

RESOLUTION NO. 13-12 (OB)

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE
SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT
AGENCY OF THE CITY OF WATSONVILLE TAKING SPECIFIED
ACTIONS WITH RESPECT TO THE HOUSING FUND DUE
DILIGENCE REVIEW PURSUANT TO HEALTH AND SAFETY CODE
SECTIONS 34179.5 AND 34179.6**

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (the “**Dissolution Act**”) to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, pursuant to Health and Safety Code Section 34173, the City Council of the City of Watsonville declared that the City of Watsonville, a California charter city (the “**City**”), would act as successor agency (the “**Successor Agency**”) for the dissolved Redevelopment Agency of the City of Watsonville (the “**Dissolved RDA**”) effective February 1, 2012; and

WHEREAS, pursuant to Assembly Bill 1484 (“**AB 1484**”), enacted June 27, 2012 to amend various provisions of the Dissolution Act, the Successor Agency is now declared to be a separate legal entity from the City; and

WHEREAS, the Dissolution Act provides for the appointment of an oversight board (the “**Oversight Board**”) with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181; and

WHEREAS, pursuant to Health and Safety Code Section 34179.5 (as added by AB 1484), the Successor Agency is required to employ a licensed accountant, approved by the County Auditor-Controller for the County of Santa Cruz (the

“**Auditor-Controller**”), to conduct a due diligence review to determine the unobligated balances of the low and moderate income housing fund (the “**Housing Fund**”) held by the Successor Agency available for transfer to taxing entities as required under AB 1484 and the Dissolution Act; and

WHEREAS, the Successor Agency hired an accountant approved by the Auditor-Controller to prepare the due diligence review for the Housing Fund (the “**Housing Fund Due Diligence Review**”) in conformance with Health and Safety Code Section 34179.5; and

WHEREAS, in accordance with Health and Safety Code Section 34179.6, the Housing Fund Due Diligence Review has been submitted by the Successor Agency to the Oversight Board for the Oversight Board’s approval; and

WHEREAS, the Successor Agency also submitted the Housing Fund Due Diligence Review to the Santa Cruz County Administrative Officer (the “**County Administrator**”), the Auditor-Controller, the State Controller (the “**Controller**”) and the State Department of Finance (the “**DOF**”), along with copies of the Successor Agency’s recognized obligation payment schedules for the Fiscal Year 2012-13, as approved by the Oversight Board (the “**FY 2012-13 ROPS**”); and

WHEREAS, on October 10, 2012, in accord with Health and Safety Code Section 34179.6(b), the Oversight Board received the Housing Fund Due Diligence Review and convened a public comment session at which the Oversight Board received public comment concerning the Housing Fund Due Diligence Review; and

WHEREAS, the Oversight Board must review, approve and transmit the Housing Fund Due Diligence Review by October 15, 2012; and

WHEREAS, the Housing Fund Due Diligence Review and the staff report accompanying this Resolution provides supporting information upon which the actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE AS FOLLOWS:

Section 1. The foregoing recitals are true and correct and, together with the following documents and information, form the basis for the approvals, authorizations, findings, and determinations set forth in this Resolution: (1) the Housing Fund Due Diligence Review; (2) the FY 2012-13 ROPS; (3) information provided by the Successor Agency staff; (4) information provided by the public at the public comment session held by the Oversight Board on October 10, 2012; and (5) the opinions offered by the Auditor-Controller on the Housing Fund Due Diligence Review.

Section 2. In accordance with the Dissolution Act and AB 1484, the Oversight Board approves the Housing Fund Due Diligence Review

Section 3. The Oversight Board authorizes the Successor Agency to retain assets or funds, including any current balances needed to satisfy obligations placed on the FY 2012-13 ROPS, under Health and Safety Code Section 34179.5(c)(5)(E) in the amount of One Hundred and Sixty Eight Thousand and Two Hundred and Fifty Nine Dollars (\$168,259), from the funding sources and for the purposes identified in, incorporated herein by this reference.

Section 4. The Oversight Board authorizes and directs the Successor Agency staff to take all actions necessary under the Dissolution Act and AB 1484 to

file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the Housing Fund Due Diligence Review and to take any other actions necessary to ensure the validity of the Housing Fund Due Diligence Review and the validity of the retention of the funds specified to be retained by this Resolution. The Oversight Board acknowledges and agrees that the Successor Agency may invoke the meet and confer process identified in Health and Safety Code Section 34179.6(e) to resolve any disputes with the DOF regarding the amounts or sources of funds as eligible to be retained. In addition, the Oversight Board confirms that the Successor Agency is not required to make any Housing Fund Due Diligence Review Payment to the Auditor-Controller as required under Health and Safety Code Section 34179.6(f).

Section 5. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

The foregoing resolution was introduced at a regular meeting of the Oversight Board of Successor Agency to the City of Watsonville Redevelopment Agency, held on the 18th day of October, 2012, by Member Tavantzis, who moved its adoption, which motion being duly seconded by Member McFadden, was upon roll call carried and the resolution adopted by the following vote:

AYES: **BOARD MEMBERS: Caput, McFadden, Tavantzis, Montesino**



ATTEST:

Beatriz Vázquez Flores
Beatriz Vázquez Flores, Board Secretary

I, Beatriz Vázquez Flores, City Clerk of the City of Watsonville, do hereby certify that the foregoing Resolution No. 13-12 (OB) was duly and regularly passed and adopted by the Oversight Board at a meeting thereof held on the 18th day of October, 2012, and that the foregoing is a full, true and correct copy of said Resolution.


Beatriz Vázquez Flores, City Clerk

EXHIBIT "A"

**Housing Due Diligence Review prepared for the Successor Agency of the
Redevelopment Agency of the City of Watsonville by**

Moss, Levy & Hartzheim LLC, Certified Public Accountants

Firm approved by the Santa Cruz County Auditor-Controller to conduct this work on July 16, 2012

**SUCCESSOR AGENCY TO THE
DISSOLVED REDEVELOPMENT AGENCY OF THE
CITY OF WATSONVILLE
Santa Cruz County, California**

**Agreed Upon Procedures – AB1484
Low and Moderate Income Housing Fund**

June 30, 2012

SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE
Watsonville, California
Agreed Upon Procedures – AB1484
Low and Moderate Income Housing Fund
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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES ON
THE LOW AND MODERATE INCOME HOUSING FUND**

Oversight Board of the Successor Agency
City of Watsonville
Watsonville, California

We have performed the procedures enumerated below solely to assist in ensuring that the Successor Agency of the Redevelopment Agency of the City of Watsonville is complying with its statutory requirements with respect to AB 1484. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Applied

Citation:

34179.5(c)(1) The dollar value of assets transferred from the former Redevelopment Agency to the Successor Agency on or about February 1, 2012.

