

# **VACAVILLE REDEVELOPMENT AGENCY**

## **ASSET TRANSFER REVIEW**

### Review Report

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



**BETTY T. YEE**  
California State Controller

June 2015



**BETTY T. YEE**  
California State Controller

June 2, 2015

Laura Kuhn, City Manager  
Vacaville Redevelopment/Successor Agency  
650 Merchant Street  
Vacaville, CA 95688

Dear Ms. Kuhn:

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

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

Our review found that the RDA transferred \$180,092,902 in assets after January 1, 2011, including unallowable transfers to the City totaling \$36,467,876, or 20.25% of transferred assets. These assets must be turned over to the Successor Agency.

However, the following corrective actions have been taken:

- On November 28, 2012, the Successor Agency effectuated the transfer of housing functions and assets of \$23,491,024 to the Housing Successor Agency.
- On September 23, 2014, the City turned over \$3,814,709 in cash to the Successor Agency, which was subsequently remitted to the Solano County Auditor-Controller for distribution to the taxing entities.

Therefore, the remaining \$9,162,143 in unallowable transfers must be turned over to the Successor Agency.

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

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/ljs

cc: Jeremy Craig, Assistant City Manager  
City of Vacaville Redevelopment/Successor Agency  
Curtis Hunt, Oversight Board Chair  
Vacaville Redevelopment/ Successor Agency  
Davina Hatfield, Accounting Supervisor  
City of Vacaville Redevelopment/Successor Agency  
Emily Cantu, Housing Services Director  
City of Vacaville Redevelopment/Successor Agency  
Simona Padilla-Scholtens, CPA  
Solano County Auditor Controller  
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Mathew Rios, Auditor  
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 Vacaville 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 \$180,092,902 in assets after January 1, 2011, including unallowable transfers to the City of Vacaville (City) totaling \$36,467,876, or 20.25% of transferred assets. These assets must be turned over to the Successor Agency.

However, the following corrective actions have been taken:

- On November 28, 2012, the Successor Agency effectuated the transfer of housing functions and assets of \$23,491,024 to the Housing Successor Agency.
- On September 23, 2014, the City turned over \$3,814,709 in cash to the Successor Agency, which was subsequently remitted to the Solano County Auditor-Controller for distribution to the taxing entities.

Therefore, the remaining \$9,162,143 in unallowable transfers 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 and oversight boards to oversee dissolution of the RDAs and redistribution of RDA assets.

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

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

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

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

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

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

We performed the following procedures:

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

## **Conclusion**

Our review found that the Vacaville Redevelopment Agency transferred \$180,092,902 in assets after January 1, 2011, including unallowable transfers to the City of Vacaville totaling \$36,467,876, or 20.25% of transferred assets. These assets must be turned over to the Successor Agency.

However, the following corrective actions have been taken:

- On November 28, 2012, the Successor Agency effectuated the transfer of housing functions and assets of \$23,491,024 to the Housing Successor Agency.
- On September 23, 2014, the City turned over \$3,814,709 in cash to the Successor Agency, which was subsequently remitted to the Solano County Auditor-Controller for distribution to the taxing entities.

Therefore, the remaining \$9,162,143 in unallowable transfers must be turned over to the Successor Agency.

Details of our finding are described in the Finding and Order of the Controller section of this report.

### **Views of Responsible Officials**

We issued a draft review report on September 9, 2014. Laura C. Kuhn, City Manager, responded by letter dated September 19, 2014. The City's response is included in this final review report as an attachment.

### **Restricted Use**

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

June 2, 2015

# Finding and Order of the Controller

## **FINDING— Unallowable asset transfers to the City of Vacaville**

The Vacaville Redevelopment Agency (RDA) made unallowable asset transfers of \$36,467,876 to the City of Vacaville (City). The transfers occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

- On February 28, 2011, the RDA transferred \$3,814,709 in cash to the City. These transfers were accomplished via an Unsecured Promissory Note dated November 17, 2000.
- On March 8, 2011, the RDA transferred \$32,653,167 (\$23,491,024 and \$9,162,143 respectively) in housing and non-housing properties to the City. These transfers were accomplished via RDA Agenda Item No. 3, dated March 8, 2011.

