area reached its tax increment limit in fiscal year 2010-11. The Mt. Diablo project area is no longer able to receive property tax revenue for the RPTTF, which limits the Successor Agency's ability to pay the indebtedness obligations in future years.

### SCO's Comment

The City's comments regarding the loan repayment are adequately addressed in the SCO's comment to the City's September 30, 2013 response given below.

City's September 30, 2013 Response

SCO contends that the \$274,644 RDA loan repayment to the City on March 1, 2011, was an unallowable asset transfer. . .

[We] reiterate our response provided in April, this was a repayment of City advances to the RDA made in 1988 and 1991, not an asset transfer.

SCO's Comment

The SCO disagrees with the City's response. Although H&S Code section 34167 does not explicitly exclude city-agency agreements, it does govern the actions of RDAs prior to their dissolution. H&S Code section 34167(a) states:

. . . It is the intent of the Legislature that redevelopment agencies take no actions that would further deplete the corpus of the agencies' funds regardless of their original source. All provisions of this part shall be construed as broadly as possible to support this intent and to restrict the expenditure of funds to the fullest extent possible.

The Legislature further enforces this intent with H&S Code Section 34167.5. Regardless of reaching the tax increment limit for the project area, H&S Code section 34167.5 requires the SCO to order the return of any asset transferred to a public agency after January 1, 2011, to the Successor Agency.

Additionally, the SCO would like to note that it does not contend that the transfer is unallowable pursuant to H&S Code section 34171(d)(2). This citation was purely for informational purposes, meant to point out that although the loan agreement involving the March 1, 2011 transfer may not currently be an enforceable obligation, it may be reinstated in accordance with H&S Code Section 34191.4 once the Successor Agency obtains a Finding of Completion from the Department of Finance, pursuant to H&S Code Section 34179.7.

The finding and Order of the Controller remains as stated for the transfer of \$274,644 in cash to the City.

City's April 25, 2013, Response

The SCO contends that the RDA transferred \$2,807,305 in capital assets to the City on March 15, 2011 was unallowable.

The City concurs with this finding even though the legislation was not passed and signed into law until June 28, 2011. The City will agree to transfer APN 184-060-13 (1250 Locust Street) to the Successor Agency. The City requests that the transfer of APN 173-121-036 (470, 480, 490 Lawrence Way) used for governmental purpose of a recycling center, police evidence storage, and former traffic center be allowed with Oversight Board approval.

### SCO's Comment

The City's comments regarding the transfer of capital assets are adequately addressed in the SCO's comment to the City's September 30, 2013 response given below.

### City's September 30, 2013 Response

In my April 25, 2013 response to the SCO's initial report, the City agreed that the Locust Street property would be reconveyed to the Successor Agency. The purpose of this letter is to more clearly set forth the history and use of the Lawrence Way property and why the transfer of that property to the City was appropriate.

Since the acquisition of the Lawrence Way property, it has been used continuously for governmental uses, primarily for the corporation yard, recycling center and traffic operation. Title to the property should have been formally transferred to the City in the early 1990s, but was not, due to an oversight. As the property was not within a redevelopment project area, the former Redevelopment Agency had no control over the use of the property.

### SCO's Comment

The City agrees that the property will be conveyed to the Successor Agency.

The finding and Order of the Controller remains as stated until the transfer is made.

## **FINDING 2— Unallowable assets transferred to the Successor Housing Agency**

The Walnut Creek Redevelopment Agency (RDA) made an unallowable asset transfer of \$9,373,885 to the Successor Housing Agency (SHA). The asset transfer to the SHA occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

The RDA transferred \$9,373,885 in assets to the SHA on February 1, 2012. Those assets consisted of \$1,259,484 in cash, \$7,863,401 in notes receivable, and \$251,000 in capital assets.

Pursuant to H&S Code section 34175(b), the RDA was required to transfer all assets, including housing assets, to the Successor Agency.

H&S Code section 34175(b) states, "All assets, properties, contracts, leases, books and records, buildings, and equipment of the former redevelopment agency are transferred on February 1, 2012, to the control of the successor agency, for administration pursuant to the provisions of this part. This includes all cash or cash equivalents and amounts owed to the redevelopment agency as of February 1, 2012."

Additionally, H&S Code section 34181(c) requires the Oversight Board to direct the Successor Agency to transfer housing assets to the appropriate entity pursuant to H&S Code section 34176.

### Order of the Controller

Based on H&S Code section 34167.5, the Successor Housing Agency is ordered to reverse the transfer of the above assets, described in Schedule 2, in the amount of \$9,373,885, and return them to the Walnut Creek Redevelopment Successor Agency.

The Successor Agency is directed to properly dispose of those assets in accordance with H&S Code sections 34177(d) and (e) and 34181(c).

### City's Response

The SCO contends that the RDA made an unallowable asset transfer of \$9,373,885 to the Successor Housing Agency. Also, the SCO contends that the assets were not contractually committed to a third party prior to June 28, 2011 and that the transfers occurred after January 1, 2011.

The City disagrees with a portion of this finding. The City concurs that the transfer occurred after January 1, 2011 but the City transferred the funds as part of accepting the responsibilities of becoming the Successor Housing Agency. The City disagrees with the contention that the assets were not contractually committed to a third party prior to June 28, 2011.

The asset transfer included \$1,259,484 in cash, \$7,863,401 in notes, and \$251,000 in capital assets. The portion of the cash that was not contractually committed at June 28, 2011 totaled \$854,571. This amount was required to be sent to the Auditor-Controller of Contra Costa County for the "amount available for allocation to affected taxing entities" as reported in the Due Diligence Report for the Low and Moderate Income Housing Fund. This report was completed and sent to the State's Department of Finance by the required due date of October 15, 2012. The funds were sent to Contra Costa County on December 18, 2012.

The remaining cash of \$424,913 was for encumbrances for affordable housing projects specifically approved on the ROPS, including Habitat's Pleasant Creek Homes and Satellite Housing Third Avenue Apartments.

The \$251,000 in capital assets is land that was transferred to Habitat for Humanity pursuant to its pre-ABx1 26 Disposition and Development Agreement that was an approved enforceable obligation on the approved ROPS.

The \$7,863,401 in note receivables consists of first time homebuyer loans, development loans, and home rehab loans. All of these notes were committed to a third party before June 28, 2011. Under Health and Safety Code section 34176(e)(3), these are deemed to be housing assets.

The City requests that the SCO accept the action of Oversight Board of the Walnut Creek's Successor Agency Resolution 13-3. This resolution approves the transfer of RDA Housing Assets, including the notes receivable of \$7,863,401 and ROPS commitments to the City of Walnut Creek as the Successor Housing Agency.



SCO's Comment

The SCO agrees with the City. On April 10, 2013, the Oversight Board adopted Resolution 13-3 approving the transfer of assets pursuant to H&S Code sections 34176, 34177 and 34181. Additionally, the transfer included \$1,259,484 in cash assets; however, the amount not contractually committed prior to June 28, 2011, equaled \$834,571. The SCO agrees that the unencumbered balance was remitted to the County on December 18, 2012.

As the Oversight Board has already approved the transfer retroactively, no further action is necessary.

Please note that the DOF must approve the Oversight Board's decision in this matter only with regards to assets transferred to the Housing Agency. If the DOF does not approve the decision, then the City of Walnut Creek is ordered to transfer the assets to the Successor Agency pursuant to H&S Code section 34167.5.

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

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Unallowable transfers to the City of Walnut Creek:

Current assets

Cash	\$ 274,644
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Capital assets – land

APN 184-060-013: 1250 Locust Street	2,807,305
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APN 173-121-036: 470, 480, 490 Lawrence Way	<u>—</u>
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Total unallowable transfers – City of Walnut Creek	<u>\$ 3,081,949</u>
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**Schedule 2—  
Unallowable RDA Asset Transfers to  
the Successor Housing Agency  
January 1, 2011, through January 31, 2012**

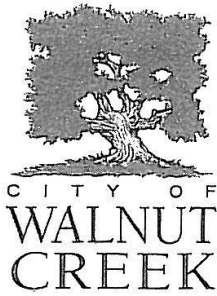
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Unallowable transfers to the Successor Housing Authority:

Current assets	
Cash and investments	\$ 1,259,484
Notes receivable	7,863,401
Capital assets – land	
APN 174-120-025: Barkley Avenue	<u>251,000</u>
Total unallowable transfers – Successor Housing Authority	<u>\$ 9,373,885</u>

**Attachment 1—  
City of Walnut Creek's Response to  
Draft Review Report**

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April 25, 2013

Mr. Steven Mar, Chief  
Local Government Audits Bureau  
State Controllers' Office Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250-5874

RE: Response to State Controller's Asset Transfer Review Report for the Walnut Creek  
Redevelopment Agency

Dear Mr. Mar:

We appreciate the opportunity to respond to the State Controller's letter dated April 17, 2013 and State Controller's Office (SCO) review report dated April 2013 that found the City of Walnut Creek Redevelopment Agency (RDA) transferred \$17,763,600 in assets, which included unallowable transfers of \$12,390,834. The City of Walnut Creek as Successor Agency is providing the following information for the two findings and orders of the Controller.

**FINDING 1: Unallowable asset transfers to the City of Walnut Creek**

- The SCO contends that the \$209,644 RDA loan repayment to the City on March 1, 2011 was an unallowable asset transfer as it was not an enforceable obligation pursuant to H&S Code section 34171(d)(2).
  - This was a repayment of City advances to the RDA made in 1988 and 1991, not an asset transfer. In addition, Health and Safety Code section 34171 did not take effect until February 1, 2012, when successor agencies replaced redevelopment agencies. More importantly, however, it is **Section 34167** that governed the actions of redevelopment agencies prior to their dissolution. The definition of "enforceable obligation" in Section 34167(d) did not exclude city-agency agreements, and the section authorized the agency to repay "any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." Section 34167 remained in effect through January 31, 2012.

The RDA was required to make this final payment for remaining amount of the City loan because the Mt. Diablo project area reached its tax increment limit in fiscal year 2010-11. The Mt. Diablo project area is no longer able to receive property tax revenue for the RPTTF, which limits the Successor Agency's ability to pay the indebtedness obligations in future years.

- The SCO contends that the RDA transferred \$2,807,305 in capital assets to the City on March 15, 2011 was unallowable.
  - The City concurs with this finding even though the legislation was not passed and signed into law until June 28, 2011. The City will agree to transfer APN 184-060-13 (1250 Locust Street) to the Successor Agency. The City requests that the transfer of APN 173-121-036 (470, 480, 490 Lawrence Way) used for governmental purpose of a recycling center, police evidence storage, and former traffic center be allowed with Oversight Board approval.