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

Result:

We found no exceptions as a result of the procedures performed. See Attachment A for the listing of all assets that were transferred.

Citation:

34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the Redevelopment Agency or the Successor Agency to the City, County, or City and County that formed the Redevelopment Agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

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AGREED-UPON PROCEDURES OF AB 1484

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

Result:

No assets were transferred from the former Redevelopment Agency Low-Mod Housing Fund to the City of Watsonville during the period January 1, 2011 through January 31, 2012.

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

Result:

Section 34176(a) of the Redevelopment Law provides that the city that authorized the creation of the redevelopment agency may elect to retain the housing assets and functions previously performed by the former redevelopment agency. The City of Watsonville elected to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Watsonville in accordance with Section 34171(j) and Section 34173 of the Redevelopment Law. On September 5, 2012, the Department of Finance completed its review of the housing asset transfers and is not objecting to any assets or transfers of assets identified to them on the City's Housing Transfer Form under the Health and Safety Code section 34176 (a) (2). See Attachments E and F.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

See Attachments F, G, and H.

Citation:

34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the Redevelopment Agency or the Successor Agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

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

Result:

No LMIHF assets were transferred from the former Redevelopment Agency Housing Fund to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012.

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Citation:

34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the Redevelopment Agency or the Successor Agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer (continued).

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures (continued):

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

Result:

No LMIHF assets were transferred from the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012.

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

Not applicable. No LMIHF assets were transferred to any other public agency or to private parties for the period.

Citation:

34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010-11 and 2011-12 fiscal years that reconciles balances, assets, and liabilities of the Successor Agency on June 30, 2012 to those reported to the Controller for the 2009-10 fiscal year.

4. Perform the following procedures:

- A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.
- B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.
- C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.
- D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

Result:

Procedure 4 was not applicable to LMIHF.

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Citation:

34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

(A) A statement of the total value of each fund as of June 30, 2012

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

Result:

See Attachment B for the listing of assets of the LMIHF as of June 30, 2012.

34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:

A. Unspent bond proceeds:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Result:

The Successor Agency does not have any unspent bond proceeds.

B. Grant proceeds and program income that are restricted by third parties:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Result:

The Successor Agency did not have grant proceeds or program income restricted by third parties.

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Citation: *34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use (continued).*

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes (continued):

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

Result:

The Successor Agency did not have assets restricted by third parties.

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

Result:

There are no assets restricted by third parties.

Citation:

34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.

7. Perform the following procedures:

- A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

Result:

None.

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

Result:

None.

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Citation:

34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets. (Continued)

- C. For any differences noted in 7B, inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

Result:

Not applicable.

- D. If the assets listed at 7A are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Result:

Not applicable.

Citation:

34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the Successor Agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the Successor Agency, together with both the amount and timing of the bond debt service payments of the Successor Agency, for the period in which the oversight board anticipates the Successor Agency will have insufficient property tax revenue to pay the specified obligations.

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

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Citation:

34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the Successor Agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the Successor Agency, together with both the amount and timing of the bond debt service payments of the Successor Agency, for the period in which the oversight board anticipates the Successor Agency will have insufficient property tax revenue to pay the specified obligations. (Continued)

Result:

There are no restricted assets.

- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
 - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - iii. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
 - iv. For the forecasted annual revenues:
 - I. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Result:

There are no restricted assets.

- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Result:

There are no restricted assets.

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Citation: *34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the Successor Agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the Successor Agency, together with both the amount and timing of the bond debt service payments of the Successor Agency, for the period in which the oversight board anticipates the Successor Agency will have insufficient property tax revenue to pay the specified obligations. (continued)*

8. Perform the following procedures (continued):

- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures:
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
 - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
 - iii. Include the calculation in the AUP report.

Result:

There are no restricted assets.

Citation:

34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.

9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Result:

The Recognized Obligation Payment Schedule "ROPS" for July 1, 2012 to December 31, 2012 required \$2,377,653 but the "true up" from January 1, 2012 to June 30, 2012 ROPS of \$1,129,888 reduced the RPTTF payment to \$1,247,765, leaving the Successor Agency short by that amount. Thus, there are no available funds during this time frame. Further, based on this short fall the Successor Agency anticipates not being able to pay debt service without receiving loans from the City of Watsonville to cover ROPS deficits. Presently, the Successor Agency is seeking loans from the City of Watsonville to cover the ROPS deficits. See Attachments D, I and J.

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AGREED-UPON PROCEDURES OF AB 1484

Citation:

34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the Successor Agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

Result:

See Attachment C for the LMIHF schedule.

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

Result:

We found no exceptions as a result of the procedure performed.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion.

This report is intended solely for the information of the Oversight Committee, Management, California State Controller's Office, Department of Finance, and Santa Cruz County Auditor-Controller, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
September 26, 2012

Attachment A

City of Watsonville
Successor Agency
Asset Transfer Listing to the Successor Agency
on February 1, 2012

Cash	\$ 200,471
Accrued Interest Receivable	534,931
Loans Receivable	12,058,433
Advance to Successor Agency	629,940
Land Held For Resale	<u>1,177,012</u>
Total	<u>\$ 14,600,787</u>

**City of Watsonville
Successor Agency**
**Asset Transfer Listing to the Successor Agency for the
Period From January 1, 2011 through June 30, 2012**
(Low and Moderate Income Housing Fund)

Attachment B

Successor

Agency

**5 Months Ended
6/30/2012**

Assets (modified accrual basis)

Cash	\$ 166,223
Tax Increment/Accounts Receivable	2,036
Total Assets	<u>\$ 168,259</u>

Attachment C

City of Watsonville
Successor Agency

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES	LMIHF
Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 168,259
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	(168,259)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-
Amount to be remitted to county for disbursement to taxing entities	\$ -

Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.