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

### Order of the Controller

Pursuant to H&S Code Section 34167.5, the City is ordered to reverse the transfers in the amount of \$36,467,876, and turn over the assets to the Successor Agency.

However, the following corrective actions have been taken:

- On November 28, 2012, the Successor Agency effectuated the transfer of housing functions and assets of \$23,491,024 to the Housing Successor Agency.
- On September 23, 2014, the City of Vacaville turned over \$3,814,709 in cash to the Successor Agency, which was subsequently remitted to the Solano County Auditor-Controller for distribution to the taxing entities.

Therefore, the remaining \$9,162,143 in unallowable transfers must be turned over to the Successor Agency.



### City's Response

The City provided the following additional documentation:

- \$1,412,821 in capital assets was transferred prior to the review period of January 1, 2011, through January 31, 2012. The City provided Grant Deeds and the 1993 Order of Condemnation to the City.
- \$32,653,168 in capital assets and non-housing land will be transferred to the Successor Agency. The Successor Agency will follow the appropriate Health and Safety codes to transfer the properties to the City as housing or governmental-use properties with approval from the Oversight Board and the DOF.
- \$1,323,296 in capital assets have been conveyed to third parties in the form of three land transfers prior to June 28, 2011.

See Attachment for the City's complete response.

### SCO's Comment

Upon reviewing further documentation provided by the City, we determined that:

- \$1,412,821 in capital assets were transferred to the City in 1990 and Grant Deeds were titled to the City. Therefore, the properties with APN No.'s 0130-201-030, 0131-030-680, 0131-030-690, and 0131-030-700 have been removed from the findings.
- On November 28, 2012, per Resolution 2012-13, the Oversight Board directed the Successor Agency to effectuate the transfer of housing assets totaling \$23,491,024 to the Housing Successor Agency in accordance with H&S Code section 34176(b)(2) and 34177(g). The remaining \$9,162,143 in unallowable transfers has not yet been turned over to the Successor Agency.
- \$1,323,296 was transferred to third parties prior to June 28, 2011. Therefore, the properties with APN No.'s 0129-271-020, 0129-271-140, and 0129-302-070 have been removed from the findings.

The Finding and Order of the Controller has been modified accordingly. Once the City turns over the remaining \$9,162,143 in unallowable transfers to the Successor Agency, no further action will be necessary.