**FINDING 2: Unallowable asset transfers to the Successor Housing Agency**

- The SCO contends that the RDA made an unallowable asset transfer of \$9,373,885 to the Successor Housing Agency. Also, the SCO contends that the assets were not contractually committed to a third party prior to June 28, 2011 and that the transfers occurred after January 1, 2011.
  - The City disagrees with a portion of this finding. The City concurs that the transfer occurred after January 1, 2011 but the City transferred the funds as part of accepting the responsibilities of becoming the Successor Housing Agency. The City disagrees with the contention that the assets were not contractually committed to a third party prior to June 28, 2011.

The asset transfer included \$1,259,484 in cash, \$7,863,401 in notes, and \$251,000 in capital assets. The portion of the cash that was not contractually committed at June 28, 2011 totaled \$854,571. This amount was required to be sent to the Auditor-Controller of Contra Costa County for the "amount available for allocation to affected taxing entities" as reported in the Due Diligence Report for the Low and Moderate Income Housing Fund. This report was completed and sent to the State's Department of Finance by the required due date of October 15, 2012. The funds were sent to Contra Costa County on December 18, 2012.

The remaining cash of \$424,913 was for encumbrances for affordable housing projects specifically approved on the ROPS, including Habitat's Pleasant Creek Homes and Satellite Housing Third Avenue Apartments.

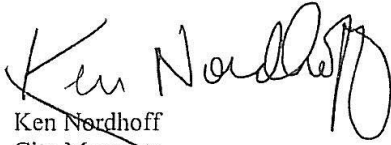
The \$251,000 in capital assets is land that was transferred to Habitat for Humanity pursuant to its pre-ABx1 26 Disposition and Development Agreement that was an approved enforceable obligation on the approved ROPS.

The \$7,863,401 in notes receivables consists of first time homebuyer loans, development loans, and home rehab loans. All of these notes were committed to a third party before June 28, 2011. Under Health and Safety Code section 34176(e)(3), these are deemed to be housing assets.

The City requests that the SCO accept the action of Oversight Board of the Walnut Creek's Successor Agency of Resolution 13-3. This resolution approves the transfer of RDA Housing Assets, including the notes receivable of \$7,863,401 and ROPS commitments to the City of Walnut Creek as the Successor Housing Agency.

Please let us know if you have any questions regarding the City's responses.

Sincerely,



Ken Nordhoff  
City Manager

Attachment

cc: Iris Yang, Best Best & Krieger LLP  
Oversight Board of the Walnut Creek Successor Agency  
Bryan Wenter, City of Walnut Creek  
Laura Simpson, City of Walnut Creek  
Cindy Mosser, City of Walnut Creek

RESOLUTION NO. 13-3

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WALNUT CREEK APPROVING THE TRANSFER OF REDEVELOPMENT AGENCY HOUSING ASSETS TO THE CITY OF WALNUT CREEK AS THE SUCCESSOR HOUSING ENTITY, AND OTHER NON-HOUSING ASSETS TO THE SUCCESSOR AGENCY PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 34177 AND 34181**

**WHEREAS**, pursuant to Health and Safety Code Section 34173(d), the City of Walnut Creek ("Successor Agency") is the successor agency to the former Redevelopment Agency of the City of Walnut Creek ("Agency"), confirmed by City Council Resolution No. 12-5 adopted on January 17, 2012, and pursuant to Health and Safety Code Section 34173(g) is a separate public entity from the City; and

**WHEREAS**, pursuant to Health and Safety Code Section 34179(a), the Oversight Board is the Successor Agency's oversight board; and

**WHEREAS**, pursuant to Health and Safety Code Section 34176, the City of Walnut Creek, as the entity that authorized the creation of the Agency, by Resolution No. 12-5 adopted on January 17th, 2012, elected to retain the housing assets and functions previously performed by the Agency, including all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the Agency, excluding any unencumbered amounts on deposit in the Low and Moderate Income Housing Fund; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(g), the Successor Agency is required to effectuate the transfer of housing assets to the entity designated pursuant to Health and Safety Code Section 34176, in this case, the City, as the Successor Housing Entity; and

**WHEREAS**, during an audit conducted by the State Controller's Office, it was determined that although the housing assets were previously transferred to the Successor Housing Entity, the Oversight Board had not acted to direct such transfer; and

**WHEREAS**, a list of all Agency housing assets previously transferred by the Successor Agency to the Successor Housing Entity is attached to this Resolution as Exhibit A, and assets transferred to the Successor Agency; and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(d), the Successor Agency is required to remit only the unencumbered balances of Agency funds to the county-auditor controller, including the unencumbered balance of the Low and Moderate Income Housing Fund ("Housing Fund"); and

**WHEREAS**, pursuant to Health and Safety Code Section 34177(l), the Successor Agency has prepared and the Oversight Board and the Department of Finance have approved a



Recognized Obligation Payment Schedule ("ROPS") for each six-month period since dissolution of the Agency, setting forth the obligations of the Agency to be paid from property tax increment revenue, including obligations related to specified housing obligations to be paid from the balance of the Housing Fund; and

**WHEREAS**, all funds from the Housing Fund that were encumbered for specified housing obligations provided in the approved ROPS have already been expended to fulfill the obligations identified in the approved ROPS, as described in Exhibit B attached to this Resolution; and

**WHEREAS**, the Successor Agency has requested that the Oversight Board approve the transfer of housing assets to the Successor Housing Entity.

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WALNUT CREEK DOES HEREBY RESOLVE AND FIND AS FOLLOWS:**

**Section 1. Recitals.** The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

**Section 2. CEQA Compliance.** The approval of the transfer of housing assets through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act. The City Clerk of the City of Walnut Creek, acting ex officio on behalf of the Oversight Board, is authorized and directed to file a Notice of Exemption with the appropriate official of the County of Contra Costa, California, within five (5) days following the date of adoption of this Resolution.

**Section 3. Approval of Transfer of Housing Assets.** The Oversight Board hereby approves the transfer of the assets set forth in Exhibit A attached to this Resolution to the Successor Housing Entity, pursuant to Health and Safety Code Sections 34176, 34177 and 34181.

**Section 4. Transfer of Encumbered Funds from the Housing Fund.** The Oversight Board hereby acknowledges that the encumbered balance of the Housing Fund designated for housing obligations provided in the approved ROPS, all as provided in Exhibit B attached to this Resolution, have already been expended for the housing obligations identified in the approved ROPS, and no additional funds remain to be transferred to the Successor Housing Agency.

**Section 5. Severability.** If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

**Section 6. Certification.** The Secretary of the Successor Agency, acting ex officio on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

**Section 7. Effective Date.** Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

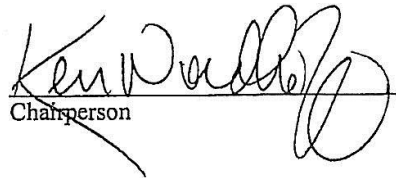
**PASSED, APPROVED AND ADOPTED THIS 10<sup>th</sup> day of April, 2013.**

AYES: Nordhoff, Lawson, Gordon, Collins

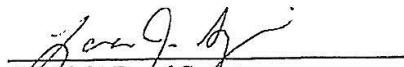
NOES: None.

ABSENT: Mitchoff, Wells, Majors

ABSTAIN: None

  
Chairperson

ATTEST:

  
Oversight Board Secretary

**EXHIBIT A**

**HOUSING ASSETS AND NON-HOUSING ASSETS OF THE  
REDEVELOPMENT AGENCY FOR THE CITY OF WALNUT CREEK**

**[Attached behind this page]**

DEPARTMENT OF FINANCE  
HOUSING ASSETS LIST  
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484  
(Health and Safety Code Section 34176)

Former Redevelopment Agency:	<u>Redevelopment Agency of the City of Walnut Creek</u>				
Successor Agency to the Former Redevelopment Agency:	<u>Walnut Creek Successor Agency</u>				
Entity Assuming the Housing Functions of the former Redevelopment Agency:	<u>Housing Successor Agency</u>				
Entity Assuming the Housing Functions	<u>Cindy Mosser</u>	<u>Title</u>	<u>Finance Manager</u>	<u>Phone</u>	<u>925 255-3590</u>
Contact Name:					<u>E-Mail Address</u>
					<u>mosser@walnut-creek.org</u>
Entity Assuming the Housing Functions	<u>Laura Simpson</u>	<u>Title</u>	<u>Housing Division Manager</u>	<u>Phone</u>	<u>925 943-5959 X2236</u>
Contact Name:					<u>E-Mail Address</u>
					<u>simpson@walnut-creek.org</u>

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list.  
The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property	
Exhibit B - Personal Property	X
Exhibit C - Low-Med Encumbrances	X
Exhibit D - Loans/Grants Receivables	X
Exhibit E - Rents/Operations	
Exhibit F - Rents	
Exhibit G - Deferrals	

Prepared By: Rosalyn Taormina  
Date Prepared: 08/01/2012

Exhibit A - Real Property

City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34172 (a) (2)

Line Item	Asset Type	Asset Description	Asset Location	Asset Status	Asset Value	Asset Category	Asset Condition	Asset Age	Asset Size	Asset Capacity	Asset Features	Asset Notes
1	N/A											
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												

a) Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b) May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit B - Personal Property

City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Line #	Description of Personal Property	Quantity	Unit Cost	Estimated Value	Source	Acquired Date	Acquired By	Disposition Date	Disposition By
1	N/A								
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									

of Asset type any personal property provided in residence, including furniture and appliances, all household-related items and loan documents, office supplies, software, hardware, and mapping programs, that were acquired for low and moderate income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

Exhibit C - Low-Med Encumbrances

City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (b) (2)

Line Item	Asset Description	Acquisition Date	Asset Category	Estimated Value	Encumbrance Type	Encumbrance Amount	Encumbrance Description	Encumbrance Date	Encumbrance Status	Encumbrance Location	Encumbrance Contact	Encumbrance Phone	Encumbrance Email	Encumbrance Address	Encumbrance City	Encumbrance State	Encumbrance Zip	Encumbrance Country	Encumbrance Notes
1	Single family units (10)	March 16, 2011	East Bay	346,862															\$370,000
2	Family rental units (up to 48)	March 1, 2011	Stallion Housing Inc.	19,668															\$216,400
3																			
4																			
5																			
6																			
7																			
8																			
9																			
10																			
11																			
12																			
13																			
14																			
15																			
16																			
17																			
18																			
19																			
20																			\$566,400
																			\$366,528

a/ May include low-med housing, mixed-income housing, low-med housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit D - Loans/Grants Receivables