Attachment D

City of Watsonville
Successor Agency
Current Unrestricted Balances Needed for Retention
on June 30, 2012

Current dedicated or restricted balances	\$ 168,259
Forecasted annual revenues:	
ROPS II	1,247,765
ROPS III	<u>1,766,570</u>
Total Resources Available (Fiscal Year 12/13)	<u>3,182,594</u>
Enforceable Obligations:	
ROPS II	(2,377,653)
ROPS III	<u>(1,766,570)</u>
Annual amount of forecasted spending requirements ROPS II and ROPS III	<u>(4,144,223)</u>
Amount of current unrestricted balances needed for retention	<u>\$ (961,629)</u>

Attachment E

**City of Watsonville
Successor Agency**
Asset Transfer Listing to the City of Watsonville Housing Fund

Accrued Interest Receivable	\$ 662,207
Loans Receivable	11,259,431
Advance to Successor Agency	629,940
Land Held For Resale	903,476
	<hr/>
	\$ 13,455,054

Attachment F

Resolution 11-12 dated June 20, 2012 of the Oversight Board – Transfer of Housing Assets

RESOLUTION NO. 11-12 (OB)

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE
SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT
AGENCY OF THE CITY OF WATSONVILLE CONFIRMING THE
TRANSFER OF HOUSING ASSETS OF THE FORMER
REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE TO
THE SUCCESSOR HOUSING AGENCY UNDER HEALTH & SAFETY
CODE SECTION 34176**

WHEREAS, in accordance with the provisions of the California Community
Redevelopment Law (Health & Safety Code Section 33000, et seq. ("CRL"), the City
Council of the City of Watsonville ("City") previously established the Redevelopment
Agency of the City of Watsonville, a public body, corporate and politic ("Agency") to
carry out the purposes of and exercise the powers granted to community
redevelopment agencies in accordance with the CRL; and

WHEREAS, in accord with CRL Section 34172, the Agency was dissolved as
of February 1, 2012 and its rights, powers, duties and obligations, other than the
Agency's housing assets and functions, were transferred to a "successor agency" (as
defined by CRL Section 34171(j)); and

WHEREAS, in accord with CRL Section 34173, the City is the successor
agency ("Successor Agency") to the former Agency and, as such, is vested with all
authority, rights, powers, duties and obligations previously vested in the Agency by
the CRL, except for the Agency's housing assets and functions, and except to the
extent repealed, restricted or revised pursuant to provision of Assembly Bill x1 26
("AB 26"); and

WHEREAS, in accord with CRL Section 34179, an oversight board ("Oversight
Board") for the Successor Agency was formed and exercises the powers given to
oversight boards under the CRL; and

WHEREAS, in accord with CRL Section 34176, the City elected to act as the "housing successor" ("Housing Successor") to the Agency and thereby retained the Agency's housing assets and functions; and

WHEREAS, neither CRL Section 34176 nor any other provision of AB 26 requires the Oversight Board to approve the transfer of the Agency's housing assets and functions to the Housing Successor; and

WHEREAS, notwithstanding the lack of any such approval requirement, the State Department of Finance has informally opined that the transfers of former redevelopment agency housing assets to a housing successor require approval of the cognizant oversight board; and

WHEREAS, without conceding the correctness of the Department of Finance's position, the Housing Successor has asked the Oversight Board to (1) approve the transfer to the Housing Successor of certain residential real properties described on the attached Exhibit "A" ("Subject Properties") which were acquired and held as Agency housing assets and (2) confirm that the Subject Properties can be disposed of or developed as affordable housing projects and that the proceeds of any sales of the Subject Properties are Housing Successor assets and may be used by the Housing Successor to carry out the Agency's housing functions; and

WHEREAS, the only source of tax increment funds used to acquire the Subject Properties were from the Agency's low and moderate income housing fund ("LMIHF") established under CRL Section 33334.3; and

WHEREAS, by operation of CRL Section 34176, the Subject Properties became Housing Successor assets on February 1, 2012; and

WHEREAS, the Subject Properties will continue to be restricted for use and occupancy by persons and families of low and moderate income as required by the CRL or if sold, sales proceeds will be used for the purposes of increasing, improving and preserving the City's supply of low and moderate income housing; and

WHEREAS, the Oversight Board desires (1) to confirm and approve the transfer of the Subject Properties to the Housing Successor as a housing asset of the former Agency, and (2) to confirm that the sales proceeds, if any, from the sale of the Subject Properties are Housing Successor assets and may be used for the purposes of increasing, improving and preserving the City's supply of low and moderate income housing.

**NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD FOR
THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF
THE CITY OF WATSONVILLE AS FOLLOWS:**

Section 1. Based upon the oral and written evidence presented to the Oversight Board at the time of its consideration of this Resolution, the Oversight Board finds and determines as follows:

- (1) The sole source of the funds used by the Agency to acquire the Subject Properties was the Agency's low and moderate income housing fund established pursuant to CRL Section 33334.3.
- (2) The Subject Properties were housing assets of the former Agency. The Subject Properties became Housing Successor assets on February 1, 2012. The future disposition and development of the Subject Properties must be for the purpose of increasing, improving and preserving the City's supply of low and moderate

income housing. Any proceeds from the Subject Properties' sale will be Housing Successor assets to be used for the purpose of increasing, improving and preserving the City's supply of low and moderate income housing.

- (3) The Oversight Board approves the transfer of the Subject Properties to the Housing Successor.

Section 2. The Oversight Board acknowledges that the Housing Successor's submission of the matters described in this Resolution to the Oversight Board for approval is done to avoid unnecessary delay in any transaction by which the Subject Properties are to be returned to the City's supply of affordable low and moderate income housing. The Oversight Board further acknowledges that the Housing Successor's submission of these matters to the Oversight Board does not constitute a waiver or an admission by the City, the Successor Agency or the Housing Successor that AB 26 or any other legal provision requires the Oversight Board's approval for the transfer of any Agency housing asset from the Agency or the Successor Agency to the Housing Successor or from the Housing Successor to another party. The Oversight Board acknowledges that the City, the Successor Agency, and the Housing Successor reserve all rights, defenses and claims with respect to such matters.