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

	APN	Total Unallowable Asset Transfers	Corrective Actions on Various Dates	Total Transfers Subject to H&S Code section 34167.5
<b>Cash transfer to the City of Vacaville (February 28, 2011)</b>				
		\$ 3,814,709	(3,814,709)	-
<b>Capital Asset transfers to the City of Vacaville (March 8, 2011)</b>				
POWER FAMILY LAND HELD BY REDEV	0129 220 030	360,612	-	360,612
POWER FAMILY LAND HELD BY REDEV	0129 220 040	518,929	-	518,929
TURNKEY PKG LOT, 560 MAIN PCLS B & X	0130 092 090	163,066	-	163,066
DAVIS/MASON ST-PUBLIC PK (CONPAC)	0130 204 100	184,932	-	184,932
TAX DEFAULT PROPERTY NORTH OF CENTENNIAL	0133 070 300	995,732	-	995,732
CERNON ST. PARKING LOT	0130 182 150	100,939	-	100,939
CERNON ST. PARKING LOT	0130 182 160	-	-	-
BROWN ST SEW AGE TREATMENT PLANT/ CENTENNIAL PARK-PARK LAND	0129 220 050	5,038,892	-	5,038,892
TOWN SQUARE PARKING LOT	0130 101 160	959,301	-	959,301
Municipal Parking lot/Main parking lot #5	0130-097-030	-	-	-
Ulatis Creek /old andrews Park	0130-101-200	-	-	-
Merchant parking lot-municipal parking lot	0130-185-220	-	-	-
Dobbins-Parker Parking lot-	0130-094-020	120,864	-	120,864
Dobbins-Parker Parking lot-	0130-094-160	267,162	-	267,162
306 KENDAL STREET	0130 098 020/030	232,113	-	232,113
CCC PROPERTY (INTERMODAL STA)	0130-030-950	219,601	-	219,601
<b>Total non-housing Assets</b>		<b>9,162,143</b>	<b>-</b>	<b>9,162,143</b>
<b>Housing Assets</b>				
919 E. MONTE VISTA-GREEN TREE MHP	0130 010 390	607,946	(607,946)	-
701 CATHERINE ST-702 & 700 1/2 E MAIN	0130 203 010	13,395	(13,395)	-
343 WILSON STREET	0130 206 090	169,385	(169,385)	-
701 CATHERINE	0130 203 010	124,748	(124,748)	-
701 CATHERINE	0130 203 010	1,643	(1,643)	-
937 E. MONTE VISTA	0130 010 360	92,596	(92,596)	-
919 E MONTE VISTA (GREEN TREE MOBILE)	0130 010 390	530	(530)	-
324 WILSON STREET	0130 205 040	216,822	(216,822)	-
331 WILSON STREET	0130 206 110	189,312	(189,312)	-
325 WILSON STREET	0130 206 010	171,421	(171,421)	-
725/727 CATHERINE STREET	0130 203 110	641,348	(641,348)	-
WALNUT OAKS ACCESS	0126 160 170	207,170	(207,170)	-
POWELL/HOMENTOWSKI - ADJ TO 588 RCKY HIL	0129 181 120	349,600	(349,600)	-
POWELL/HOMENTOWSKI - ADJ TO 588 RCKY HIL	0129 181 120	37,509	(37,509)	-
OLSON LAND, 575 ROCKY HILL RD	0129 182 150-250	30,570	(30,570)	-
OLSON LAND, 575 ROCKY HILL RD	0129 182 150-250	3,811	(3,811)	-
NEADERR ROW - ROCKY HILL/BROWN ST	0129 182 090	4,955	(4,955)	-
NEADERR ROW - ROCKY HILL/BROWN ST	0129 203 060	68,625	(68,625)	-
701 MASON STREET	0130 206 080	152,746	(152,746)	-
707 MASON STREET	0130 206 130	120,824	(120,824)	-
709 MASON STREET	0130 206 060	40,989	(40,989)	-
106 BUSH STREET	0130 123 040	181,902	(181,902)	-
712 E MAIN STREET	0130 203 020	196,746	(196,746)	-
713 CATHERINE STREET	0130 203 130	191,657	(191,657)	-
201 MCCLELLAN STREET	0130 123 030	850,221	(850,221)	-
240 DEPOT STREET/219 MCCLELLAN	0130 123 100	-	-	-
219 MCCLELLAN STREET/240 DEPOT STREET	0130 123 010	300,886	(300,886)	-
729 AND 731 CATHERINE STREET	0130 203 100	202,200	(202,200)	-
718 E MAIN STREET	0130 203 030	380,744	(380,744)	-
112-124 BROWN STREET	0129 320 290	673,497	(673,497)	-

