

# **CLOVERDALE COMMUNITY DEVELOPMENT AGENCY**

## **ASSET TRANSFER REVIEW**

### **Review Report**

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



**JOHN CHIANG**  
California State Controller

October 2014



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

October 21, 2014

Paul Cayler, City Manager  
Cloverdale Community Development/  
Successor Agency  
124 N. Cloverdale Boulevard  
Cloverdale, CA 95425

Dear Mr. Cayler:

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the Cloverdale Community Development Agency (RDA) to the City of Cloverdale (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 \$13,769,580 in assets after January 1, 2011, including unallowable transfers to the City totaling \$6,628,309, or 48.14% of transferred assets.

However, on April 3, 2014, the City turned over \$5,702,789 in capital assets to the Successor Agency. Therefore, the remaining \$925,520 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/mh

cc: Joanne Cavallari, Finance Manager  
City of Cloverdale  
Carol Giovanatto, Oversight Board Chairperson  
Cloverdale Community Development/Successor Agency  
David E. Sundstrom, Auditor-Controller-Treasurer-Tax Collector  
Sonoma County  
David Botelho, Program Budget Manager  
California Department of Finance  
Richard J. Chivaro, Chief Legal Counsel  
State Controller's Office  
Elizabeth González, Bureau Chief  
Division of Audits, State Controller's Office  
Scott Freesmeier, Audit Manager  
Division of Audits, State Controller's Office  
Claudia Corona, 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 Cloverdale Community Development 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 \$13,769,580 in assets after January 1, 2011, including unallowable transfers to the City of Cloverdale (City) totaling \$6,628,309, or 48.14% of transferred assets.

However, on April 3, 2014, the City turned over \$5,702,789 in capital assets to the Successor Agency. Therefore, the remaining \$925,520 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 Cloverdale Community Development Agency transferred \$13,769,580 in assets after January 1, 2011, including unallowable transfers to the City of Cloverdale (City) totaling \$6,628,309, or 48.14% of transferred assets.

However, on April 3, 2014, the City turned over \$5,702,789 in capital assets to the Successor Agency. Therefore, the remaining \$925,520 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 report on August 12, 2014. Paul Cayler, City Manager and Successor Agency Executive Director, responded by letter dated September 15, 2014, disagreeing with the review results. The City's response is included in this final review report as an attachment.

## **Restricted Use**

This report is solely for the information and use of the City of Cloverdale, 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

October 21, 2014

# Finding and Order of the Controller

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

The Cloverdale Community Development Agency (RDA) made unallowable asset transfers of \$6,628,309 to the City of Cloverdale (City). The transfers 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 9, 2011, the RDA transferred \$5,702,789 in capital assets to the City, consisting of the Cherry Creek and Thyme Square properties. To accomplish these transfers, the City and the RDA entered into two Disposition and Development Agreements (DDA), and established Resolutions No. 019-2011 and 020-2011. Per the DDAs, the City was to acquire the subject properties and carry out the intended purpose.

However, on April 3, 2014, the City reversed the transfer of \$5,702,789 in capital assets to the City. Therefore, no further action is required for these transfers.

- On June 30, 2011, the RDA made cash transfers, totaling \$925,520, to the City, as a loan repayment of \$826,600 plus \$98,920 in interest.

On January 12, 2011, the RDA established Joint Resolutions No. 002-2011 and CD 002-2011 approving a loan. Per loan documents, the loan was for budgeted expenditures, including, but not limited to, project, operating, administrative expenses, and overhead of the RDA.

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. Any asset transfers by the RDA to a city, county, city and county, or any other public agency after January 1, 2011 must be turned over to the Successor Agency for disposition in accordance with H&S Code sections 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 \$6,628,309 and turn over the assets to the Successor Agency. However, on April 3, 2014, the City turned over \$5,702,789 in assets to the Successor Agency. Therefore, the remaining \$925,520 in unallowable transfers must be turned over to the Successor Agency.

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

City's Response to Draft Report

The City disagreed with the SCO Draft Report for the following reasons:

1. The approved loan was an annual event made for cash flow purposes.
2. The Oversight Board has ratified and approved the loan repayments.
3. The Loan was not disallowed by the State Department of Finance during the Other Funds (OFA) Due Diligence Review.
4. The City does not have sufficient funds on hand to pay the amount directed by the SCO, and any finalized order would need to accommodate installment payments, following a further review of the City's outstanding obligations and anticipated revenue.

See Attachment for the City's complete response

SCO's Comment

Despite the subsequent approval of the loan by the Oversight Board and the Department of Finance during the review of the OFA Due Diligence Review, the SCO's authority under H&S Code section 34167.5 extends to all assets transferred after December 31, 2010, by the RDA to the city or county, or city and county that created the RDA, or any other public agency. This responsibility is not limited by the other provisions of the RDA dissolution legislation. As a result, loan repayments made by the RDA to the City during the periods of January 1, 2011, through January 31, 2012, were unallowable.

Further, the City contends that Oversight Board Resolution No. OB004-2014 was to ratify and approve the loan repayment to the City.

However, a recent Superior Court ruling (*Successor Agency to the Brea Redevelopment Agency, et al. v. Matosantos, et al.*) states:

The redevelopment dissolution laws established oversight boards to supervise the actions of successor agencies, but not to supervise or ratify (after the fact) the actions of former redevelopment agencies. Conversely, the Court has not located any provision of the redevelopment laws that requires or authorizes an oversight board retrospectively to review or ratify an action of a redevelopment agency taken before its dissolution. The Oversight Board thus appears to have no legal authority or mandate to review actions of the RDA.

With regard to the total loan balance owed by the RDA to the City, repayments are to be made through the Recognized Obligation Payment process.

H&S Code section 34167.5 states that if an unallowable transfer occurs, the Controller shall order the return of those assets to the Successor Agency.

Therefore, the Finding and Order of the Controller remain as stated.