City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item	With the Loan/Grant Received from the Source	Amount of Loan/Grant Received	Date the Loan/Grant Received	Name of the Source	Asset Received Pursuant to Health and Safety Code section 34176 (a) (2)	Is the Asset Included in the Inventory?	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	Is the Asset Included in the Inventory?	Amount of Loan/Grant Received	Amount of Property Appreciation	Amount of Property Appreciation
1	Loan	7,876.50	04/16/85	Derwit	REHAB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	5.10% per year	7,876.50	5,944.06	
2	Loan	39,100.00	04/02/89	Smith	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	16% of property appreciation	39,100.00		
3	Loan	26,000.00	07/08/89	Fellows	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	26,000.00		
4	Loan	29,750.00	07/27/89	Gee	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	29,750.00		
5	Loan	45,000.00	11/23/89	Guyer	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	16% of property appreciation	45,000.00		
6	Loan	32,300.00	10/11/00	Cornell	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	32,300.00		
7	Loan	32,300.00	07/24/01	Fudjo	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	32,300.00		
8	Loan	43,000.00	04/08/02	Kassem	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	16% of property appreciation	43,000.00		
9	Loan	31,960.00	09/03/02	Gutten	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	31,960.00		



City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (e) (2)

Line Item	Loan/Grant Name	Amount	Date Received	Source	Loan/Grant Type	Due Date	Collateral	Notes	Appreciation	Current Value	Original Value
10	Loan	32,691.00	10/20/02	DeFoe	FTHB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	32,691.00	
11	Loan	45,000.00	07/30/03	Joseph	FTHB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	12% of property appreciation	45,000.00	
12	Loan	17,707.00	06/30/04	Khalil	REHAB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	17,707.00	4,032.83
13	Loan	47,940.00	11/24/04	Qing	FTHB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	47,940.00	
14	Loan	59,251.00	12/29/04	Beck (Grande E. Le)	REHAB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	59,251.00	12,608.29
15	Loan	60,290.00	05/03/05	Mirani (1)	REHAB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	60,290.00	12,209.96
16	Loan	57,800.00	09/09/05	Friedman	FTHB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	57,800.00	
17	Loan	61,030.00	09/22/05	Abina	FTHB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	61,030.00	
18	Loan	55,590.00	10/20/05	Assala	FTHB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	55,590.00	
19	Loan	31,690.00	11/03/05	Morgan	REHAB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	31,690.00	5,784.94
20	Loan	60,000.00	11/15/05	Yoshino	REHAB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	60,000.00	10,952.88
21	Loan	61,030.00	11/23/05	Hong(Thal)	FTHB		Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	61,030.00	

Exhibit D - Loans/Grants Receivables

City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Line Item	Loan/Grant Description	Amount of Loan/Grant	Date of Receipt	Person or Entity to Whom Loan/Grant Was Made	Loan/Grant Status	Yes, Included in Loan Documents	Due Upon Sale, Transfer, Refinance or any other occurrence mentioned in the promissory note	Appreciation Rate	Current Value	Original Value
22	Loan	48,620.00	12/13/05	Yang, Julia	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinance or any other occurrence mentioned in the promissory note	17% of property appreciation	48,620.00	
23	Loan	59,645.00	01/13/08	Onala	REHAB	Yes, included in loan documents	Due upon sale, transfer, refinance or any other occurrence mentioned in the promissory note	3.0% per year	59,645.00	10,421.14
24	Loan	55,590.00	01/30/06	Iordache	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinance or any other occurrence mentioned in the promissory note	17% of property appreciation	55,590.00	
25	Loan	20,000.00	03/29/06	Drydyk	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinance or any other occurrence mentioned in the promissory note	12% of property appreciation	20,000.00	
26	Loan	29,490.00	04/20/06	Weeks	REHAB	Yes, included in loan documents	Due upon sale, transfer, refinance or any other occurrence mentioned in the promissory note	3.0% per year	29,490.00	4,500.74
27	Loan	64,600.00	08/05/09	Hoyer	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinance or any other occurrence mentioned in the promissory note	17% of property appreciation	64,600.00	
28	Loan	37,400.00	11/16/06	Gruen	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinance or any other occurrence mentioned in the promissory note	17% of property appreciation	37,400.00	
29	Loan	41,480.00	12/29/06	Bermudez	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinance or any other occurrence mentioned in the promissory note	17% of property appreciation	41,480.00	
30	Loan	48,474.00	01/10/07	Kaali	REHAB	Yes, included in loan documents	Due upon sale, transfer, refinance or any other occurrence mentioned in the promissory note	3.0% per year	48,474.00	7,382.65
31	Loan	28,900.00	01/16/07	Salguero	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinance or any other occurrence mentioned in the promissory note	17% of property appreciation	28,900.00	
32	Loan	26,400.00	01/25/07	Lewis	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinance or any other occurrence mentioned in the promissory note	15.5% of property appreciation	26,400.00	

Exhibit D - Loans/Grants Receivables

City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34178 (a) (2)

Line #	Loan/Grant Description	Amount of Loan/Grant	Due Date	Payee Name	Loan/Grant Type	Yes, Included in Loan Documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	Appreciation Rate	Current Balance	Net Book Value	Estimated Salvage Value
33	Loan	60,350.00	01/28/07	N/A	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	60,350.00		
34	Loan	85,000.00	03/01/07	Richison	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	14.8% of property appreciation	85,000.00		
35	Loan	51,030.00	03/23/07	Yago, Leno	REHAB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	51,030.00	7,482.54	
36	Loan	51,680.00	03/28/07	DeSousa, Elias	REHAB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	51,680.00	5,403.37	
37	Loan	37,400.00	07/08/07	Kirpatrick	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	37,400.00		
38	Loan	58,691.00	09/20/07	Rugliano, F.	REHAB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	58,691.00	7,756.86	
39	Loan	39,950.00	01/25/08	Farr	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	39,950.00		
40	Loan	48,438.00	02/27/08	Kirpatrick, Charles	REHAB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	48,438.00	5,838.80	
41	Loan	58,610.00	05/06/08	Selbert	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	58,610.00		
42	Loan	59,357.00	08/25/08	Enos	REHAB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	59,357.00	6,532.52	
43	Loan	65,000.00	07/23/08	Tanner	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	16.25% of property appreciation	65,000.00		
44	Loan	39,610.00	09/25/08	Dawson	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	39,610.00		

City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Line Item	Loan/Grant Description	Amount	Due Date	Payee Name	Loan/Grant Type	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	Property Value	REHAB Agency	REHAB Agency
45	Loan	47,600.00	09/28/08	Grabedian	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	47,600.00	
46	Loan	65,000.00	10/28/08	DeoDevi	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	14.39% of property appreciation	65,000.00	
47	Loan	59,847.00	12/22/08	Lowenstein, J.	REHAB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	59,847.00	5,582.99
48	Loan	23,970.00	01/14/09	Serve	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	23,970.00	
49	Loan	60,000.00	01/21/09	Gargins	REHAB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	60,000.00	5,449.32
50	Loan	38,257.00	03/16/09	Miller, J	REHAB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	38,257.00	3,304.78
51	Loan	13,592.00	04/27/09	Baker-Murray, J	REHAB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	13,592.00	1,132.76
52	Loan	50,830.00	05/21/09	Koh	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	50,830.00	
53	Loan	13,181.00	05/18/09	Celik	REHAB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	13,181.00	1,450.63
54	Loan	65,000.00	08/31/09	Cajani	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	14% of property appreciation	65,000.00	
55	Loan	45,900.00	10/07/09	Van Vleet	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	45,900.00	
56	Loan	53,040.00	11/18/09	Zecard	FTHB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	53,040.00	
57	Loan	44,680.00	02/04/10	Marinez, A & B	REHAB	Yes, Included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3.0% per year	44,680.00	2,670.11

City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Line Item	Loan/Grant Description	Loan/Grant Amount	Loan/Grant Date	Loan/Grant Recipient	Loan/Grant Type	Loan/Grant Status	Loan/Grant Terms	Loan/Grant Interest	Loan/Grant Repayment	Loan/Grant Collateral	Loan/Grant Security	Loan/Grant Remarks
58	Loan	55,250.00	03/30/10	Turney	FTHB				17% of property appreciation	55,250.00		
59	Loan	65,000.00	05/11/10	CKPung/Chan	FTHB				16.5% of property appreciation	65,000.00		
60	Loan	35,910.00	06/28/10	McCoy	FTHB				15.4% of property appreciation	35,910.00		
61	Loan	51,412.00	06/29/10	White, I	REHAB				3.0% per year	51,412.00	1,466.30	
62	Loan	65,000.00	07/21/10	Suzuki	FTHB				11.8% of property appreciation	65,000.00		
63	Loan	60,350.00	08/02/10	Fairweather	FTHB				17% of property appreciation	60,350.00		
64	Loan	27,700.00	10/01/10	Lodin, S	REHAB				3.0% per year	27,700.00	1,045.01	
65	Loan	47,550.00	11/02/10	Fairchild, R	REHAB				3.0% per year	47,550.00	1,827.47	
66	Loan	37,908.00	12/13/10	Traubels, M	REHAB				3.0% per year	37,908.00	269.68	
67	Loan	9,780.00	02/15/11	Kent, T	REHAB				3.0% per year	9,780.00	284.71	
68	Loan	59,500.00	05/09/11	Laung	FTHB				17% of property appreciation	59,500.00		
69	Loan	65,000.00	06/28/11	Rogers	FTHB				17% of property appreciation	65,000.00		