## Schedule— (continued)

	APN	Total Unallowable Asset Transfers	Corrective Actions on Various Dates	Total Transfers Subject to H&S Code section 34167.5
1373 CALLEN STREET	0129 331 020	498,296	(498,296)	-
1444 CALLEN STREET	0129 273 010	672,665	(672,665)	-
1355 CALLEN STREET	0129 331 050	694,496	(694,496)	-
1385 CALLEN STREET	0129 293 040	676,816	(676,816)	-
1391 CALLEN STREET	0129 293 030	629,015	(629,015)	-
1408 CALLEN STREET	0129 292 020	681,749	(681,749)	-
1413 CALLEN STREET	0129 291 060	628,617	(628,617)	-
1414 CALLEN STREET	0129 292 030	666,683	(666,683)	-
1419 CALLEN STREET	0129 291 050	651,544	(651,544)	-
1449 CALLEN STREET	0129 272 060	651,523	(651,523)	-
1455 CALLEN STREET	0129 272 050	651,949	(651,949)	-
1443 CALLEN STREET	0129 291 010	652,495	(652,495)	-
1437 CALLEN STREET	0129 291 020	503,068	(503,068)	-
1438 CALLEN STREET	0129 292 070	639,475	(639,475)	-
207 MCCLELLAN STREET	0130 123 020	635,865	(635,865)	-
130 BUSH STREET	0130 123 070	629,704	(629,704)	-
719 CATHERINE STREET	0130 203 120	286,560	(286,560)	-
149 SCOGGINS COURT	0129 310 260	604,438	(604,438)	-
1367 CALLEN STREET	0129 331 030	472,279	(472,279)	-
1432 CALLEN STREET	0129 292 060	663,077	(663,077)	-
1425 CALLEN STREET	0129 291 040	618,209	(618,209)	-
1431 CALLEN STREET	0129 291 030	166,809	(166,809)	-
131 Scoggins Ct	0129 310 230	135,532	(135,532)	-
137 Scoggins Ct	0129 310 240	302,341	(302,341)	-
143 Scoggins Ct	0129 310 250	217,500	(217,500)	-
1021 E Monte Vista Ave	0129 310 360	114,681	(114,681)	-
1031 E Monte Vista Ave	0129 310 370	135,532	(135,532)	-
1035 E Monte Vista Ave	0129 310 400	677,661	(677,661)	-
719 Markham Ave	0130 010 070	500,426	(500,426)	-
719 Markham Ave	0130 010 250	62,146	(62,146)	-
OLSON LAND, 575 ROCKY HILL RD	0129 182 150-250	87,552	(87,552)	-
OLSON DUPLEX, 581 ROCKY HILL RD	0129 182 150-250	71,330	(71,330)	-
SANCHEZ, 585 ROCKY HILL RD	0129 182 150-250	685,000	(685,000)	-
220 SHASTA DRIVE	0131 020 110	961,363	(961,363)	-
ORANGE TREE CIRCLE	0134 352 010	0	-	-
BUCK ELDRIDGE/SOCIAL SVC CTR	0095 181 130	340,830	(340,830)	-
<b>Total Housing Assets</b>		<b>23,491,024</b>	<b>(23,491,024)</b>	<b>-</b>
<b>Total Capital Assets</b>		<b>32,653,167</b>	<b>(23,491,024)</b>	<b>9,162,143</b>
<b>Total transfers subject to Health and Safety Code Section 34167.5</b>		<b>\$ 36,467,876</b>	<b>\$ (27,305,733)</b>	<b>\$ 9,162,143</b>

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## **Attachment— City of Vacaville’s Response to Draft Review Report**

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

- Housing Asset List
- September 5, 2012 DOF Housing Asset List Approval
- Oversight Board Resolution No. 2012-13 Directing Successor Agency to Transfer Housing Assets to the City as Housing Successor
- Oversight Board Resolution No. 2013-2 Affirming the Transfer of Governmental Use Properties to the City
- Oversight Board Resolution No. 2013-3 Affirming the Transfer of APN 131-030-950 for Governmental Use to the City
- Oversight Board Resolution No. 2013-4 Directing Successor Agency to Transfer Governmental Use Properties to the City
- April 26, 2013 Department of Finance Approval to Transfer 10 parcels to the City
- April 12, 2013 Finding of Completion from DOF
- Long Range Property Management Plan
- Oversight Board Resolution No. 2013-8 Approving the Long Range Property Management Plan
- Capital Assets and Non-housing Land Held for Development to be Transferred to the Successor Agency, Sold to Third Party, and Transferred Prior to SCO Review Period
- Old and New Parcel Maps and Grant Deeds for Transfer of Cultural Center Parcels Prior to the SCO Review Period
- 1993 Order of Condemnation to the City



ESTABLISHED 1850

## CITY OF VACAVILLE

650 MERCHANT STREET  
VACAVILLE, CALIFORNIA 95688-6908  
www.cityofvacaville.com

STEVE HARDY  
Mayor

MITCH MASHBURN  
Vice Mayor

DILENNA HARRIS  
Councilmember

CURTIS HUNT  
Councilmember

RON ROWLETT  
Councilmember

September 19, 2014

Elizabeth Gonzalez, Chief  
Local Government Compliance Bureau  
State Controller's Office  
Division of Audits  
P.O. Box 942850  
Sacramento, CA 94250-5874

Re: Vacaville Redevelopment Agency Asset Transfer Review – Draft Review Report

Dear Ms. Gonzalez:

This letter responds to the draft Asset Transfer Review Report received by the Executive Director of the Successor Agency to the Vacaville Redevelopment Agency (Successor Agency) on September 16, 2014. The review was conducted by the State Controller's Office (SCO) pursuant to Health and Safety Code Section 34167.5, which reviewed all asset transfers made by the former Vacaville Redevelopment Agency (RDA) to the City of Vacaville (City) after January 1, 2011. Within that report, the SCO draft findings identify \$39,203,994 of unallowable transfers to the City, including \$3,814,709 in cash, \$30,251,470 in capital assets and \$5,137,815 in non-housing land held for development.