Section 3. This Resolution will become effective in accord with CRL Section 34179(h).

The foregoing resolution was introduced at a regular meeting of the Oversight Board of Successor Agency to the City of Watsonville Redevelopment Agency, held

on the 20th day of June, 2012, by Member Tavantzis, who moved its adoption, which motion being duly seconded by Member McFadden, was upon roll call carried and the resolution adopted by the following vote:



Eduardo Montesino, Chair

ATTEST:

Irwin I. Ortiz, Assistant Board Secretary

Exhibit "A"

APN: 015-391-20	Acquired 12-3-03	36 Airport Road	41,559 sf
APN: 017-302-24	Acquired 4-3-03	100 East Front	19,332 sf
APN: 107-361-11	Acquired 3-5-93	101 Main Street	6,078 sf

Attachment G

Housing Asset List Pursuant to AB X1 26 and AB 1484 dated August 1, 2012

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

Former Redevelopment Agency: Redevelopment Agency of the City of Watsonville

Successor Agency to the Former
Redevelopment Agency: City of Watsonville

Entity Assuming the Housing Functions
of the former Redevelopment Agency: City of Watsonville

Entity Assuming the Housing Functions
Contact Name: Jan Davison Title: Redevelopment and Housing Director Phone: 831-768-3083 E-Mail Address: jan.davison@cityofwatsonville.org

Entity Assuming the Housing Functions
Contact Name: Ezequiel Vaque Title: Administrative Service Director Phone: 831-768-3470 E-Mail Address: ezequiel.vaque@cityofwatsonville.org

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

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

X
X
X
X
X

Prepared By: William P. Hays, CPA

Date Prepared: 8/1/2012

Exhibit A - Real Property

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

Item #	Type of Asset, n.	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant by:	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-mod Housing Fund monies	Construction or acquisition cost funded with other RDA funds	Construction or acquisition cost funded with non-RDA funds	Date of construction or acquisition by the former RDA	Interest in real property (option to purchase, assessment, etc.)
1	Deed Restricted Low Income Residential Unit	Residential Townhome at 58 Del Rio Court	\$275,000	1,639	1,639	Yes	CRL-City	1-Feb-12	\$278,288	\$0	\$0	2-Feb-11	Fee
2	Residential Lot	36 Airport Road AP#015-381-20	\$860,000	41,559	41,559	No	CRL-City	1-Feb-12	\$860,000	\$0	\$0	12/2/2003	Fee
3	Residential Lot	101 Main Street AP# 107-361-11	\$188,500	8,078	8,078	No	CRL-City	1-Feb-12	\$188,500	\$0	\$0	3/10/1993	Fee
4	Residential Lot	100 East Front Street AP# 107-302-24	\$150,000	19,332	19,332	No	CRL-City	1-Feb-12	\$150,000	\$0	\$0	3/28/2003	Fee
5	Low-Mod Townhome	AP# 015-361-32	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
6	Low-Mod Townhome	AP# 015-361-37	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
7	Low-Mod Townhome	AP# 015-361-36	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
8	Low-Mod Townhome	AP# 015-361-29	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
9	Low-Mod Townhome	AP# 015-361-35	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
10	Low-Mod Townhome	AP# 015-361-30	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
11	Low-Mod Condo	AP# 018-701-06	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
12	Low-Mod Condo	AP# 018-583-04	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
13	Low-Mod Condo	AP# 018-583-04	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default

Exhibit A - Real Property

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

Item #	Type of Asset	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-Mod Housing Funds	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition by the former RDA	Interest in real property (option to purchase, easement, etc.)
14	Low-Mod Condo	AP# 018-701-17	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
15	Low-Mod Condo	AP# 018-583-04	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
16	Low-Mod Condo	AP# 018-701-29	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
17	Low-Mod Condo	AP# 018-583-04	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
18	Low-Mod Condo	AP# 018-583-04	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
19	Low-Mod Condo	AP# 018-701-05	\$0	0	0	Yes	CRL	1-Feb-12	\$0	\$0	\$0		Option to purchase or equity share if default
20	Common area lot	AP# 015-361-38	\$0	23,572	23,572	No		1-Feb-12	\$0	\$0	\$0	Pro 2000	

Notes: Line items 2-4: Covenants are not recorded until land is transferred for development of low-mod housing

Line item 20: Common area in an RDA developed low-mod townhouse development is still in name of RDA - this needs to be transferred to the homeowners association

Exhibit C - Low-Mod Encumbrances

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

Item #	Type of housing built or acquired with enforceably obligated funds (a)	Date contract for Enforceable Obligation was executed	Contractual counterparty	Total amount currently owed for the Enforceable Obligation	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant (b)	Current owner of the property	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition of the property
1	Multi-family Rental	2-23-10/Modified on 3-8-11	MP Sunny Meadows LLC	1,000,000	Yes	CRL-Tax Credits	Meadows LLC	\$3,125,000	\$0	\$19,800,409	31-Jan-12
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3											
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Exhibit D - Loans/Grants Receivables