City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Loan/Grant Number	Loan/Grant Description	Amount of Loan/Grant	Date of Receipt	Person/Entity providing the Loan/Grant	Acquisition & Development	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	Appreciation Rate	Estimated Value	Estimated Value at Receipt	Estimated Value at Completion
70	Loan	65,000.00	08/02/11	Jurado	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	12.5% of property appreciation	65,000.00	removed	174,135.75
71	Loan	62,900.00	10/09/11	Martinez	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	62,900.00	removed	14,941.66
72	Loan	20,000.00	11/15/11	Lucas	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	6% of property appreciation	20,000.00	removed	439,891.68
73	Loan	57,800.00	11/20/11	Arden/Bryant	FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	57,800.00		284,877.55
74	Loan	388,000.00	07/01/85	Three Oaks Housing LP - The Oaks Apartments	Acquisition & Development	Yes, included in loan documents	08/01/2022	5% per year	368,000.00		
75	Loan	49,503.00	12/09/95	Affordable Housing Associates - Sierra Drive Apartments	Renovation / Rehabilitation	Yes, included in loan documents	01/01/2025	3% per year	49,503.00		
76	Loan	551,392.00	08/02/00	147 Hill Apartments LP - Ivy Hill Apartments	Acquisition & Development	Yes, included in loan documents	08/02/2055	5% per year	551,392.00		
77	Loan	1,180,732.00	02/17/05	Satellite Housing Inc - Trinity Avenue Apartments LP	Acquisition & Development	Yes, included in loan documents	10/03/2061	3% per year	1,180,732.00		
78	Loan	695,625.00	10/07/05	Resources for Community Development - Villa Vasconcelos	Acquisition & Development	Yes, included in loan documents	04/01/2063	No interest except in event of default	695,625.00		
79	Loan	500,000.00	11/15/07	Satellite Housing Inc - Casa Santiago II	Development	Yes, included in loan documents	06/26/2064	No interest except in event of default	500,000.00		
80	Loan	1,365,734.00	01/09/09	Satellite Housing, Inc - Third Avenue Apartments	Acquisition & Development	Yes, included in loan documents	Annually commencing May 1 following completion of construction on the project; any remaining unpaid balances are due in full 55 years from issuance of a certificate of occupancy. Project not completed as of 7/23/12	3% per year	1,365,734.00		Projected not completed



City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Line Item	Loan/Grant Description	Loan/Grant Number	Loan/Grant Date	Loan/Grant Amount	Loan/Grant Status	Loan/Grant Type	Loan/Grant Terms	Loan/Grant Conditions	Loan/Grant Interest	Loan/Grant Repayment	Loan/Grant Collateral	Loan/Grant Security
70	Loan		08/02/11	65,000.00		FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	12.5% of property appreciation	65,000.00	removed	
71	Loan		10/09/11	62,900.00		FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	62,900.00	removed	
72	Loan		11/15/11	20,000.00		FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	6% of property appreciation	20,000.00	removed	
73	Loan		11/03/11	57,800.00		FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	17% of property appreciation	57,800.00		174,135.76
74	Loan		07/01/05	368,000.00		FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	5% per year	368,000.00		14,941.66
75	Loan		12/09/95	49,503.00		FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3% per year	49,503.00		439,891.69
76	Loan		08/02/00	551,392.00		FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	5% per year	551,392.00		264,877.55
77	Loan		02/17/05	1,180,732.00		FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	No interest except in event of default	1,180,732.00		
78	Loan		10/07/95	695,625.00		FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	No interest except in event of default	695,625.00		
79	Loan		11/15/07	500,000.00		FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	No interest except in event of default	500,000.00		
80	Loan		01/09/09	1,365,734.00		FTHB	Yes, included in loan documents	Due upon sale, transfer, refinancing or any other occurrence mentioned in the promissory note	3% per year	1,365,734.00		Project not completed

Exhibit D - Loans/Grants Receivables

City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Line #	Loan	Amount of the loan	Date the entire principal amount was repaid	Habitat for Humanity- Pleasant Creek Homes	Acquisition & Development	Yes, included in loan documents	3/18/2018 or date last AF home sold or refinanced or in the event of default	No interest except in event of default				
81	Loan	21,138.00	03/18/11									
82												
										8,069,101.50	131,435.35	893,946.66

\* Principal amount of the loan only. It does not include accrued interest.  
\*\* Interest will be recognized at the time of payoff.



City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

- a/ May include revenues from rents, operation of properties, residual receipt payments from developers, conditional grant repayments, costs savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.
- b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.
- c/ Include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

**City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

a/ May include rents or home loan payments.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

City of Walnut Creek  
Inventory of Assets Received Pursuant to Health and Safety Code section 34175 (a) (2)

	Purpose/Grant- Activity Category	Federal Willing to fund?	Amount Requested	In-kind through Grants are being used	Amount Approved	Durability of Funding Source
1	N/A					
2						
3						
4						
5						
6						
7						
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11						
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13						
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20						

**EXHIBIT B**

**ENCUMBERED HOUSING FUND MONIES AND RELATED HOUSING  
OBLIGATIONS**

[Attached behind this page]

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE - CONSOLIDATED  
FILED FOR THE January 2012 to June 2012 PERIOD**

Name of Successor Agency City of Walnut Creek Successor Agency

	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
Outstanding Debt or Obligation	\$ 8,597,860.00	\$ 1,760,476.00
Outstanding Debt or Obligation		
Available Revenues other than anticipated funding from RPTTF		
Enforceable Obligations paid with RPTTF	\$ 445,760.00	
Administrative Cost paid with RPTTF	\$ 220,643.00	
Pass-through Payments paid with RPTTF	\$ 121,867.00	
Administrative Allowance (greater of 5% of anticipated funding from RPTTF or \$20,000. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)	\$ 104,160.00	
	\$ 250,000.00	

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

Cindy Mosser for the Finance Manager  
Name Title  
Signature Date  
4/13/12

\* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 2/28/12 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 1st, 2012. It is not a requirement that the Approved Upon Provisions must be drafted before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.

\* All bonds are due next year and payment amounts are projected.  
 \*\* Funding amounts from the successor agency. (For third 2011-12 only).  
 NPTTF: Redevelopment Property Tax Trust Fund  
 LALC: Lanes and Modernization Loans, Lanesboro Fund  
 Adults: Capital Assets, Facilities, Infrastructure  
 Bonds: Bond proceeds  
 Other: revenues, grants, interest earnings, etc.

## DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Funding Source	Payments by Month						Total
							Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	
3) Contract for professional services	July 1, 2011	CCC Neighborhood Preservation Program	Home REHAB Administration	MERGED	\$60,000	LUMP							\$60,000
4) President Clark House AM	March 15, 2012	Habitat for Humanity East Bay	Affordable Housing Agreement	MERGED	\$10,000.00	LUMP							\$10,000.00
5) President Clark House AM	March 15, 2012	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
6) President Clark House AM	February 1, 2011	Associated Pharms	Affordable Housing Agreement	MERGED	\$10,000.00	LUMP							\$10,000.00
7) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
8) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
9) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
10) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
11) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
12) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
13) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
14) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
15) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
16) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
17) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
18) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
19) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
20) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
21) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
22) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
23) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
24) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
25) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
26) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
27) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
28) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
29) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
30) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
31) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
32) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
33) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
34) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
35) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
36) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
37) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
38) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
39) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
40) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
41) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
42) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
43) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
44) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
45) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
46) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
47) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
48) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
49) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
50) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
51) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
52) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
53) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
54) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
55) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
56) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
57) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
58) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
59) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
60) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
61) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
62) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
63) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
64) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
65) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
66) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
67) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
68) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
69) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
70) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
71) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
72) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
73) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
74) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
75) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
76) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
77) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
78) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
79) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
80) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
81) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
82) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
83) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
84) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
85) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
86) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
87) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
88) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
89) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
90) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
91) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
92) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
93) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
94) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
95) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
96) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
97) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
98) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
99) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
100) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
101) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
102) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
103) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
104) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
105) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
106) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
107) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
108) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
109) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
110) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000.00
111) President Clark House AM	July 1, 2011	Associated Pharms	Habitat Project Management	MERGED	\$10,000.00	LUMP							\$10,000

FORM C - Administrative Cost Allowance Paid With Redevelopment Property Tax Trust Fund (RPTTF)

Name of Redevelopment Agency: City of Walnut Creek Successor Agency  
 Project Area(s): ROA Project Area Merged

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
 Per AB 26 - Section 34177 (c)

Payable from the Administrative Allowance Allocation ****													
Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation Annual****	Total Due During Fiscal Year 2011-2012**	Funding Source **	Payments by month						Total
							Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	
1) Successor Agency Admin Budget	City of Walnut Creek	Reimbursement for City Staff & Operating Expenses	MERGED		250,000.00	ADMIN	20,830.00	20,830.00	20,830.00	20,830.00	20,830.00	20,830.00	\$ 104,150.00
2)													
3)													
4)													
5)													
6)													
7)													
8)													
9)													
10)													
11)													
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22)													
23)													
24)													
25)													
26)													
27)													
28)													
Totals - This Page							\$ -	\$ 20,830.00	\$ 20,830.00	\$ 20,830.00	\$ 20,830.00	\$ 20,830.00	\$ 104,150.00
The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance.													
** It is not a requirement that the Approved Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.													
**** Funding sources from the successor agency (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)													
RPTTF - Redevelopment Property Tax Trust Fund													
LMIHF - Low and Moderate Income Housing Fund													
**** Administrative Cost Allowance (ACA) are 5% of Form A 6-month totals in 2011-12 and 3% of Form A 6-month totals in 2012-13. The calculation should not factor in pass-through payments paid for with RPTTF in Form D.													
Other - reserves, rolls, interest savings, etc													



**Attachment 2—  
SCO Revised Finding 1**

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JOHN CHIANG  
California State Controller

September 10, 2013

Ken Nordhoff, City Manager  
Walnut Creek Redevelopment/Successor Agency  
1666 North Main Street  
Walnut Creek, CA 94596

Dear Mr. Nordhoff:

The State Controller's Office has made a change to the finding in the draft redevelopment agency asset transfer review report dated April 17, 2013. This change was discussed with your staff in a phone conversation on July 19, 2013. A copy of the revised finding, along with a revised Schedule 1, is enclosed.

Please submit any comments concerning the revised finding within 10 calendar days after you receive this letter. In particular, you should address the accuracy of our revised finding. We may modify the revised finding in the final report based on your comments. In the final report, we will include your comments regarding the revised finding, along with any other comments you previously provided regarding the other three findings included in the draft report.

Please send your response to Steven Mar, Chief, Local Government Audits Bureau, State Controller's Office, Division of Audits, Post Office Box 942850, Sacramento, California 94250-5874. If we do not receive your comments within the specified time, we will release the report, with the revised finding, as final.

The revised finding, like the original draft asset transfer review report, is confidential. We limit access to the revised finding and distribution to those referenced in the letter. However, when we issue the final report, it becomes a public record.

If you have any questions, please contact Mr. Mar by phone at (916) 324-7226.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey V. Brownfield", is written over a horizontal line.