The Successor Agency would first like to bring to your attention that the majority of asset transfers from the former RDA to the City identified in the draft Report were transferred several months prior to the enactment of ABX1 26, which dissolved redevelopment agencies in California. This was almost a year before the dissolution effective date of February 1, 2012 and the existence of successor agencies and their oversight boards. The transfers, conducted in March 2011, were expressly permitted by Health and Safety Code Section 33430.

Although the former RDA and City are confident they complied with the law in effectuating the transfers at that time, in accordance with ABX1 26 and subsequent "clean-up" legislation enacted through AB 1484, the Successor Agency, its Oversight Board, and the Department of Finance (DOF) took the following actions related to the asset transfers:

1. A Housing Asset list was prepared and submitted to the DOF by August 1, 2012 pursuant to Health and Safety Code 34176(a)(2). The DOF approved the Housing Asset List on September 5, 2012. Subsequently, on November 28, 2012, the Oversight Board directed the Successor Agency to transfer the housing assets to the City. See Attachments 1 – 3.

2. On January 14, 2013, the Oversight Board took several actions in accordance with Health and Safety Code Section 34181(a) to approve the transfer of properties to the City for governmental use: Resolution Nos. 2013-2 and 2013-3 affirming the transfer of properties in March 2011 and Resolution No. 2013-4 directing the transfer to the City. On April 26, 2013, the DOF approved the transfer of ten parcels to the City. See Attachments 4 - 7.
3. The Successor Agency completed mandated payments for distribution to the taxing entities in accordance with Health and Safety Code Section 34179.6(d) and (e) and Section 34183.5 and received a Finding of Completion from the DOF on April 12, 2013. As allowed, once a Finding of Completion is received, the City prepared a Long Range Property Management Plan, which included all asset transfers not yet approved by the DOF as housing or governmental use assets. On September 25, 2013, the Oversight Board approved the Long Range Property Management Plan. Thereafter, the Long Range Property Management Plan was submitted to the DOF for review on October 3, 2013. The Long Range Property Management Plan is currently under review by the DOF. See Attachments 8 – 10.

In view of the above good faith efforts by the Successor Agency and the Oversight Board to follow the statutory scheme set established by ABX1 26 and AB 1484 relating to the transfer of assets to the City after receiving DOF approval, it is respectfully requested that you consider the following responses to the SCO's draft findings when preparing the final Asset Transfer Review Report:

**Finding 1:** On February 28, 2011, the RDA transferred \$3,814,709 in cash to the City. These transfers were accomplished via an Unsecured Promissory Note dated November 17, 2000.

**Comment:** This transfer of cash from the former RDA to the City for repayment of a loan occurred several months prior to the enactment of ABX1 26, which dissolved redevelopment agencies, and a year before the dissolution took effect. However, the Vacaville City Council will be asked to take action at its regular meeting of September 23, 2014 to approve the City transfer of \$3,814,709 to the Successor Agency.

**Finding 2:** On March 8, 2011, the RDA transferred \$30,251,470 in capital assets and \$5,137,815 in non-housing land held for development to the City. These transfers were accomplished via RDA Agenda Item No. 3, dated March 8, 2011.

**Comment:** This transfer of property assets from the former RDA to the City occurred several months prior to the enactment of ABX1 26, which dissolved redevelopment agencies, and a year before the dissolution took effect. In addition, the majority of these assets were approved for transfer to the City by the Oversight Board and the DOF as housing or governmental use assets and thus, are the current property of the City.

The Successor Agency disagrees that the \$5,137,815 identified in the draft Asset Transfer Review Report are non-housing land assets as they were approved by the Oversight Board and the DOF as housing assets included on the Housing Asset List. However, in order to work cooperatively with the SCO in response to the draft finding, please consider the following:

\$32,653,168 in capital assets and non-housing land held for development will be transferred to the Successor Agency (See Attachment 11). Once transferred to the Successor Agency, the Successor Agency will once again follow the appropriate Health and Safety Code provisions to transfer the properties to the City as housing or governmental use assets as previously approved by the Oversight Board and the DOF.