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

Item #	Was the Low-Med Housing Fund used to make the loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
1	Loan	250,000	9/1/1982	Pajaro Valley Housing Corp-Tierra Linda	Affordable Housing	Yes	8/31/2009 - under modification of terms	yr 1-03/2-9yr-.05	250,000
2	Loan	512,000	2/22/1997	Pajaro Valley Housing Corp-131 Lands	Affordable Housing	Yes	12/1/2036	0.03	512,000
3	Loan	500,000	3/17/1999	Green Valley Corp/Barry Swensen Builders	Affordable Housing	Yes	2/1/2029	0.05	
4	Loan	225,000	1/1/1999	Pacific Terrace Associates	Housing	Yes	12/31/2052	30 yrs-0/24yrs-.03	473,776
5	Loan	1,215,000	6/1/2061	MP Transit Center Association	Housing	Yes	12/31/2061	0	1,189,342
6	Loan	584,948	6/12/2007	South County Land Corp.	Housing	Yes	7/1/2062	0.03	584,948
7	Loan	1,000,000	7/1/2009	Watsonville Pacific Associates	Housing	Yes	7/1/2044	yr11-15-.01/next20yrs-.015	1,000,000
8	Loan	3,125,000	2/23/2010 - Modified 3-6-11	MP Sunny Meadows, LLC	Affordable Housing	Yes	2/1/2070	0.03 - Residual Receipts	3,125,000
9	Loan	1,200,000	3/1/2011	Watsonville Pacific Associates	Housing	Yes	12/31/2057	0.03	1,200,000
10	Loan	20,427	8/23/2007	101 W. Front Street, Space 20	Aff Housing/Rehab	Yes	7/23/2027	0	20,427
11	Loan	36,127	8/8/2007	101 W. Front Street, Space 23	Aff Housing/Rehab	Yes	7/8/2027	0	34,765
12	Loan	22,427	8/9/2007	101 W. Front Street, Space 16	Aff Housing/Rehab	Yes	7/9/2027	0	22,427
13	Loan	20,319	8/8/2007	101 W. Front Street, Space 22	Aff Housing/Rehab	Yes	7/8/2027	0	20,319
14	Loan	17,700	8/9/2007	101 W. Front Street, Space 15	Aff Housing/Rehab	Yes	7/9/2027	0	17,402
15	Loan	22,427	8/6/2007	101 W. Front Street, Space 21	Aff Housing/Rehab	Yes	7/8/2027	0	22,427
16	Loan	15,000	8/22/2007	101 W. Front Street, Space 14	Aff Housing/Rehab	Yes	7/22/2027	0	14,702
17	Loan	38,500	4/25/2008	101 W. Front Street, Space 2	Aff Housing/Rehab	Yes	3/22/2028	0	33,242
18	Loan	22,000	8/9/2007	101 W. Front Street, Space 10	Aff Housing/Rehab	Yes	7/9/2027	0	21,702
19	Loan	41,000	3/3/2008	101 W. Front Street, Space 5	Aff Housing/Rehab	Yes	9/23/2027	0	40,813
20	Loan	21,702	8/7/2007	101 W. Front Street, Space 9	Aff Housing/Rehab	Yes	8/7/2027	0	21,702
21	Loan	22,000	8/14/2007	101 West Front Street, Space 12	Aff Housing/Rehab	Yes	7/14/2027	0	22,000
22	Loan	22,000	8/20/2007	101 W. Front Street, Space 8	Aff Housing/Rehab	Yes	7/20/2027	0	21,702
23	Loan	35,000	10/8/2007	101 W. Front Street, Space 11	Aff Housing/Rehab	Yes	9/8/2027	0	34,265
24	Loan	20,853	3/3/2008	101 W. Front Street, Space 16	Aff Housing/Rehab	Yes	7/8/2027	0	20,853
25	Loan	20,427	8/17/2007	101 W. Front Street, Space 18	Aff Housing/Rehab	Yes	7/17/2027	0	20,427
26	Loan	22,427	8/10/2007	101 W. Front St., Space 19	Aff Housing/Rehab	Yes	7/10/2027	0	22,427
27	Loan	41,000	3/3/2008	101 W. Front Street, Space 4	Aff Housing/Rehab	Yes	10/15/2027	0	40,834
28	Loan	21,000	8/21/2007	101 W. Front Street, Space 13	Aff Housing/Rehab	Yes	7/21/2027	0	20,702
29	Loan	15,324	8/3/2007	101 W. Front Street, Space 25	Aff Housing/Rehab	Yes	7/3/2027	0	15,324
30	Loan	15,000	8/26/2007	101 W. Front Street, Space 7	Aff Housing/Rehab	Yes	8/26/2027	0	14,789
31	Loan	36,000	11/14/2007	101 W. Front Street, Space 1	Aff Housing/Rehab	Yes	10/14/2027	0	35,233
32	Loan	36,000	11/1/2007	101 W. Front Street, Space 3	Aff Housing/Rehab	Yes	10/2/2027	0	36,000

Exhibit D - Loans/Grants Receivables

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

Item #	Was the Low-Med Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
33	Loan	41,000	3/3/2008	101 W. Front Street, Space 3	Aff Housing/Rehab	Yes	10/6/2027	0	40,232
34	Loan	16,000	9/12/2003	AP#018-471-21	Aff Housing/Rehab	Yes	Monthly until 10/7/2033	0	113,110
35	Loan	30,000	1/24/2011	AP#018-461-08	Aff Housing/Rehab	Yes	Monthly Payments until 1/1/2022	0	20,049
36	Loan	21,427	8/23/2007	101 W. Front Street, Space 17	Aff Housing/Rehab	Yes	7/23/2027	0	21,427
37	Loan	210,000	7/1/2003	AP# 019-051-04	Aff Housing/Rehab	Yes	Monthly Payments Until 7/31/2033	0	168,419
38	Loan	50,000	4/30/2002	AP# 015-351-13	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
39	Loan	7,500	3/17/2005	AP# 018-651-26	DPA	Yes	45 yrs or sale	Principal + Equity Share	7,500
40	Loan	30,000	3/28/2005	AP# 018-651-05	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
41	Loan	30,000	4/7/2005	AP# 018-651-20	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
42	Loan	50,000	6/20/2005	AP# 018-634-09	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
43	Loan	60,000	9/10/2003	AP# 017-741-12	DPA	Yes	45 yrs or sale	Principal + Equity Share	60,000
44	Loan	30,000	8/22/2003	AP# 017-651-08	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
45	Loan	30,000	8/25/2003	AP# 018-622-08	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
46	Loan	60,000	8/25/2003	AP# 017-742-12	DPA	Yes	45 yrs or sale	Principal + Equity Share	60,000
47	Loan	45,000	12/21/2001	AP# 015-352-03	DPA	Yes	45 yrs or sale	Principal + Equity Share	45,000
48	Loan	30,000	8/30/2003	AP# 018-623-03	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
49	Loan	30,000	11/7/2003	AP# 017-742-23	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
50	Loan	60,000	11/7/2003	AP# 017-741-23	DPA	Yes	45 yrs or sale	Principal + Equity Share	60,000
51	Loan	60,000	11/12/2003	AP# 017-742-14	DPA	Yes	45 yrs or sale	Principal + Equity Share	60,000
52	Loan	50,000	3/19/2003	AP# 015-331-02	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
53	Loan	30,000	11/26/2003	AP# 017-742-29	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
54	Loan	30,000	1/9/2004	AP# 018-632-85	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
55	Loan	7,500	2/20/2004	AP# 018-601-05	DPA	Yes	45 yrs or sale	Principal + Equity Share	7,500
56	Loan	30,000	3/2/2005	AP# 018-651-27	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
57	Loan	10,000	7/19/2006	AP# 018-583-04	DPA	Yes	45 yrs or sale	Principal + Equity Share	10,000
58	Loan	20,500	3/5/2007	AP# 018-172-30	DPA	Yes	45 yrs or sale	Principal + Equity Share	20,500
59	Loan	30,000	5/25/2004	AP# 017-743-24	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
60	Loan	30,000	6/14/2004	AP# 014-401-08	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
61	Loan	50,000	7/26/2004	AP# 018-633-12	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
62	Loan	30,000	7/29/2004	AP# 018-681-25	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
63	Loan	50,000	12/8/2004	AP# 018-632-45	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
64	Loan	15,000	9/24/2004	AP# 017-752-17	DPA	Yes	45 yrs or sale	Principal + Equity Share	15,000
65	Loan	50,000	10/4/2004	AP# 017-752-03	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
66	Loan	30,000	10/12/2004	AP# 017-752-10	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
67	Loan	50,000	8/18/2005	AP# 018-634-12	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000