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/vb

Attachment

## Finding and Order of the Controller

**FINDING—  
Unallowable asset  
transfers to the  
City of Walnut  
Creek**

The Walnut Creek Redevelopment Agency (RDA) transferred \$3,081,949 in assets to the City of Walnut Creek (City). All of the asset transfers to the City of Walnut Creek occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

Unallowable asset transfers were as follows:

- On March 1, 2011, the RDA transferred \$274,644 in cash assets to repay a loan to the City. This transfer was accomplished in accordance with the March 1, 2011 Meeting Agency Item No. 4b.
- On March 15, 2011, the RDA transferred of \$2,807,305 in capital assets to the City. To accomplish those transfers, the City and the RDA entered into an agreement under Resolution RA-180 and Meeting Agenda Item No. 2k.

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. Those assets should be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177 (d) and (e). However, it appears that some of those assets also may be subject to the provisions of H&S Code section 34181(a). H&S Code section 34181(a) states:

The oversight board shall direct the successor agency to do all of the following:

- (a) Dispose of all assets and properties of the former redevelopment agency that were funded by tax increment revenues of the dissolved redevelopment agency; provided however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a government purpose, such as roads, school buildings, parks, and fire stations, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such as asset. . . .

### Order of the Controller

Based on H&S Code section 34167.5, the City of Walnut Creek is ordered to reverse the transfer of the above assets, described in Schedule I, in the amount of \$3,081,949, plus any interest earned, and return them to the Successor Agency.

The Successor Agency is directed to properly dispose of those assets in accordance with H&S Code sections 34177(d) and (e) and 34181(a).

**Schedule 1—  
Unallowable RDA Assets Transferred to  
the City of Walnut Creek  
January 1, 2011, through January 31, 2012**

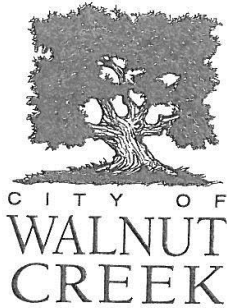
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Unallowable transfers to the City of Walnut Creek:

Current assets	
Cash	\$ 274,644
Capital assets – land	
APN 184-060-013: 1250 Locust Street	2,807,305
APN 173-121-036: 470, 480, 490 Lawrence Way	<u>          —</u>
Total unallowable transfers – City of Walnut Creek	<u>\$ 3,081,949</u>

**Attachment 3—  
City of Walnut Creek's Response to  
Revised Finding 1 of Draft Review Report**

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September 30, 2013

Mr. Steven Mar, Chief  
Local Government Audits Bureau  
State Controllers' Office Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250-5874

RE: Response to State Controller's Revised Finding for the Asset Transfer Review  
Report for the Walnut Creek Redevelopment Agency

Dear Mr. Mar:

We appreciate the opportunity to respond to the State Controller's letter dated September 10, 2013 and the State Controller's Office (SCO) revised finding that found the City of Walnut Creek Redevelopment Agency (RDA) transferred \$3,081,949 in unallowable assets. The City of Walnut Creek as Successor Agency is providing the following information for the findings and orders of the Controller.

**FINDING: Unallowable asset transfers to the City of Walnut Creek**

- The SCO contends that the \$274,644 RDA loan repayment to the City on March 1, 2011 was an unallowable asset transfer as it was not an enforceable obligation pursuant to H&S Code section 34171(d)(2).
  - To reiterate our response provided in April, this was a repayment of City advances to the RDA made in 1988 and 1991, not an asset transfer. In addition, Health and Safety Code section 34171 did not take effect until February 1, 2012, when successor agencies replaced redevelopment agencies. More importantly, however, it is **Section 34167** that governed the actions of redevelopment agencies prior to their dissolution. The definition of "enforceable obligation" in Section 34167(d) did not exclude city-agency agreements, and the section authorized the agency to repay "any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." Section 34167 remained in effect through January 31, 2012.

The RDA was required to make this final payment for remaining amount of the City loan because the Mt. Diablo project area reached its tax increment limit in fiscal year 2010-11. Since that time, the Auditor-Controller has not allocated any tax increment or property tax revenue for the RPTTF from the Mt. Diablo project area. In addition, the South Broadway project area is also very close to reaching its tax increment limit. The combination of these factors means that the Successor Agency would not be able to rely on future allocations of RPTTF to fully repay its indebtedness to the City.

- The SCO contends that the RDA transferred \$2,807,305 in capital assets to the City on March 15, 2011 was unallowable.
  - The SCO's revised finding is that two capital assets, 1250 Locust Street and 470, 480, 490 Lawrence Way, should not have been transferred to the City, and should be reconveyed to the Successor Agency. In my April 25, 2013 response to the SCO's initial report, the City agreed that the Locust Street property would be reconveyed to the Successor Agency. The purpose of this letter is to more clearly set forth the history and use of the Lawrence Way property and why the transfer of that property to the City was appropriate.

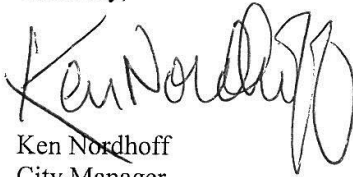
Prior to 1990, CalTrans acquired a portion of the City's corporation yard to widen Interstate-680. As a result the City needed additional property nearby. Siemens Medical Laboratories owned a 3.4 acre parcel, but was only willing to sell the entire parcel, rather than just the 2 acres that the City needed. The Agency acquired the property because it could then sell the excess portion to a private party, which it did in 1992. However, the Lawrence Way property was never made part of a redevelopment project area or included within a redevelopment plan, and no tax increments were used to acquire the property.

Since the acquisition of the Lawrence Way property, it has been used continuously for governmental uses, primarily for the corporation yard, recycling center and traffic operations. Title to the property should have been formally transferred to the City in the early 1990s, but was not, due to an oversight. As the property was not within a redevelopment project area, the former Redevelopment Agency had no control over the use of the property.

We are willing to provide additional documentation regarding the circumstances under which the property was acquired if the SCO wishes or to discuss this with us further. We are attaching photos of the Lawrence Way property site for your information.

Please let us know if you have any questions regarding the City's responses.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Nordhoff", written over the printed name and title.

Ken Nordhoff  
City Manager

Attachment

cc: Iris Yang, Best Best & Krieger LLP  
Oversight Board of the Walnut Creek Successor Agency  
Laura Simpson, City of Walnut Creek  
Cindy Mosser, City of Walnut Creek

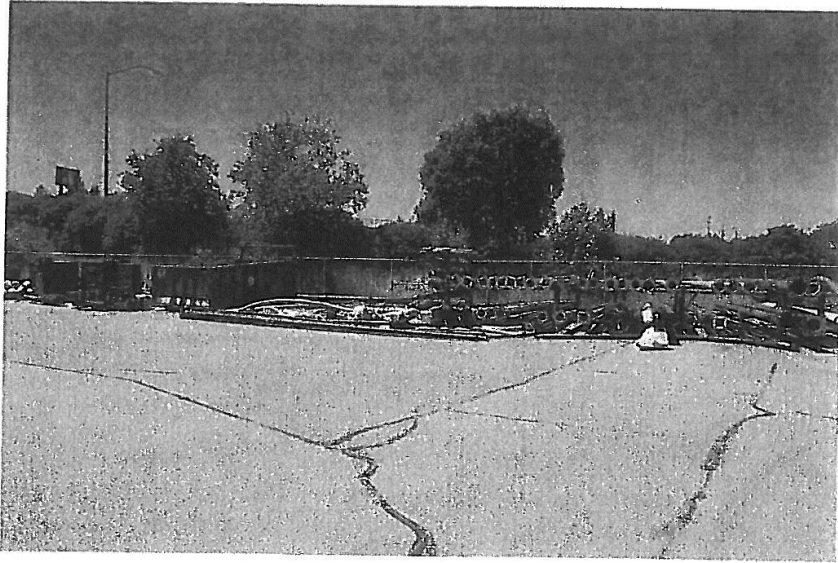


**APPENDIX A**  
**RECONNAISSANCE PHOTOGRAPHS**

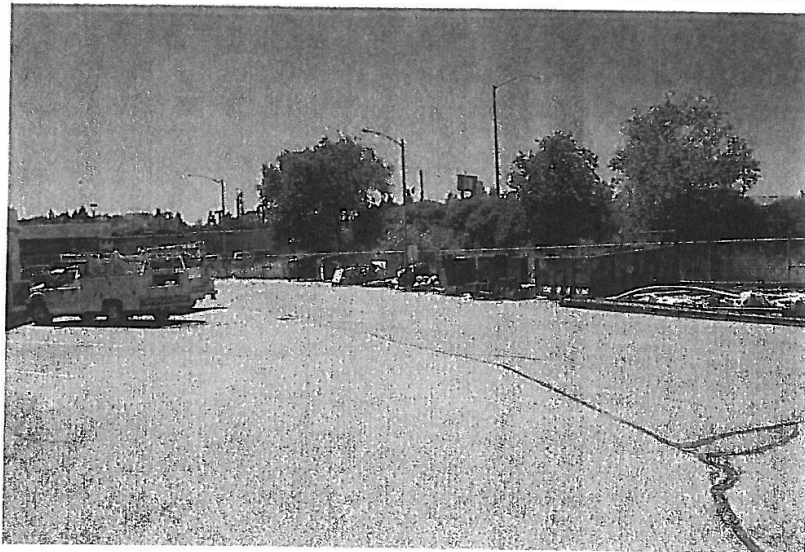
Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA, 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 1:** 490 Lawrence Way - View looking north of storage yard located on the subject property.



**Photograph 2:** 490 Lawrence Way - View looking west of storage yard located on the subject property.

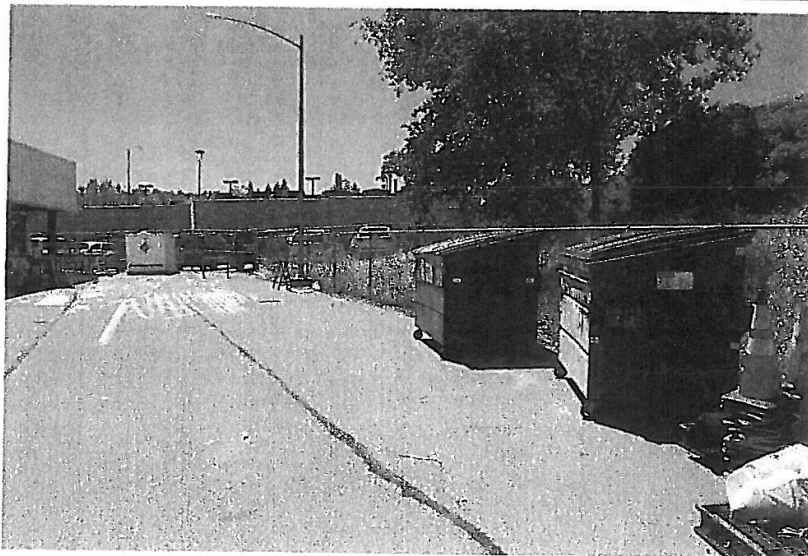
Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA , 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 3:** 490 Lawrence Way – View looking at paint cans located on the subject property.