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**Schedule—**  
**Unallowable Asset Transfers to the City of Cloverdale**  
**after January 1, 2011**

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Real property transfers on March 9, 2011:

Cherry Creek Property (APN 001-310-041-000 and APN 001-310-042-000)	\$ 2,590,832
Thyme Square Property (APN 001-440-049-000)	<u>3,111,957</u>

Total real property transfers:	<u>5,702,789</u>
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Cash transfers:

Cash transferred on June 30, 2011, as a loan repayment	<u>925,520</u>
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Total cash transfers:	<u>925,520</u>
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Total unallowable transfers to the City of Cloverdale:	<u>6,628,309</u>
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Corrective action taken:

On April 3, 2014, the City turned over real property to the Successor Agency	<u>(5,702,789)</u>
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Total transfers subject to Health and Safety Code section 34167.5	<u><u>\$ 925,520</u></u>
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**Attachment—  
City's Response to  
Draft Review Report**

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September 15, 2014

Elizabeth Gonzalez, Chief  
Local Government Compliance Bureau  
State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, California 94250-5874

Dear Ms. Gonzalez:

This letter is provided in response to the draft State Controller Office ("SCO") Report ("Draft Report") on the Asset Transfer Review for the former Community Development Agency of the City of Cloverdale ("Redevelopment Agency") and the cover letter thereto (signed by Jeffrey Brownfield, Chief, Division of Audits) dated August 12, 2014. We appreciate the SCO's grant of an extension of time, to and including September 15, 2014, in which to respond to the Draft Report.

The Draft Report and cover letter find that the Redevelopment Agency made an unallowable transfer in the amount of \$925,520 to the City of Cloverdale ("City") and that this amount must be turned over to the Successor Agency to the Redevelopment Agency ("Successor Agency"). The Successor Agency and the City dispute this finding and we are providing the following information in support of our position.

The Draft Report states that on June 30, 2011, the Redevelopment Agency made cash transfers totaling \$925,520 to the City in repayment of a loan in the principal amount of \$826,600 plus \$98,920 in interest. The SCO has identified this as an unallowable transfer pursuant to Health and Safety Code Section 34167.5, as a transfer to a city after January 1, 2011, and orders the City to reverse the transfer and remit \$925, 250 to the Successor Agency.

The background on this transaction is important. This loan was the last in a series of ten annual loans, covering the period Fiscal Year 2001-02 through Fiscal Year 2010-11, as reflected in the attached Reconciliation Sheets from the annual Statements of Indebtedness for this ten-year period. (Attachment 1)

Such loans were expressly authorized in the Community Redevelopment Law, including, without limitation, in Health and Safety Code Sections 33601 and 33610. The loans were a staple of redevelopment agencies throughout California, as noted by the leading redevelopment law treatises:

While a redevelopment agency may pay for its administration and operation expenses from a variety of sources, to receive tax increment for these expenses the agency must incur indebtedness. This makes redevelopment agencies different from other public entities and influences how they operate and how they account for those operations. One common method to establish debt for this purpose is for the city

or county to annually lend the agency funds for operation, administration, and project overhead. The agency in turn pledges tax increments from each project to repay these sums, with or without interest as specified. The transactions between the agency and the city or county must be formalized by a contract, with the pledge of tax increments specifically subordinated to the agency's pledge of tax increments for tax allocation bonds or other long-term indebtedness incurred to carry out the project.

Joseph Coomes, Jr., *Redevelopment in California* (2009) at 244. See also Goldfarb & Lipman LP, *A Legal Guide to California Redevelopment* (2006) at 305 ("Under these agreements, the community advances the agency's capital and operating budget for the upcoming fiscal year in exchange for the agency's obligation to reimburse the community with the tax increment revenue it receives during the fiscal year.").

That is exactly what happened on January 12, 2011, when the City adopted Resolution No. 002-2011 and the Agency adopted Resolution No. CD002-2011, approving the latest annual loan agreement between the two entities. The purpose of the loan was to provide for administrative and project expenses of the Redevelopment Agency. The approved loan agreement attached to the Joint Resolution was in the principal amount of \$826,600, with interest not to exceed 12% per year, for the Agency's project, operating, administrative and overhead expenses for Fiscal Year 2010-11. Repayment of the entire amount was due to the City no later than August 31, 2011, and was subordinated to the Redevelopment Agency's pledge, if any, of tax increment revenue for tax allocation bonds issued by the Redevelopment Agency or other long-term indebtedness incurred by the agency. Furthermore, the accompanying staff report reflects that the loan was an annual event made for cash flow purposes. (Attachment 2)

The initial draft of redevelopment dissolution legislation was not released until February 23, 2011, and it did not contain the SCO "claw-back" provision at issue here. AB 101, as amended on March 15, 2011, first contained the language now found in Health and Safety Code Section 34167.5. Commentators at the time characterized this new provision as a response to the approval of a number of "cooperative agreements," "disposition agreements," and other written instruments entered into in 2011 between redevelopment agencies and their sponsoring entities in an admitted effort to safeguard the entirety of redevelopment funds and non-cash assets from potential redevelopment dissolution legislation. Clearly, although the routine annual loans then authorized by the Community Redevelopment Law were not the target of new Section 34167.5, they have been swept into its reach.

Furthermore, as the City previously noted during the SCO audit, the Oversight Board, which represents the very taxing entities that are the intended beneficiaries of Section 34167.5, has already ratified and approved the loan repayment. (Attachment 3)



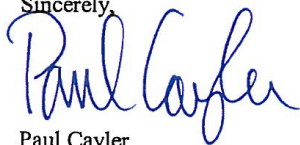
The loan was not disallowed by the State Department of Finance ("DOF"), either as a result of the Other Funds Due Diligence Review or the DOF review leading to its issuance of a Finding of Completion to the Successor Agency.

Finally, the City does not have sufficient funds on hand to pay the amount directed by the SCO. Any order that is finalized would need to accommodate installment payments following a further review of the City's outstanding obligations and anticipated revenue.

For all of the reasons stated above, including Community Redevelopment Law as supplemented by ABx1-26 and AB 1484, the Successor Agency and the City submit that the SCO's proposed asset transfer order cannot be sustained, and we respectfully request that the SCO revise the Draft Report accordingly. In addition, please note that the Successor Agency and the City reserve all rights to raise such other and further legal arguments with respect to the Draft Report as we deem necessary and appropriate.

Should you have any questions regarding this letter or our position, please contact Joanne Cavallari, Finance Manager, at (707) 894-1715.