Exhibit D - Loans/Grants Receivables

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

Item #	Was the Low-Med Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
66	Loan	30,000	4/3/2006	AP# 017-761-16	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
69	Loan	50,000	4/3/2008	AP# 017-761-14	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
70	Loan	50,000	5/26/2008	AP# 017-761-48	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
71	Loan	50,000	10/28/2004	AP# 017-752-21	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
72	Loan	30,000	10/6/2004	AP# 017-752-14	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
73	Loan	30,000	11/10/2004	AP# 017-753-18	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
74	Loan	45,000	11/23/2004	AP# 017-741-21	DPA	Yes	45 yrs or sale	Principal + Equity Share	45,000
75	Loan	30,000	8/7/2008	AP# 018-583-04	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
76	Loan	50,000	8/22/2008	AP# 018-701-32	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
77	Loan	50,000	9/8/2008	AP# 018-701-33	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
78	Loan	50,000	8/11/2007	AP# 018-601-07	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
79	Loan	50,000	8/21/2007	AP# 018-623-02	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
80	Loan	40,000	7/11/2008	AP# 018-701-07	DPA	Yes	45 yrs or sale	Principal + Equity Share	40,000
81	Loan	30,000	7/12/2008	AP# 018-573-04	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
82	Loan	30,000	7/12/2008	AP# 018-583-04	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
83	Loan	7,500	7/13/2008	AP# 018-583-04	DPA	Yes	45 yrs or sale	Principal + Equity Share	7,500
84	Loan	7,500	7/26/2008	AP# 018-583-04	DPA	Yes	45 yrs or sale	Principal + Equity Share	7,500
85	Loan	30,000	1/21/2005	AP# 018-622-10	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
86	Loan	30,000	2/17/2005	AP# 018-651-28	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
87	Loan	30,000	2/24/2005	AP# 018-651-14	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
88	Loan	30,000	2/28/2005	AP# 018-651-02	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
89	Loan	30,000	7/26/2008	AP# 018-583-04	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
90	Loan	50,000	8/3/2008	AP# 018-632-63	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
91	Loan	50,000	10/6/2006	AP# 018-583-04	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
92	Loan	50,000	10/6/2008	AP# 018-583-04	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
93	Loan	30,000	3/9/2005	AP# 018-632-14	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
94	Loan	50,000	10/12/2006	AP# 017-751-52	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
95	Loan	47,500	10/30/2008	AP# 018-701-26	DPA	Yes	45 yrs or sale	Principal + Equity Share	47,500
96	Loan	30,000	2/28/2008	AP# 015-361-33	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
97	Loan	50,000	4/1/2008	AP# 017-751-08	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
98	Loan	30,000	5/22/2008	AP# 015-361-33	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
99	Loan	30,000	7/2/2008	AP# 018-692-07	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
100	Loan	50,000	10/17/2008	AP# 018-701-24	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
101	Loan	30,000	6/19/2008	AP# 015-361-31	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
102	Loan	50,000	4/12/2009	AP# 017-743-04	DPA	Yes	45 yrs or sale	Principal + Equity Share	50,000
103	Loan	30,000	5/28/2008	AP# 015-331-57	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
104	Loan	38,498	9/14/2009	AP# 018-681-21	DPA	Yes	45 yrs or sale	Principal + Equity Share	38,498
105	Loan	30,000	11/16/2009	AP# 018-681-03	DPA	Yes	45 yrs or sale	Principal + Equity Share	30,000
106	Loan	6,675	2/25/2010	AP# 015-441-03	DPA	Yes	45 yrs or sale	Principal + Equity Share	6,675

Exhibit D - Loans/Grants Receivables

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

Item #	Was the Low-Med Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
107	Loan	23,881	6/22/2010	AP# 017-743-29	DPA	Yes	45 yrs or sale	Principal + Equity Share	23,881
108	Loan	8,335	5/23/2011	AP# 018-632-82	DPA	Yes	45 yrs or sale	Principal + Equity Share	8,335
109	Loan	20,000	10/8/1998	AP# 016-052-18	DPA	Yes	45 yrs or sale	Principal + Equity Share	20,000
110	Loan	90,000	6/20/2002	AP# 016-320-20	First Time Buyer	Yes	30 yrs or sale	Principal + Equity Share	90,000

NOTES:

Person whom loan was issued is not disclosed - property location was used.

Recipients names are available.