**Photograph 4:** 490 Lawrence Way – View looking west of trash bins located on the subject property.

Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA, 470, 480, and 490 Lawrence Way, Walnut Creek, CA



*Photograph 5: 490 Lawrence Way – View of stencil stripping area located on the subject property.*

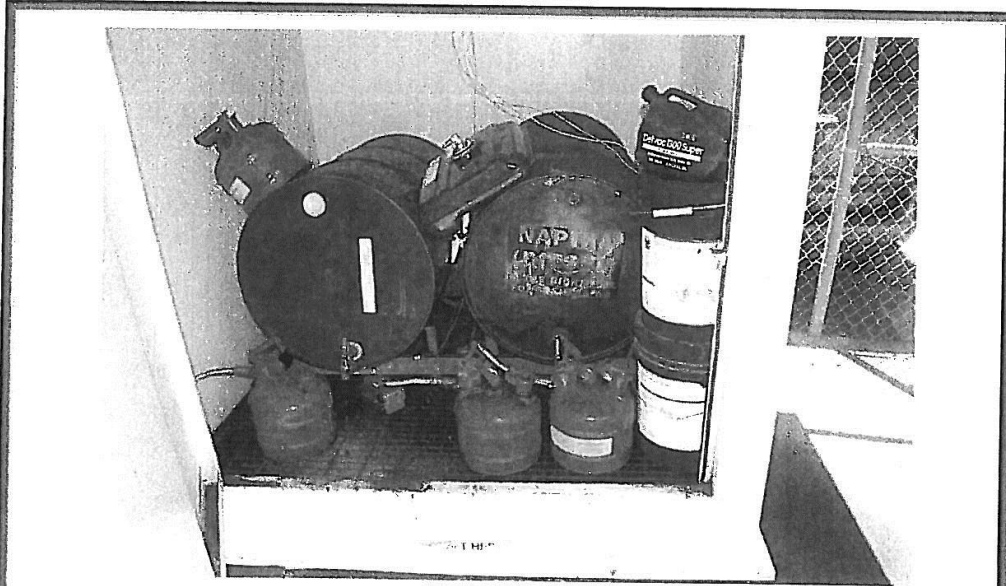


*Photograph 6: 490 Lawrence Way – View looking west of diesel and gas storage located on the subject property.*

Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA , 470, 480, and 490 Lawrence Way, Walnut Creek, CA



*Photograph 7: 490 Lawrence Way – View of diesel and gas storage located on the subject property.*



*Photograph 8: 490 Lawrence Way – View of paint mixing area located on the subject property.*

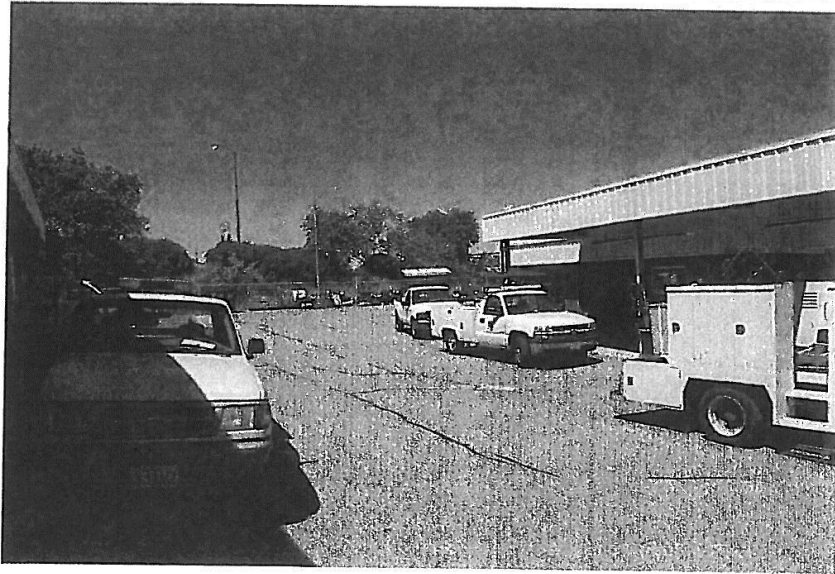
Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA, 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 9:** 490 Lawrence Way – View looking at supply storage located on the subject property.



**Photograph 10:** 490 Lawrence Way – View looking north of parking area located on the subject property.



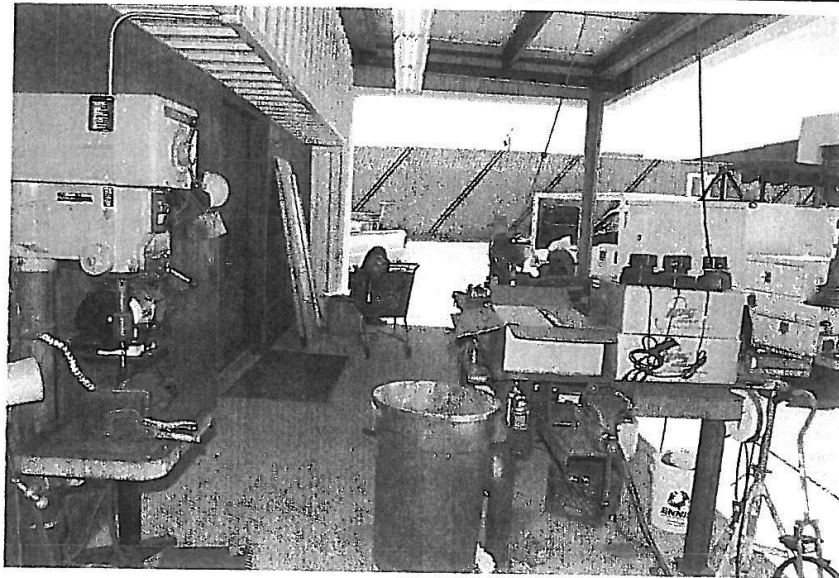
Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA, 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 11:** 490 Lawrence Way – View looking east of parking area located along the southern perimeter of the subject property.



**Photograph 12:** 490 Lawrence Way – View looking at maintenance area located on the subject property.

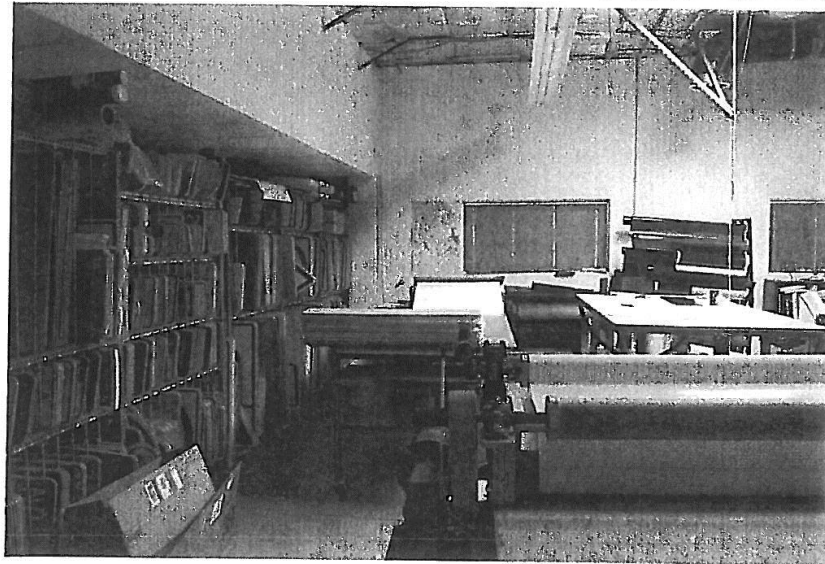
Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA, 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 13:** 490 Lawrence Way – View looking at tool and supply storage located on the subject property.



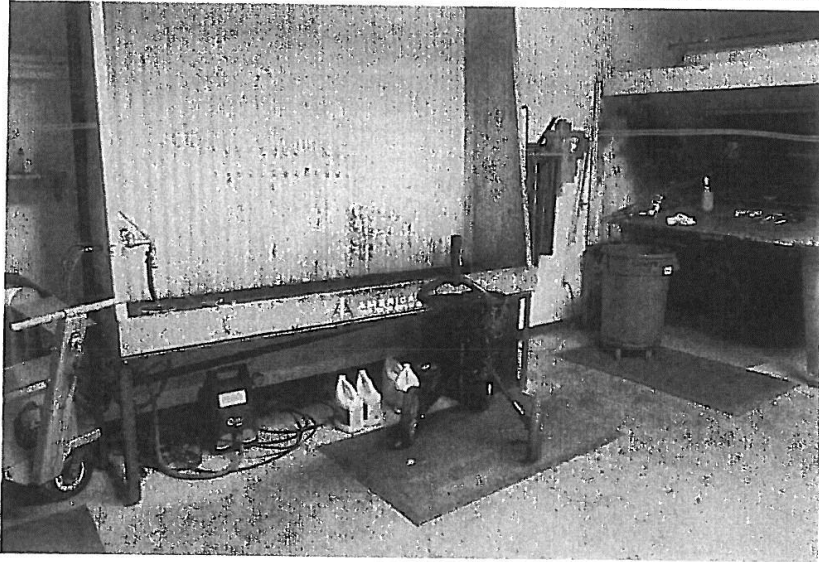
**Photograph 14:** 490 Lawrence Way – View looking sign drafting area located on the subject property.