Sincerely,



Paul Cayler  
City Manager and  
Successor Agency Executive Director

Attachments

Cc: Jose Sanchez, City Attorney

## Attachment 1

### Joint Resolution

### Approving the Loan Agreement

A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLOVERDALE RESOLUTION NO. 002-2011 AND  
OF THE CLOVERDALE COMMUNITY DEVELOPMENT AGENCY RESOLUTION NO. CD002-2011

A JOINT RESOLUTION BETWEEN THE CITY COUNCIL OF THE CITY OF CLOVERDALE AND THE BOARD OF  
DIRECTORS OF THE CLOVERDALE COMMUNITY DEVELOPMENT AGENCY APPROVING A LOAN AGREEMENT  
BETWEEN THE AGENCY AND THE CITY AND AUTHORIZING THE EXECUTION THEREOF

WHEREAS, the City Council of the City of Cloverdale (City) and the Board of Directors of the  
Cloverdale Community Development Agency (Agency) desire to provide for certain administrative and  
project expenses of the Agency; and

WHEREAS, the development plan for the Cloverdale Community Development Project  
requires the City to cooperate in the administration of the Development Plan including the provision of  
staff services, supplies and facilities;

Now therefore be it jointly resolved, determined and ordered by the City Council of the  
City of Cloverdale and the Board of Directors of the Cloverdale Community Development Agency as  
follows:

SECTION 1: The City Council hereby determines the Agency's budget includes a statement  
of all revenues and expenditures for the Agency. This requirement may be met by the filing of the report  
required by Section 33080 et. seq. of the California Health and Safety Code.

SECTION 2: The City Council hereby determines the public projects specified in the Agency  
budget for FY 2010-2011 are of benefit to the Agency project areas, the surrounding neighborhood in  
which the project areas are located, and the entire community of the City of Cloverdale.

SECTION 3: The Loan Agreement attached hereto as Exhibit "A" is hereby approved.

SECTION 4: The Mayor of the City Council and the Board Chairman of the Agency are  
hereby authorized to execute the Loan Agreement on behalf of the City and the Agency.

SECTION 5: The City Clerk/Agency Secretary shall certify to the adoption of this resolution  
and shall cause a certified resolution to be filed in the Office of the City Clerk/Agency Secretary.

\*\*\*\*\*

It is hereby certified that the foregoing Resolutions No. 002-2011 and CD 002-2011 were duly introduced  
and legally adopted by the Community Development Agency Board / City Council of the City of Cloverdale  
at its regular meeting held on this 12th day of January, 2011 by the following voice vote: (5-ayes, 0-  
noes).

AYES in favor of: Councilmembers Palla, Maacks, Russell, Vice Mayor Cox and Mayor Wolter


NOES: None

ABSENT: None

ABSTAIN: None

APPROVED:

ATTESTED:



Gus Wolter,  
Mayor / Chairperson



Jill Garibaldi,  
Deputy City Clerk / Secretary

Loan Agreement between the City of Cloverdale and the  
Cloverdale Community Development Agency for  
Fiscal Year 2010-2011

This Agreement is made and entered in the City of Cloverdale on this 12th day of January 2011, by and between the City of Cloverdale, a municipal corporation, hereinafter referred to as "CITY", and the Cloverdale Community Development Agency, hereinafter referred to as "AGENCY".

WITNESSETH

Whereas, the AGENCY has a need for assistance in funding certain redevelopment activities in the Cloverdale Community Development Project (the "Project") including, but not limited to, project, operating and administrative expenses and overhead of the AGENCY consistent with the Cloverdale Community Development Project and the California Community Redevelopment Law; and

Whereas, Section 33600 et seq. of the California Community Redevelopment Law authorizes the AGENCY to borrow money or accept financial or other assistance from the CITY; and

Whereas, AGENCY has adopted the AGENCY's annual budget the period July 1, 2010 through June 30, 2011 ("Fiscal Year 2010-2011")

Now, Therefore In consideration of their mutual promises, obligations, and covenants hereinafter contained, the parties agree as follows:

Section 1. Amount of Loan:

CITY agrees to lend AGENCY an amount not to exceed \$826,600 ("Loan Amount"), at an interest rate of 12% per year for the AGENCY's project, operating, administrative and overhead expenses for Fiscal Year 2010-2011.

Section 2. Disbursement of Funds:

CITY may, at City's option, disburse loan proceeds to AGENCY once for Fiscal Year 2010-2011 in keeping with the execution of this Agreement, or in increments during Fiscal Year 2010-2011 upon receipt of requests from AGENCY. If CITY disburses loan proceeds to AGENCY in increments, City may condition such disbursements upon receipt of funds from AGENCY in repayment of funds previously disbursed by the CITY, as specified by the CITY.

Section 3. Use of Funds:

AGENCY agrees to use loan proceeds disbursed pursuant to this Agreement only for the purposes provided for in the adopted annual budget of AGENCY for Fiscal Year 2010-2011 and in accordance with the Cloverdale Community Development Project and the California Community Redevelopment Law.

Section 4. Repayment:

Subject to Section 6, AGENCY agrees to repay the Loan Amount and accrued interest in increments, if CITY conditions payment of loan proceeds on repayment of such increments, in accordance with Section 2, above. If CITY disburses the loan proceeds once for Fiscal Year 2010-2011, AGENCY agrees to repay the entire Loan Amount and accrued interest no later than August 31, 2011.

Section 5. Obligation Constitutes Indebtedness.

This Agreement shall constitute a contractual obligation and debt of AGENCY to use all available Tax Increment Revenue of the AGENCY to repay CITY the entire Loan Amount and accrued interest in accordance with the terms of this Agreement; as such terms may be amended from time to time pursuant to Section 7, below.

Section 6. Subordination.

AGENCY's repayment obligation is and will be subordinate to Agency's pledge, if any, of Tax Increment Revenue for tax allocation bonds issued by AGENCY or other long-term Indebtedness, if any, incurred by AGENCY.

Section 7. Amendments.

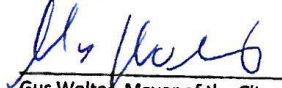
Any amendment, modification or variation from the terms of the Agreement shall be in writing and shall be effective only upon approval of the AGENCY and the CITY.

Section 8. Authority to Execute Agreement.