Item #8 See Exhibit C Line # 1

Exhibit E - Rents/Operations

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

Item #	Type of payment (a)	Type of property with which they payments are associated (b)	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant (c)	Item # from Exhibit A and rent/operation in associated with (if applicable)
1	Monthly mortgage payment	Aff Housing/Rehab	20 La Hacienda	City of Watsonville	City of Watsonville	Aff Housing/Rehab	Yes	CRL-City	
2	Monthly mortgage payment	Aff Housing/Rehab	110 East Lake Avenue	City of Watsonville	City of Watsonville	Aff Housing/Rehab	Yes	CRL-City	
3	Monthly mortgage payment	Aff Housing/Rehab	424 Palm Avenue	City of Watsonville	City of Watsonville	Aff Housing/Rehab	Yes	CRL-City	
4	Sale of Property	Deed Restricted Low Income Residential Unit	Residential Townhome at 59 Del Rio Court	City of Watsonville	City of Watsonville	Aff Housing/Rehab	Yes	CRL-City	#1 Exhibit A
5	Utility Refund	Low Income Housing	1 time payment	City of Watsonville	City of Watsonville	Low Income housing			
6									
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Note: City of Watsonville is Successor Agency for the housing functions.

Exhibit G - Deferrals

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

Item #	Purpose for which funds were deferred	Fiscal year in which funds were deferred	Amount deferred	Interest rate at which funds were to be repaid	Current amount owed	Date upon which funds were to be repaid
1	33690.5 (c) (1)	FY 2010-11	629,940		629,940	2018
2						
3						
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Attachment H

**State of California Department of Finance Letter – Housing Assets Transfer Form – No
Objections to Housing Transfers Letter Dated September 5, 2012**



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

910 L STREET • SACRAMENTO CA 95814-3706 • www.dof.ca.gov

September 5, 2012

Ms. Jan Davison, Redevelopment and Housing Director
City of Watsonville
250 Main Street
Watsonville, CA 95076

Dear Ms. Davison:

Subject: Housing Assets Transfer Form

Pursuant to Health and Safety Code (HSC) section 34176 (a) (2), the City of Watsonville submitted a Housing Assets Transfer Form (Form) to the California Department of Finance (Finance) on August 1, 2012 for the period February 1, 2012 through August 1, 2012.

Finance has completed its review of your Form, which may have included obtaining clarification for various items. Based on a sample of line items reviewed and the application of law, Finance is not objecting to any assets or transfers of assets identified on your Form.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Szalay".
Steve Szalay
Local Government Consultant

cc: Mr. Ezequiel Vega, Administrative Service Director, City of Watsonville
Ms. Mary Jo Walker, Auditor-Controller, Santa Cruz County
Ms. Marianne Ellis, Property Tax Accounting Manager, Santa Cruz County
California State Controller's Office

Attachment I

Resolution I – Resolution 8-12 Approving ROPS, July 1, 2012 to July 31, 2012 ROPS

RESOLUTION NO. 8-12 (OB)

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE FORMER
REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE
PURSUANT TO HEALTH & SAFETY CODE SECTIONS 34171(j) AND
SECTIONS 34173, APPROVING AN AMENDED RECOGNIZED
OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD COMMENCING
JULY 1, 2012 THROUGH DECEMBER 31, 2012, AS REQUIRED BY
HEALTH & SAFETY CODE SECTION 34177(l)(1)**

WHEREAS, in accordance with the provisions of the California Community
Redevelopment Law (Health & Safety Code Section 33000, *et seq.* ("CRL"), the City
Council of the City of Watsonville previously established the Redevelopment Agency of
the City of Watsonville, a public body, corporate and politic ("Agency") to carry out the
purposes of and exercise the powers granted to community redevelopment agencies in
accordance with the CRL; and

WHEREAS, on February 1, 2012, the Agency was dissolved in accord with
Assembly Bill 1X 26 (Stats. 2011, 1st Ex. Sess., Ch. 5) ("AB 26"), and its rights, powers,
duties and obligations were transferred to a "successor agency" (as defined by CRL
Section 34171(j) and Section 34173)

WHEREAS, in accord with AB 26, on January 10, 2012, the City Council adopted
Resolution No. 4-12 (CM) becoming both the Agency's successor agency ("Successor
Agency") and its successor for housing functions in accord with CRL Sections 34173
and 34176; and

WHEREAS, pursuant to Section 34177(l)(1) the Successor Agency is required to
prepare "Recognized Obligation Payment Schedules" (each such Schedule, a
"ROPS") that must be submitted to the Auditor Controller, the State Department of
Finance and the State Controller's Office; and

WHEREAS, each ROPS must identify, on a prospective, six-month basis, the funds required by the Successor Agency to satisfy the Agency's enforceable obligations and to pay administrative expenses;

WHEREAS, on April 24, 2012, the Oversight Board adopted Resolution No. 7-12 (OB) approving a July, 1, 2012, through December 31, 2012, ROPS and Resolution No. 5-12 (OB) approving a Cooperation Agreement for Administrative Services and the Fiscal Year 2012-13 Administrative Budget for the Successor Agency; and

WHEREAS, City staff has prepared an amended ROPS for the period commencing July 1, 2012, through December 31, 2012, ("Amended July – December 2012 ROPS"), a copy of which is attached to this Resolution as Exhibit A.

WHEREAS, the Amended July – December 2012 ROPS was prepared in accordance with the requirements of CRL Section 34177 and other applicable law.

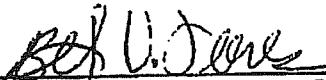
NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD FOR THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE AS FOLLOWS:

Section 1. That the Oversight Board approves the Amended July – December 2012 ROPS, in the form attached to this Resolution as Exhibit A, including the aggregated payment schedules attached to it and authorizing a deferral of any payment towards the enforceable obligations identified on Line Items 8 and 12 as shown on Exhibit A until the January – June 2013 ROPS cycle.

Section 2. That the City Manager is directed to submit the Amended July – December 2012 ROPS to the Successor Agency's Oversight Board (formed in accord with CRL Section 34179) for approval in accord with CRL Section 34177(I)(2)(B).

Section 3. That following the Oversight Board's approval of the Amended July – December 2012 ROPS, as provided in Section 2, above, the City Manager is directed to: (1) submit the approved Amended July – December 2012 ROPS to the Santa Cruz County Auditor/Controller, the State Controller's Office, and the State Department of Finance, and (2) concurrently post the approved Amended July – December 2012 ROPS on the City's internet website.