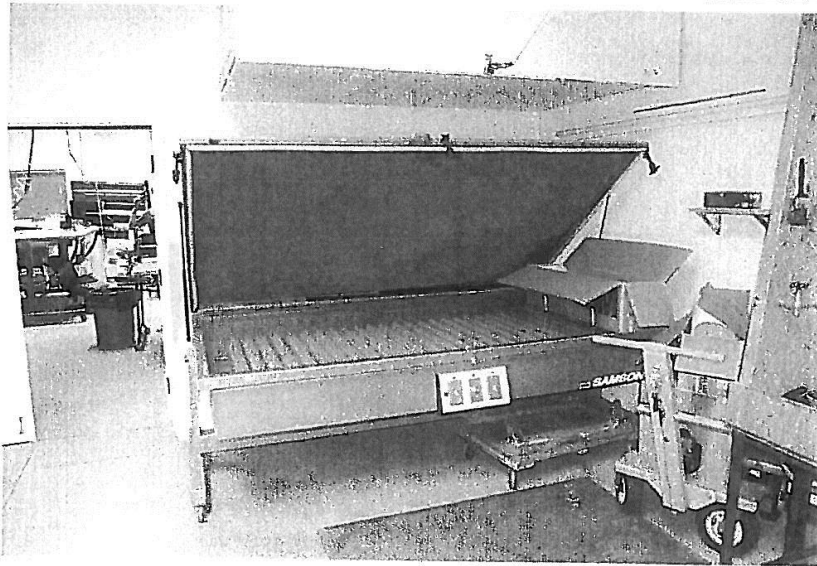
Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA , 470, 480, and 490 Lawrence Way, Walnut Creek, CA



*Photograph 15: 490 Lawrence Way – View looking at sign painting area located on the subject property.*

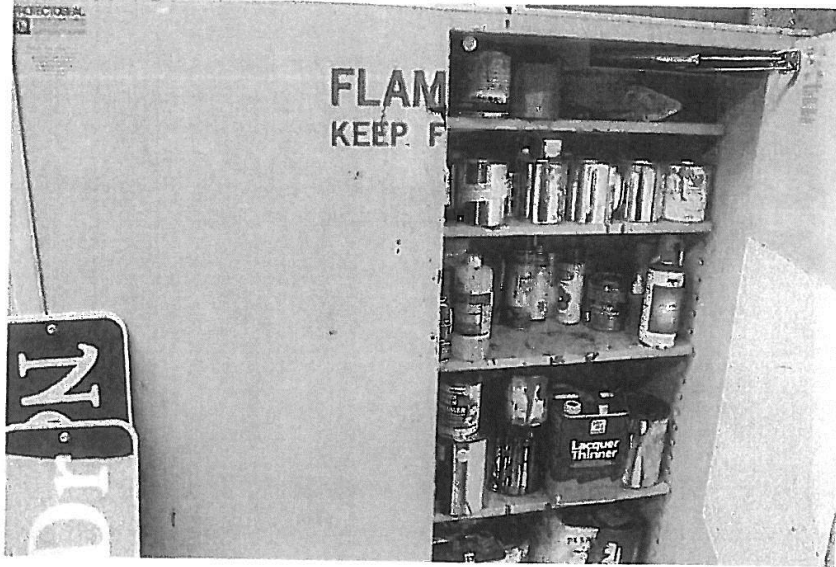


*Photograph 16: 490 Lawrence Way – View looking at sign production area located on the subject property.*

Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA, 470, 480, and 490 Lawrence Way, Walnut Creek, CA



*Photograph 17: 490 Lawrence Way – View looking at flammable storage located on the subject property.*

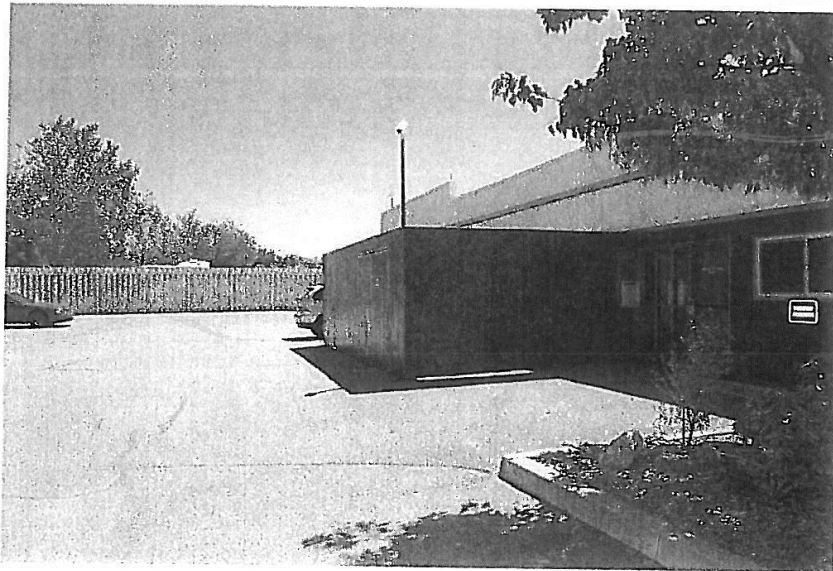


*Photograph 18: 490 Lawrence Way – View looking storage and production area located on the subject property.*

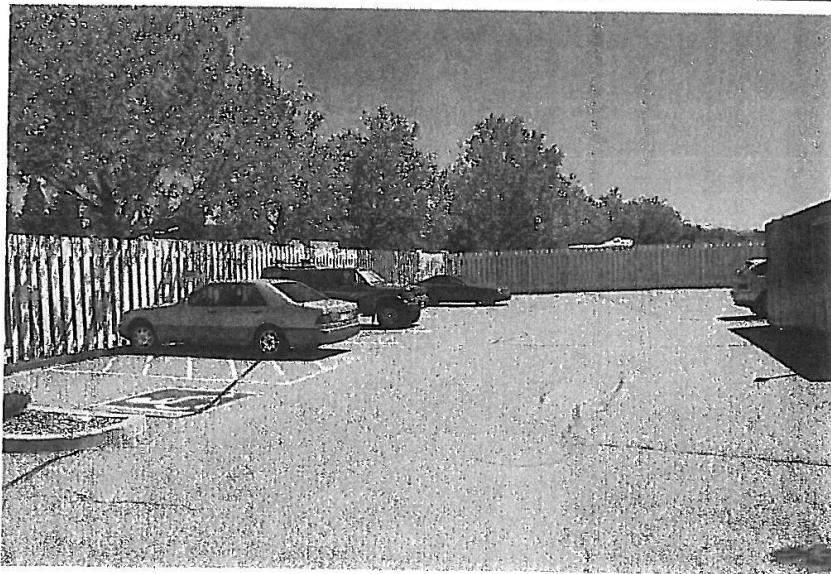
Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA, 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 19:** 490 Lawrence Way – View looking south of eastern end of building located on the subject property.

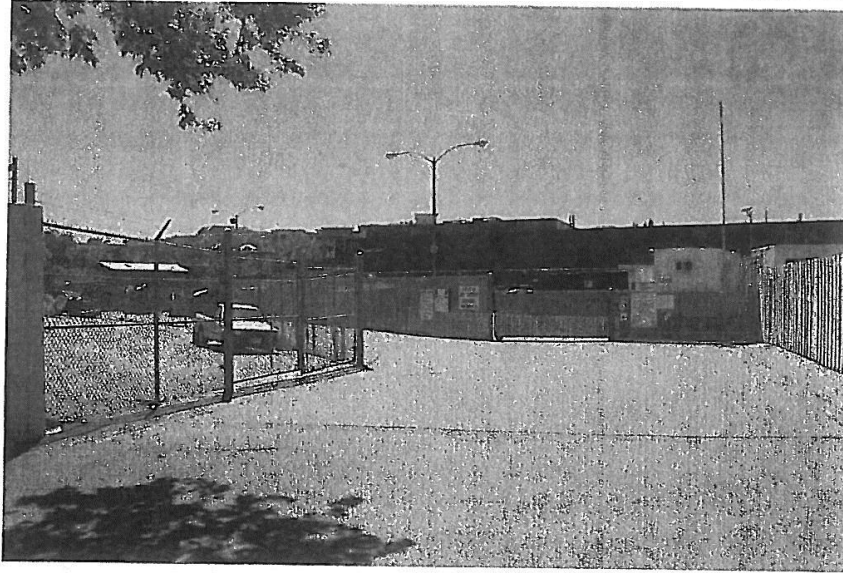


**Photograph 20:** 490 Lawrence Way – View looking west on the subject property.

Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA, 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 21:** 470 and 480 Lawrence Way – View looking west of impound yard and recycle center located on the subject property.

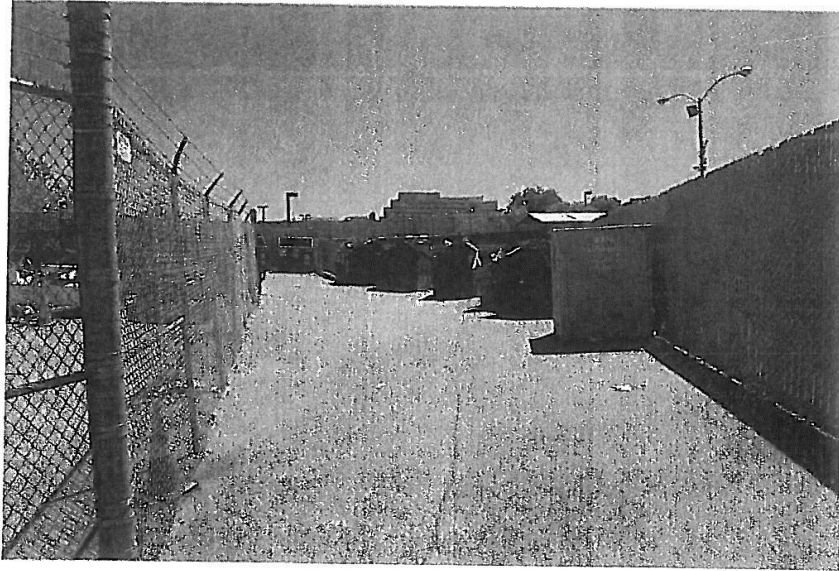


**Photograph 22:** 470 Lawrence Way – View looking south of impound yard located on the subject property.

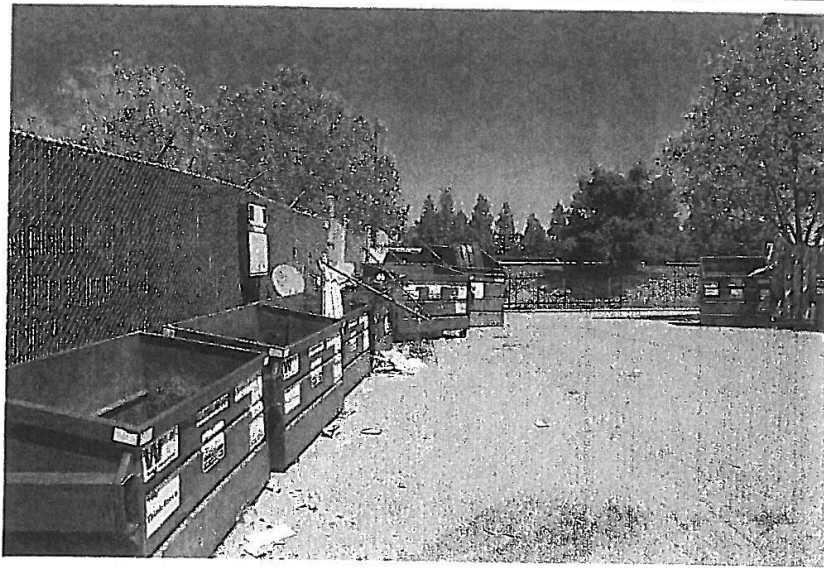
Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA, 470, 480, and 490 Lawrence Way, Walnut Creek, CA