Both CITY and AGENCY do covenant that each individual executing this Agreement on behalf of each party is a person duly authorized and empowered to execute Agreement for each party.

In Witness Whereof, the Parties hereto have caused this instrument to be executed the day and year first written above.

Approved



Gus Wolter, Mayor of the City of Cloverdale and Chairperson of the Cloverdale Community Development Agency

Attest



Nina Regor, City Clerk of the City of Cloverdale and Secretary to the Cloverdale Community Development Agency



**City Council/Redev. Agency  
Agenda Item Summary**

Agenda Item: 6  
Meeting Date: January 12, 2011

Agenda Section	Staff Contact
Consent	Diana G. Edwards

**Agenda Item Title**

Annual Loan Between the City of Cloverdale and the Cloverdale Redevelopment Agency

**Summary**

Once the Board has acted on the Annual Budget it is necessary for the City and the Community Development Agency (CDA) to enter into a Loan Agreement annually: According to California State law, the CDA may receive tax increment revenue, (annual property tax collected), only to the extent it has outstanding indebtedness that is not covered by available revenues. The CDA is required to submit a statement outlining the amount of the indebtedness and a reconciliation statement, including the revenue available at the end of the prior fiscal year, to the County Auditor/Controller each year. After reviewing the statement, the County Auditor subtracts the total indebtedness, including this proposed annual loan of the CDA, from the available revenue in the CDA. This is the calculation used to release CDA revenues to the City which is then used to pay the existing indebtedness of the CDA.

In order to adequately validate debt and record advances each year, the City and the CDA enter into a loan agreement annually. This year the loan amount covered by the agreement is \$826,600. The loan amount includes the budgeted expenditures for all Redevelopment programs, but does not include the CDA's housing set aside fund or CDA debt service. The loan amount does not include the CDA's housing set aside fund because the Housing fund is not taken into account in determining the annual amount of existing CDA debt for release of tax increment proceeds. The loan amount does not include Agency debt service because such debt already qualifies as existing CDA debt for release of tax increment proceeds. The loan amount reflects a "not to exceed amount." Also reflected in the loan agreement is an interest rate, which staff recommends be set at 12% interest.

**Options**

1. Approve adoption of the attached resolution
2. Reconsider adoption of the annual resolution.

XX

**Budget/Financial Impact**

The General Fund has the ability to provide the loan to the CDA given the timing of cash flow. The interest earned by the General Fund and paid by the CDA fund have both been budgeted in the 10/11 budget.

**Subcommittee Recommendation**

**Recommended Council Action**

It is recommended the City Council/Agency Board adopt the attached joint resolution approving the Loan Agreement between the City and the Community Development Agency for \$826,600.

**Attachments:**

1. Resolution
2. Loan Agreement (Exhibit A of the Resolution)

cc:

## Attachment 2

### Reconciliation Statement from Statement of Indebtedness Fiscal Years 2001/2002 to 2010/2011

# RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 1

Name of Agency: Cloverdale Community Development Agency  
Name of Project Area: Cloverdale Redevelopment Project Area

Tax Year 2011-2012

Reconciliation Dates: From July 1, 2010 to June 30, 2011

A		B		C		D		E		F	Comments
SOI Page and Line Form Yr Control Yr	Debt Identification Brief Description	Outstanding Debt At Beginning Indebtedness	Adjustments	Increases (Attach Explanation)	Decreases (Attach Explanation)	Amount Paid Agency Obligations, Bond Tax Payment	Other Funds	Reconciling Balance (A+B+C+D-E)			
Pg 1 Line A	2008 Tax Allocation Bonds Project 066	28,746,732				920,922		27,825,809			
Pg 1 Line B	2007 Tax Allocation Bonds Project 067	15,014,511				338,552		14,675,959			
Pg 1 Line C	Loan From Calif Infrastructure & Economic Development Bank Proj 064	4,391,701				154,846		4,236,855.66			
Pg 1 Line D	LMI Housing Fund - 20% Set- Aside Obligation	16,561,238			481,502	556,255		15,523,482			Adjustment to decrease LMI pass through needed to reconcile remaining balance to total requirements through the life of the Agency
Pg 1 Line E	Loan to Agency From City	-		826,600		826,600		-			Adjustments to increase are to account for the fiscal year 10:11 loan from the City to the Agency
Pg 1 Line F	County Pass Through	18,229,060			3,439,949	75,695		14,783,417			Adjustment to decrease County pass through needed to reconcile remaining balance to total requirements through the life of the Agency
Pg 1 Line G	Schools Pass Through	665,784		2,060		35,935		571,890			Adjustment to increase School pass through needed to reconcile remaining balance to total requirements through the life of the Agency
Pg 1 Line H	Administrative Costs Paid to County	-		43,676		43,676		-			Adjustments increase is to account for property tax administration fees charged to the Redevelopment Agency, 27 Sovereign County
GRAND TOTALS		84,737,154		872,357	3,921,451	2,952,530	-	78,735,530			

**NOTE:** This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of Indebtedness from one SOI to the next, use page and line number references from each SOI that the item of Indebtedness is listed on. If the Indebtedness is listed on this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the difference between the current and prior year SOI totals.

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI Form A Total Outstanding Debt Column.



# RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 1

Name of Agency: Cloverdale Community Development Agency  
Name of Project Area: Cloverdale Redevelopment Project Area