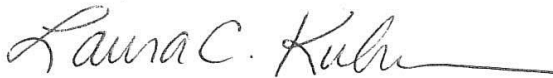
\$1,323,296 in capital assets have been conveyed to third parties in the form of three land transfers (See Attachment 11). This amount represents the value of the three properties. The properties were initially approved by the Oversight Board and DOF as housing assets to be transferred to the City in its capacity as the Housing Successor to the former RDA. Based on those approvals, the City, acting as the Housing Successor to the former RDA, sold the parcels to the third parties for affordable housing purposes. The approvals were sufficient to allow the buyers to obtain title insurance on the properties at close of escrow. All three properties are now encumbered by bank deeds of trust, including a deed of trust between a buyer and Umqua Bank as beneficiary under a Master Agency Agreement with California Statewide Communities Development Authority (CSCDA) securing a \$6,145,000 loan on two properties (APNs 0129 271 140 and 0129 271 020). These properties are also encumbered by additional encumbrances, such as a 15-year regulatory agreement between CSCDA and the owner and 45-year resale restriction. The City cannot undo these land conveyances without the cooperation of the current owners. However, in an effort to cooperate with the SCO's finding, the City is willing to contact the owners and request that they convey the properties to the Successor Agency with the understanding that the Successor Agency will convey the properties back to the owners. Absent that, the City has no legal standing to compel the owners to convey the properties to the Successor Agency.

\$1,412,821 in capital assets were transferred prior to the review period of January 1, 2011 – January 31, 2012 (See Attachment 11). This amount reflects four parcels of land. Three parcels were transferred to the City in 1990, which currently house the City's Ulatis Cultural Center, the Public Library, and the City's Vacaville Performing Arts Center. These parcels were never owned by or vested in the former RDA. The assessor's parcel numbers for these parcels have since changed. See Attachment 12, which includes a parcel map with the assessor's parcel numbers on the

capital assets list, a current parcel map with the new assessor's parcel numbers, and Grant Deeds to the City. The fourth parcel was obtained by the City by a court Order of Condemnation in 1993 (Attachment 13). This parcel also was never owned by or vested in the former RDA. The Successor Agency believes these four capital assets were erroneously included in the draft Asset Transfer Review Report. Hence, they should be excluded from the Report because, as noted, they were never owned by or vested in the former RDA nor were they transferred to the City during the January 1, 2011 – January 31, 2012 review period.

Thank you in advance for taking the time to consider the comments above prior to issuing the final Asset Transfer Review Report. Please feel free to contact us to discuss the comments or if we can provide any additional information or answer any questions. We would also be happy to meet with you at a time and location of your convenience.

Sincerely,



Laura C. Kuhn  
Executive Director, Vacaville Successor Agency  
City Manager, City of Vacaville

Attachments:

1	Housing Asset List
2	September 5, 2012 DOF Housing Asset List Approval
3	Oversight Board Resolution No. 2012-13 Directing Successor Agency to Transfer Housing Assets to the City as Housing Successor
4	Oversight Board Resolution No. 2013-2 Affirming the Transfer of Governmental Use Properties to the City
5	Oversight Board Resolution No. 2013-3 Affirming the Transfer of APN 131-030-950 for Governmental Use to the City
6	Oversight Board Resolution No. 2013-4 Directing the Successor Agency to Transfer Governmental Use Properties to the City
7	April 26, 2013 Department of Finance Approval to Transfer 10 Parcels to the City
8	April 12, 2013 Finding of Completion from DOF
9	Long Range Property Management Plan
10	Oversight Board Resolution No. 2013-8 Approving the Long Range Property Management Plan
11	Capital Assets and Non-Housing Land Held For Development to be Transferred to the Successor Agency, Sold to a Third Party, and Transferred Prior to the SCO Review Period
12	Old and New Parcel Maps and Grant Deeds for Transfer of Cultural Center Parcels Prior to the SCO Review Period
13	1993 Order of Condemnation to the City



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