*Photograph 23: 480 Lawrence Way – View looking south of recycle center located on the subject property.*



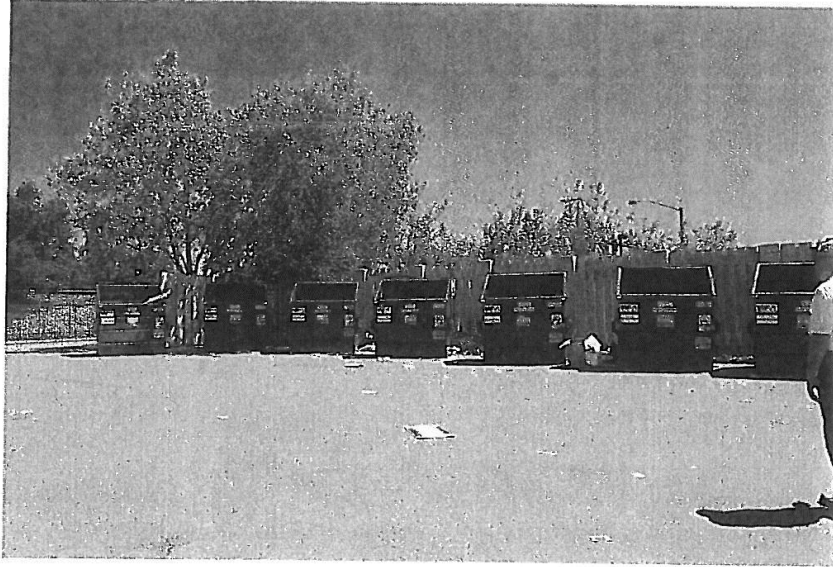
*Photograph 24: 480 Lawrence Way – View looking east of recycle center located on the subject property.*



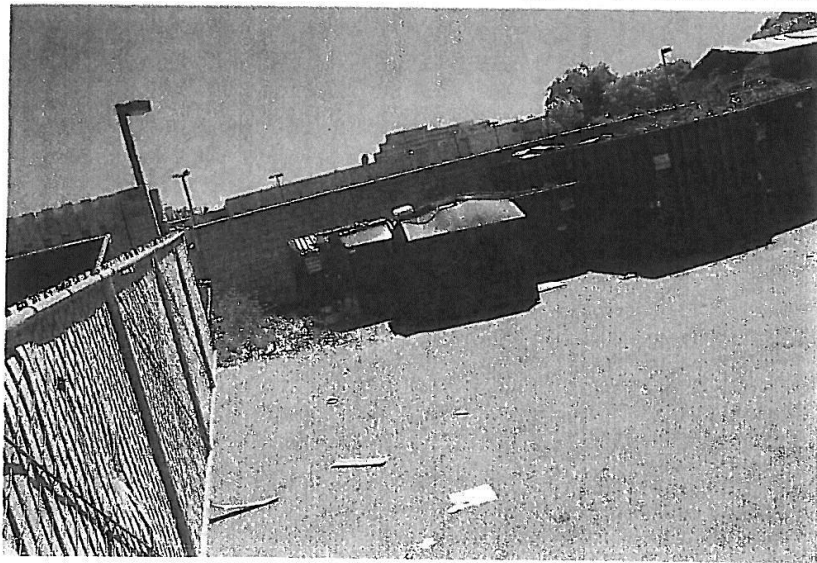
Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA , 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 25:** 480 Lawrence Way – View looking southeast of recycle center located on the subject property.



**Photograph 26:** 480 Lawrence Way – View looking south of recycle center located on the subject property.

Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA , 470, 480, and 490 Lawrence Way, Walnut Creek, CA



*Photograph 27: 480 Lawrence Way – View looking west of recycle center located on the subject property.*

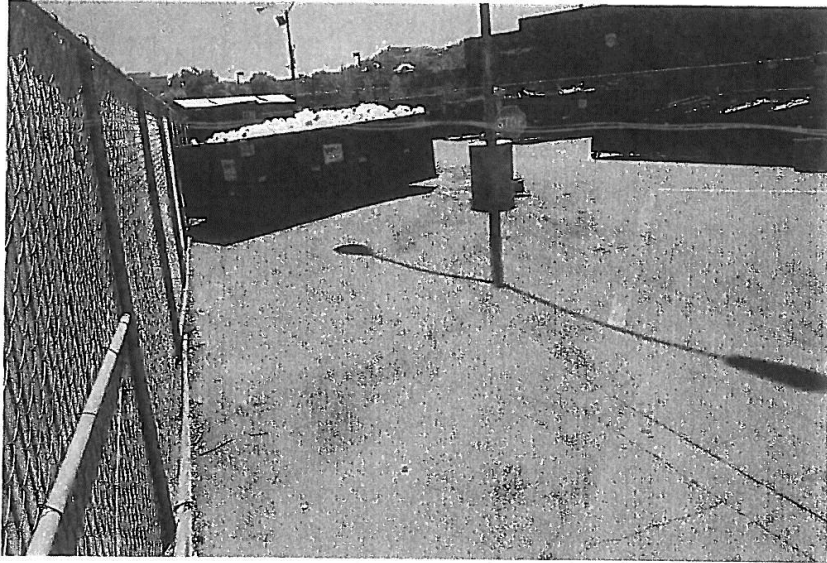


*Photograph 28: 480 Lawrence Way – View looking west of recycle center located on the subject property.*

Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA , 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 29:** 480 Lawrence Way – View looking west of recycle center located on the subject property.



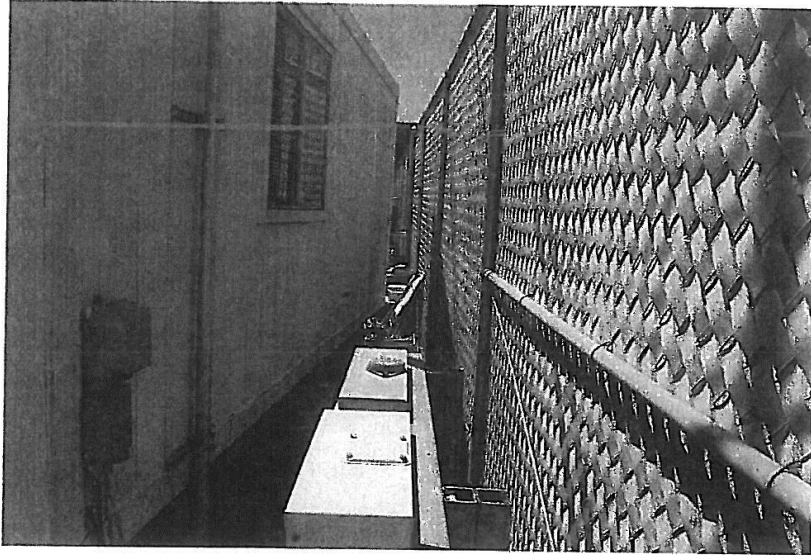
**Photograph 30:** 480 Lawrence Way – View looking west of recycle center located on the subject property.



Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA , 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 31:** 480 Lawrence Way – View looking west of recycle center located on the subject property.



**Photograph 32:** 480 Lawrence Way – View looking north of recycle center located on the subject property.

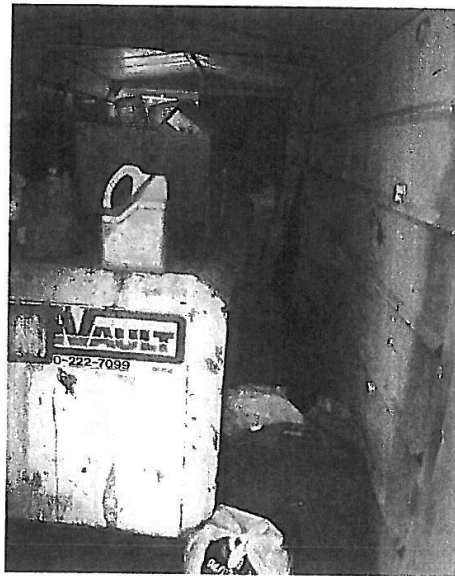
Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA , 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 33:** 480 Lawrence Way – View looking at recycle center's antifreeze storage and trash bin located on the subject property.



**Photograph 34:** 480 Lawrence Way – View looking at recycle center's used waste oil above ground storage tank located on the subject property.

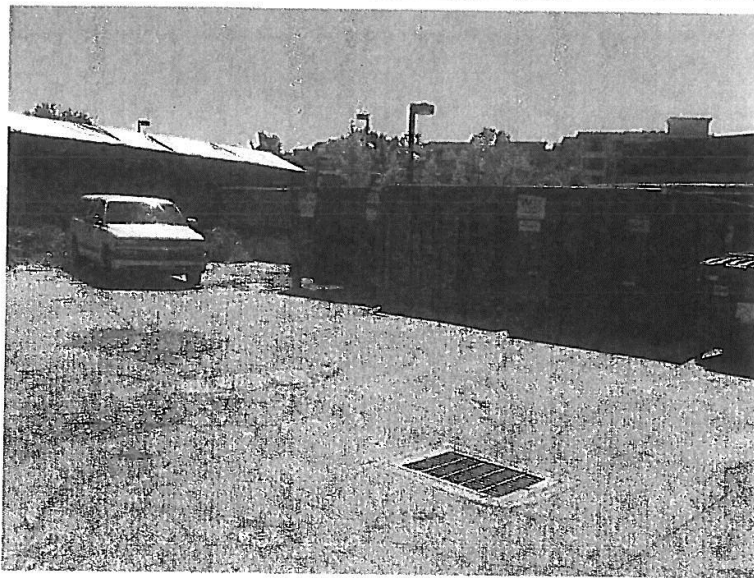
Client Name: City of Walnut Creek

Photo Date: 5/7/12

Project: Phase I ESA , 470, 480, and 490 Lawrence Way, Walnut Creek, CA



**Photograph 35:** 480 Lawrence Way – View looking at recycle center's spill kit next to used oil above ground storage tank located on the subject property.



**Photograph 36:** 480 Lawrence Way – View looking south of recycle center located on the subject property.

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250-5874**

**<http://www.sco.ca.gov>**