Fiscal Year 2010-2011

Reconciliation Dates: From July 1, 2009 to June 30, 2010

SOI Page and Line Prior Yr	SOI Page and Line Current Yr	Debt Identification Brief Description	A		B		C		D		E		F	Comments
			Outstanding Debt At Beginning of Fiscal Year	At End of Fiscal Year	Increases (Attach Explanation)	Decreases (Attach Explanation)	Decreases (Attach Explanation)	Decreases (Attach Explanation)	Increases (Attach Explanation)	Decreases (Attach Explanation)	Increases (Attach Explanation)	Decreases (Attach Explanation)		
Pg 1 Line A	Pg 1 Line A	2008 Tax Allocation Bonds Project 086	29,636,904											
Pg 1 Line B	Pg 1 Line B	Loan From State REDIP Project 055	14,013										28,746,732	
Pg 1 Line C	Pg 1 Line C	Loan From State Sanitar/WMB Project 056	19,395											
Pg 1 Line D	Pg 1 Line D	Loan From Calif Infrastructure & Economic Development Bank Proj 084	4,442,147											
Pg 1 Line E	Pg 1 Line E	LMI Housing Fund - 20% Set- Aside Obligation	18,949,831										4,381,701.19	
Pg 1 Line F	Pg 1 Line F	Loan to Agency From City	-		759,580								16,561,238	Adjustment to increase LMI pass through needed to reconcile remaining balance to total requirements through the file of the Agency
Pg 1 Line G	Pg 1 Line G	County Pass Through	17,800,489		587,307								-	Adjustment to increase County pass through needed to reconcile remaining balance to total requirements through the file of the Agency
Pg 1 Line H	Pg 1 Line H	Schools Pass Through	521,313		84,481								17,522,441	Adjustment to increase School pass through needed to reconcile remaining balance to total requirements through the file of the Agency
Pg 1 Line I	Pg 1 Line I	Administrative Costs Paid to County	-		44,810								569,568	Adjustment to increase Administrative costs needed to reconcile remaining balance to total requirements through the file of the Agency
Pg 1 Line J	Pg 1 Line J	2007 Tax Allocation Bonds Project 087	15,353,083										-	Adjustment increase is to account for property tax administration fees charged to the Redevelopment Agency by Sonoma County
GRAND TOTALS			84,737,154		1,735,527								15,014,511	
													82,806,150	

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the Indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and the column. Column F must equal the current SOI Form A Total Outstanding Debt Column.

# RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 1

Name of Agency: Cloverdale Community Development Agency  
Name of Project Area: Cloverdale Redevelopment Project Area

Tax Year 2009-2010

Reconciliation Dates: From July 1, 2008 to June 30, 2009

A		B		C		D		E		F		Comments
SOI Page and Line: Prior Yr	Current Yr	Debt Identification Brief Description	Outstanding Debt At Beginning Indebtedness	Increases (Attach Explanation)	Decreases (Attach Explanation)	Amount Paid Through Tax Increment	Other Funds	Amount Paid Through Tax Increment	Other Funds	Remaining Balance (ABCDE)		
Pg 1 Line A	Pg 1 Line A	2008 Tax Allocation Bonds Project 068	30,494,826					657,922		29,836,904		
Pg 1 Line B	Pg 1 Line B	Loan From State REDIP Project 055	28,032					14,019		14,013		
Pg 1 Line C	Pg 1 Line C	Loan From State Sentia/WMB Project 056	95,532	1,484	38,815			38,815				
Pg 1 Line D	Pg 1 Line D	Loan From Calif Infrastructure & Economic Development Bank Prj 084	4,628,690					187,543		4,442,146.68		
Pg 1 Line E	Pg 1 Line E	LMI Housing Fund - 20% Set- Aside Obligation	18,845,517	803,145				698,831		18,949,831		
Pg 1 Line F	Pg 1 Line F	Loan to Agency From City	-	721,290				721,290		-		
Pg 1 Line G	Pg 1 Line G	County Pass Through	15,967,380	2,741,535				908,426		17,600,489		
Pg 1 Line H	Pg 1 Line H	Schools Pass Through	475,020	80,511				34,218		521,313		
Pg 1 Line I	Pg 1 Line I	Administrative Costs Paid to County	-	45,314				45,314		-		
Pg 1 Line J	Pg 1 Line J	2007 Tax Allocation Bonds Project 087	15,691,508					338,525		15,353,083		
GRAND TOTALS			84,227,505	4,393,288	38,815			3,844,903		84,737,154		

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A, Total Outstanding Debt Column.

# RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 1

Name of Agency: Cloverdale Community Development Agency  
Name of Project Area: Cloverdale Redevelopment Project Area

Tax Year 2008-2009

Reconciliation Dates: From July 1, 2007 to June 30, 2008

SOI Page and Line Prior Yr	Debt Identification Brief Description	A			B			C			D			E			F	Comments
		Outstanding Debt At Beginning of Period	Increases (Addition)	Decreases (Less)	Outstanding Debt At End of Period	Increases (Addition)	Decreases (Less)	Outstanding Debt At End of Period	Increases (Addition)	Decreases (Less)	Outstanding Debt At End of Period	Increases (Addition)	Decreases (Less)	Outstanding Debt At End of Period	Increases (Addition)	Decreases (Less)	Outstanding Debt At End of Period	
Pg 1 Line A	2006 Tax Allocation Bonds Project 066	33,325,332			33,325,332													Increased to correct amount paid in 2007 (paid less than reported). Decrease to correct original amount of indebtedness at bond issuance.
Pg 1 Line B	Loan From State REDIP Project 055	42,056			42,056													
Pg 1 Line C	Loan From State Senior/WMB Project 058	97,105			97,105													Adjustment to reconcile balance to current amortization schedule.
Pg 1 Line D	Loan From City Infrastructure & Economic Development Bank Proj 064	4,817,283			4,817,283													
Pg 1 Line E	LMI Housing Fund - 20% Set- Aside Obligation	15,381,787			15,381,787													Adjustment to increase LMI pass through needed to reconcile remaining balance to total requirements through the life of the Agency.
Pg 1 Line F	Loan to Agency From City	-	1,113,410		-	1,113,410												Adjustments to increase one to account for the fiscal year 07-08 from the City to the Agency.
Pg 1 Line G	County Pass Through	14,339,358			14,339,358													Adjustment to increase County pass through needed to reconcile remaining balance to total requirements through the life of the Agency.
Pg 1 Line H	Schools Pass Through	434,674			434,674													Adjustment to decrease School pass through needed to reconcile remaining balance to total requirements through the life of the Agency.
Pg 1 Line I	Administrative Costs Paid to County	-	42,337		-	42,337												Adjustments increase is to account for property tax administration fees charged to the Redevelopment Agency by Sonoma County.
Pg 1 Line J	2007 Tax Allocation Bonds Project 067	-	15,851,447		-	15,851,447												Adjustment due to new bond issue.
GRAND TOTALS		68,477,503	21,608,649	2,105,145	88,970,007	21,608,649	2,105,145	88,970,007	21,608,649	2,105,145	88,970,007	21,608,649	2,105,145	88,970,007	21,608,649	2,105,145	88,970,007	

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI Form A Total Outstanding Debt Column.

# RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 1

Name of Agency: Cloverdale Community Development Agency  
Name of Project Area: Cloverdale Redevelopment Project Area

Tax Year 2007-2008

Reconciliation Dates: From July 1, 2006 to June 30, 2007

SOI Page and Line SOI Yr Current Yr	Debt Identification Brief Description	A			B			C			D			E			F	Comments
		Outstanding Debt At Beginning of Period	Increases (Addition)	Decreases (Deduction)	Outstanding Debt At End of Period	Increases (Addition)	Decreases (Deduction)	Outstanding Debt At End of Period	Increases (Addition)	Decreases (Deduction)	Outstanding Debt At End of Period	Increases (Addition)	Decreases (Deduction)	Outstanding Debt At End of Period	Increases (Addition)	Decreases (Deduction)		
Pg 1 Line A	2006 Tax Allocation Bonds Project 066	-	33,673,138		33,673,138						347,808						33,325,332	
Pg 1 Line B	Loan From State REDIP Project 055	56,094			56,094						14,028						42,056	Adjustment due new bond issue.
Pg 1 Line C	Loan From State Sania/WMB Project 056	138,001			138,001						81						97,105	Adjustment to correct amortization schedule of last year
Pg 1 Line D	Loan From Calif Infrastructure & Economic Development Bank Proj 064	5,004,823			5,004,823						187,640						4,817,283	
Pg 1 Line E	LMI Housing Fund - 20% Set- Aside Obligation	2,698,082			2,698,082						620,851						15,381,787	Adjustment to increase LMI pass through needed to reconcile remaining balance to total requirements through the life of the Agency
Pg 1 Line F	Loan to Agency From City	-			-						335,900						-	Adjustment to increase are to account for the fiscal year 2005 loan from the City to the Agency
Pg 1 Line G	1995 Tax Allocation Bonds Project 050	1,828,370			1,828,370						819,276					1,110,094	-	Adjustment due to early payment of bond (Paid with new bond proceeds)
Pg 1 Line H	County Pass Through	3,623,141			3,623,141						807,054						14,399,368	Adjustment to increase County pass through needed to reconcile remaining balance to total requirements through the life of the Agency
Pg 1 Line I	Schools Pass Through	88,222			88,222						30,315						434,874	Adjustment to decrease School pass through needed to reconcile remaining balance to total requirements through the life of the Agency
Pg 1 Line J	Administrative Costs Paid to County	-			-						33,853						-	Adjustments increase is to account for property tax administrative fees charged to the Redevelopment Agency by Sonoma County
GRAND TOTALS		13,433,803	59,386,513	819,357	2,416,262	1,110,094											68,477,603	

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI Form A Total Outstanding Debt Column.



# RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 1

Name of Agency: Cloverdale Community Development Agency  
Name of Project Area: Cloverdale Redevelopment Project Area

Tax Year 2006-2007

Reconciliation Dates: From July 1, 2005 to June 30, 2006

From July 1, 2005 to June 30, 2006

A		B		C		D		E		F	Comments
SOI Page and Line Prior Yr Current Yr	Debt Identification Brief Description	Outstanding Debt At Beginning Indebtedness		Adjustments		Amounts Paid Against Indebtedness from:		Reconciliation			
		Pg 1 Line A	Pg 1 Line B	Pg 1 Line C	Pg 1 Line D	Pg 1 Line E	Pg 1 Line F	Pg 1 Line G	Pg 1 Line H	Pg 1 Line I	Pg 1 Line J
Pg 1 Line A	Tax Allocation Bonds Project 050	2,025,569									
Pg 1 Line B	Loan From State REDIP Project 055	70,118									
Pg 1 Line C	Loan From State Santa/WWB Project 056	174,816									
Pg 1 Line D	Loan From Calif Infrastructure & Economic Development Bank Proj 064	5,434,928									
Pg 1 Line E	LMI Housing Fund - 20% Set- Aside Obligation	2,654,640	605,632								
Pg 1 Line F	Loan to Agency From City	-	671,800								
Pg 1 Line G	Loan For Computer	-									
Pg 1 Line H	County Pass Through	2,813,908	1,440,715								
Pg 1 Line I	Schools Pass Through	99,221	27,422								
Pg 1 Line J	Administrative Costs Paid to County	-	39,031								
GRAND TOTALS		13,273,200	2,784,600	229,592							

**NOTE:** This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI Form A Total Outstanding Debt Column.

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and the columns. Column F must equal the current SOI, Form A Total Outstanding Debt Column.

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# RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency: Cloverdale Community Development Agency  
Name of Project Area: Cloverdale Redevelopment Project Area

Page 1 of 1

Tax Year 2005-2008

Reconciliation Dates: From July 1, 2004 to June 30, 2005

SOL Page and Line Priority	SOL Page and Line Current Yr	Debt Identification Brief Description	A			B			C			D			E			F	Comments
			Outstanding Debt At Beginning Indebted	At Beginning Indebted	At Beginning Indebted	Increases (Addition/Expenses)	Decreases (Subtraction/Expenses)	Net Change	Amount Paid (Addition/Expenses)	Tax Interest	Other Funds	Amount Paid (Addition/Expenses)	Tax Interest	Other Funds	Amount Paid (Addition/Expenses)	Tax Interest	Other Funds	Remaining Balance (Add/Decrease)	
Pg 1 Line A	Pg 1 Line A	Tax Allocation Bonds Project 050	2,121,768	2,121,768					98,199									2,025,569	
Pg 1 Line B	Pg 1 Line B	Loan From State REDIP Project 055	84,156	84,156					14,038									70,118	
Pg 1 Line C	Pg 1 Line C	Loan From State Serial/WMB Project 058	213,631	213,631					38,815									174,816	
Pg 1 Line D	Pg 1 Line D	Loan From Cal Infrastructure & Economic Development Bank Proj 064	5,637,423	5,637,423					202,495									5,434,928	
Pg 1 Line E	Pg 1 Line E	LMI Housing Fund - 20% Set- Aside Obligation	2,934,131	2,934,131		204,315			483,806									2,654,640	Adjustment to increase UMass through needed to reconcile remaining balance to total requirements through the life of the Agency
Pg 1 Line F	Pg 1 Line F	Loan to Agency From City	450,977	450,977		477,098			928,075									-	Adjustments to increase are to account for the fiscal year 2005 loan from the City to the Agency.
Pg 1 Line G	Pg 1 Line G	Loan for Computer Proj 063	1,737	1,737			579		1,158									-	Adjustment decrease because the Redevelopment Agency's share was less than estimated at the close of the prior year
Pg 1 Line H	Pg 1 Line H	County Pass Through	3,105,201	3,105,201		230,322			535,615									2,813,808	Adjustment to increase County pass through needed to reconcile remaining balance to total requirements through the life of the Agency
Pg 1 Line I	Pg 1 Line I	Schools Pass Through	134,233	134,233			8,448		26,554									99,221	Adjustment to decrease School pass through needed to reconcile remaining balance to total requirements through the life of the Agency
Pg 1 Line J	Pg 1 Line J	Administrative Costs Paid to County				35,362			35,362									-	Adjustments increase is to account for property tax administration fees charged to the Redevelopment Agency by Sonoma County
GRAND TOTALS			14,987,257	14,987,257		1,007,087	9,027		2,412,127									13,273,200	

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOL Form A are to be included on this document. To assist in following each item of Indebtedness from one SOL to the next, use page and line number references from each SOL that the item of Indebtedness is listed on. If the Indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOL Form A Total Outstanding Debt Column.

# RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 1

Name of Agency: Cloverdale Community Development Agency  
Name of Project Area: Cloverdale Redevelopment Project Area

Tax Year 2004-2005

Reconciliation Dates: From July 1, 2003 to June 30, 2004

SOI Page and Line		Debt Identification		A		B		C		D		E		F		Comments
Current Yr		Brief Description		Outstanding Debt		Adjustments		Amounts Paid Against Indebtedness		Tax		Other Funds		Remaining Balance		
Prior Yr		Description		At Request of Indebtedness		Increase (Attach Explanation)		Decrease (Attach Explanation)		Tax		Other Funds		(A+B+C-D-E)		
Pg 1 Line A	Pg 1 Line A	Tax Allocation Bonds		2,219,319						97,551				2,121,768		
Pg 1 Line B	Pg 1 Line B	Project 050														
Pg 1 Line C	Pg 1 Line C	Loan From State REDIP		98,198						14,042				84,156		
Pg 1 Line D	Pg 1 Line D	Project 055														
Pg 1 Line E	Pg 1 Line E	Loan From State Santa/MWB		252,473						38,842				213,631		
Pg 1 Line F	Pg 1 Line F	Project 056														
Pg 1 Line G	Pg 1 Line G	Loan From Calif Infrastructure & Economic Development Bank		5,787,548						130,125				5,637,423		Balance was decreased to correct calculation formula error which did not include a provision for outstanding debt. Error was made on prior year's report prepared on
Pg 1 Line H	Pg 1 Line H	LMI Housing Fund - 20% Set-As de		15,073,880				11,807,495		332,054				2,934,131		Adjustment was made to include proven on for FY 03-04
Pg 1 Line I	Pg 1 Line I	Old Inaction														
Pg 1 Line J	Pg 1 Line J	Loan to Agency From City		507,705		434,375				507,705				434,375		
Pg 1 Line K	Pg 1 Line K	Loan for Computer		8,685						6,948				1,737		Balance was decreased to correct calculation formula error which did not include a provision for outstanding debt. Error was made on prior year's report preparation.
Pg 1 Line L	Pg 1 Line L	County Pass Through		19,386,600				15,828,972		448,427				3,109,201		Balance was decreased to correct calculation formula error which did not include a provision for outstanding debt. Error was made on prior year's report preparation.
Pg 1 Line M	Pg 1 Line M	Schools Pass Through		1,130,600				971,506		24,851				134,233		Balance was decreased to correct calculation formula error which did not include a provision for outstanding debt. Error was made on prior year's report preparation.
GRAND TOTALS				44,444,808		434,375		28,607,973		1,600,555		0		14,670,655		

**NOTE:** This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is linked on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI Form A Total Outstanding Debt Column.

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt Column.

## Page 1 of 1

Tax Year 2003-2004

**Reconciliation Dates:** From July 1, 2002 to June 30, 2003

**NOTE:** This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI and the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Year" page and line columns. Column F must equal the current SOI. Form A Total Outstanding Debt Column.

**NOTE:** This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document in following each item of indebtedness from one SOI to the next, use page and the number referenced from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt Column.



# RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 1

Name of Agency: Cloverdale Community Development Agency  
Name of Project Area: Cloverdale Redevelopment Project Area

Tax Year 2002-2003

Reconciliation Dates: From July 1, 2001 to June 30, 2002

SOI Page and Line: Prior Yr Current Yr	Debt Identification Brief Description	A		B		C		D		E		F	Comments
		Outstanding Debt At Beginning of Fiscal Year	Outstanding Debt At End of Fiscal Year	Increases (Attach Explanation)	Decreases (Attach Explanation)	Net Increase	Net Decrease	Net Increase	Net Decrease	Net Increase	Net Decrease	Reconciling Balance (A+B-C-D-E)	
Line A Pg 1	Tax Allocation Bonds Project 050	2,321,844		86,538				100,185				2,318,180	To correct understatement of total indebtedness as of 6/30/01 To correct understatement of total indebtedness as of 6/30/01
Line B Pg 1	Loan From State REDIP Project 055	117,923		1,445				13,263				106,105	
Line C Pg 1	Loan From State Santa Rosa Project 056	330,157						38,842				291,315	
Line D Pg 1	Developer Participation - Furber Project 054	47,458						23,728				23,728	To record set-aside obligation for fiscal year 2002-2003 To record Agency Loan from City for fiscal year 2002-2003 To record County Pass-Through inadvertently omitted from reconciliation To record Agency Share of Computer Loan To record Agency Schools' Pass-Through
Line E Pg 1	LMI Housing Fund - 20% Set Aside Obligation	249,128		145,900				249,128				145,900	
Line F & G Pg 1	Loan to Agency From City	648,592		407,215				648,592				407,215	
Line H Pg 1	County Pass Through			5,538,239				279,068				5,259,173	To record Agency Share of Computer Loan To record Agency Schools' Pass-Through
Line I Pg 1	Loan for Computer			17,891				2,316				15,575	
Line J Pg 1	School District Pass Through			21,321				21,321					
GRAND TOTALS		3,715,102		6,228,550				1,376,442				8,557,210	

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A are to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is filed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt Column.

Attachment 3

Oversight Board Resolution

No. OB004-2014

Approving the Appropriation of Funds

as a Loan to the

Cloverdale Community Development Agency

**OVERSIGHT BOARD FOR THE CLOVERDALE COMMUNITY DEVELOPMENT SUCCESSOR AGENCY  
RESOLUTION NO. OB004-2014**

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CLOVERDALE  
COMMUNITY DEVELOPMENT SUCCESSOR AGENCY RATIFYING AND  
APPROVING REPAYMENT TO THE CITY OF CLOVERDALE FOR EXPENSES  
INCURRED ON BEHALF OF THE CLOVERDALE COMMUNITY DEVELOPMENT  
AGENCY, PURSUANT TO ANNUAL JOINT RESOLUTIONS BETWEEN THE CITY  
COUNCIL OF THE CITY OF CLOVERDALE AND THE BOARD OF DIRECTORS OF THE  
CLOVERDALE COMMUNITY DEVELOPMENT AGENCY APPROVING THE  
APPROPRIATION OF FUNDS AS A LOAN TO THE CLOVERDALE COMMUNITY  
DEVELOPMENT AGENCY**

**WHEREAS**, Assembly Bill 26 ("ABx1 26") was enacted by the State Legislature and signed by the Governor as of June 29, 2011; and

**WHEREAS**, on December 29, 2011 the California Supreme Court delivered its decision in *California Redevelopment Association v. Matasantos*, finding ABx1 26 largely constitutional and resulting in the dissolution of all California redevelopment agencies, including the Cloverdale Community Development Agency ("CCDA"); and

**WHEREAS**, on January 11, 2012, pursuant to Resolution No. 003-2012, the City Council of the City of Cloverdale ("City Council") elected to serve as the Successor Agency to the CCDA ("Successor Agency") pursuant to Health and Safety Code Section 34177 and other applicable law; and

**WHEREAS**, the dissolution of the CCDA and all other California redevelopment agencies became effective on February 1, 2012; and

**WHEREAS**, pursuant to ABx1 26, an oversight board was required to be formed for each jurisdiction where a redevelopment agency previously existed to oversee the dissolution activities managed and administered by the Successor Agency; and

**WHEREAS**, on April 24, 2012, the Oversight Board for the Successor Agency ("Oversight Board") was established and held its first meeting; and

**WHEREAS**, on June 27, 2012, AB 1484, a budget trailer bill that made substantial amendments and additions to ABx1 26, was signed into law; and

**WHEREAS**, on July 11, 2012, pursuant to AB 1484 and Resolution No. SA 1001-2012, the Successor Agency was established as a separate public entity; and

**WHEREAS**, prior to the dissolution of redevelopment agencies, city loans to redevelopment agencies with insufficient financing capacity were commonplace, and were not only expressly

authorized but encouraged by Health and Safety Code Sections 33220, 33600, 33601 and 33610 and Government Code Section 53600 *et seq.*; and

**WHEREAS**, as in prior fiscal years, the CCDA was in need of assistance in funding redevelopment activities in fiscal year 2010-11; and

**WHEREAS**, as in prior fiscal years, the CCDA adopted Resolution No. CD002-2011 on January 12, 2011, accepting and authorizing a loan from the City of Cloverdale ("City") for project, operating, administrative and overhead expenses for fiscal year 2010-11. The principal amount was \$826,600, bearing simple interest of 12% per year (the "Loan"); and

**WHEREAS**, the Loan was for public projects specified in the CCDA budget for fiscal year 2010-11 that were of benefit to the CCDA project areas, the surrounding neighborhood, and the entire City, and thus was for a legitimate redevelopment purpose; and

**WHEREAS**, the Loan Agreement was executed by the City and the CCDA on January 12, 2011; and

**WHEREAS**, on June 30, 2011 the CCDA repaid the Loan in full, in the amount of \$925,520; and

**WHEREAS**, the Loan repayment occurred before ABx1 26 was enacted and before the CCDA was dissolved; and

**WHEREAS**, at the time the Loan was made by the City and repaid by the CCDA, the City and CCDA were in full compliance with all applicable laws; and

**WHEREAS**, pursuant to AB 1484, the State Department of Finance issued a Finding of Completion to the Successor Agency on May 24, 2013.

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board for the Cloverdale Community Development Successor Agency, that the Oversight Board hereby finds, determines and resolves as follows:

1. The foregoing Recitals are true and correct, and are incorporated herein by reference.
2. The Oversight Board hereby ratifies and approves the Loan, as described in the recitals set forth in this Resolution, and the repayment of the Loan by the former Cloverdale Community Development Agency.
3. The funds comprising repayment of the Loan are not and should not be subject to an order by the State Controller to be returned to the Successor Agency.

4. The Successor Agency staff is authorized to take such other and further action as necessary to carry out the intent of this Resolution.
5. Declares that if any provision, sentence, clause, section or part of this Resolution is found to be unconstitutional, illegal or invalid, such finding shall affect only such provision, sentence, clause, section or part, and shall not affect or impair any of the remaining parts.

It is hereby certified that the foregoing Resolution No. OB004-2014 was duly introduced and adopted by the Oversight Board for the Cloverdale Community Development Successor Agency at a special meeting held on the 21<sup>st</sup> day of April, 2014, by the following vote: 5 ayes - 0 noes - 2 absent

AYES in favor: Vice Chair Mike Nixon, Member Denise Calvert, Member Gus Wolter, Member Carol Russell, Member Karen Massey

NOES:

ABSENT: Chair Carol Giovanatto and Member Ricardo Navarrette

ABSTAIN:

APPROVED:

ATTEST:

  
Mike Nixon, Vice Chair  
2265103.1

  
Roberto J. Bartoli, Jr., Acting Secretary

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