I, Beatriz Vázquez Flores, City Clerk of the City of Watsonville, do hereby certify that the foregoing Resolution No. 8-12 (OB) was duly and regularly passed and adopted by the Oversight Board at a meeting thereof held on the 9th day of May, 2012, and that the foregoing is a full, true and correct copy of said Resolution.



Beatriz Vázquez Flores, City Clerk

The foregoing resolution was introduced at a regular meeting of the Oversight Board of Successor Agency to the City of Watsonville Redevelopment Agency, held on the 9th day of May, 2012, by Member Pirie, who moved its adoption, which motion being duly seconded by Member McFadden, was upon voice vote carried and the resolution adopted by the following vote:

AYES: BOARD MEMBERS: Caput, Cortez, McFadden, Medina, Pirie, Tavantzis, Montesino

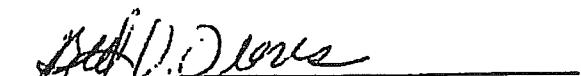
NOES: BOARD MEMBERS: None

ABSENT: BOARD MEMBERS: None



Eduardo Montesino, Chair

ATTEST:



Beatriz Vázquez Flores, Board Secretary

AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Per AB 26 - Section 34177 (1)

Project Name / Debt Obligation	Payee	Outstanding Debt/Obligation	7/1/12 to 12/31/12 Balance Due	Funding Source (2)	Payments by Month						
					July	August	September	October	November	December	Total
1) 2004 Tax Allocation, Series A (P&I)	US Bank	24,045,452.31	984,848.75	(C) RPTTF	-	-	984,848.75	-	-	-	\$ 984,848.75
2) 2004 Tax Allocation, Series B1 & B2 (P&I)	US Bank	7,440,621.50	435,600.63	(C) RPTTF	-	-	435,600.63	-	-	-	\$ 435,600.63
3) US Bank trustee fees	US Bank	115,500.00	4,500.00	(C) RPTTF	-	-	4,500.00	-	-	-	\$ 4,500.00
4) Bond Disbursements	City of Watsonville	281,948.76	-	(C) RPTTF	-	-	-	-	-	-	\$ -
5) Tax increment overpayment by County '04	County of Santa Cruz	67,677.00	21,836.00	(C) RPTTF	23,836.00	-	-	-	-	-	\$ 23,836.00
6) Tax increment overpayment by County for P&I's 2009-02, 2010-02	County of Santa Cruz	561,021.00	47,115.00	(C) RPTTF	-	47,115.00	-	-	-	-	\$ 47,115.00
7) Tax increment overpayment by County - Tax Rate Area 01-073 education error	County of Santa Cruz	547,211.00	-	(C) RPTTF	-	-	-	-	-	-	\$ -
8) Advance due Water Enterprise Fund (P&I) for County Error for P&I's 2009-02 & 2010-02	Watsonville Water Enterprise Fund	825,630.12	-	(C) RPTTF	-	-	-	-	-	-	\$ -
9) Consultant Services	Keyser, Marasco Associates, Inc	9,854.52	-	(C) RPTTF	-	-	-	-	-	-	\$ -
10) Consultant Services	Key Marasco & Associates, LLC	85,000.00	-	(C) RPTTF	-	-	-	-	-	-	\$ 5,000.00
11) Consultant Services	R&V Consulting	6,777.16	5,000.00	(C) RPTTF	5,000.00	-	-	-	-	-	\$ -
12) City/City Project Impact Fees	City of Watsonville Impact Fee Fund	211,238.00	-	(C) RPTTF	-	-	-	-	-	-	\$ -
13) Downstream Business Pending Subsidy - Cooperation Agreement	City of Watsonville	45,000.00	-	(C) RPTTF	-	-	-	-	-	-	\$ -
14) Cooperation Agreement	City of Watsonville/Pacific Electric Contracting Inc.	387,450.00	-	(C) RPTTF	-	-	-	-	-	-	(4)
15) Cooperation Agreement	City of Watsonville/Decipio, Inc./Bass Electric	1,761,162.00	-	(C) RPTTF	-	-	-	-	-	-	(4)
16) Cooperation Agreement	City of Watsonville/OSCE Construction	246,500.00	-	(C) RPTTF	-	-	-	-	-	-	(4)
17) Projected Manage-Our CPA Management costs	City of Watsonville	273,089.39	92,574.00	(C) RPTTF	5,429.00	5,429.00	5,429.00	5,429.00	5,429.00	5,429.00	\$ 32,574.00
18) Cooperative Economic Development Strategy	County of Santa Cruz-Human Services Dept	19,970.00	-	(C) RPTTF	-	-	-	-	-	-	\$ -
19) Estimated project management costs	City of Watsonville	1,460,065.75	13,272.00	(C) RPTTF	2,212.00	2,212.00	2,212.00	2,212.00	2,212.00	2,212.00	\$ 13,272.00
20) Estimated project management costs	City of Watsonville	251,420.81	-	(C) RPTTF	-	-	-	-	-	-	\$ -
21) Legal Support	Goldfarb & Uzman	91,860.50	5,000.00	(C) RPTTF	-	-	5,000.00	-	-	-	\$ 5,000.00
22) Affordable Housing Project	MP Sunny Meadows, L.P.	1,000,000.00	700,905.63	(C) RPTTF	-	-	700,905.63	-	-	-	\$ 700,905.63
23) Home Owners Association - \$9 Del No C2	Sea View Ranch	3,414.39	-	(C) RPTTF	-	-	-	-	-	-	\$ -
24) Touch Homes Property Project Insurance Reserve	Home Owners	250,000.00	-	(C) RPTTF	-	-	-	-	-	-	\$ -
25) 20% Housing Fund and Loan to RDA 80% Fund	City of Watsonville Successor Housing Fund	629,940.00	-	(C) RPTTF	-	-	-	-	-	-	\$ -
Totals- This Page		\$ 40,613,654.21	\$ 2,252,653.00		\$ 35,477.00	\$ 54,755.00	\$ 2,138,457.00	\$ 7,641.00	\$ 7,641.00	\$ 7,641.00	\$ 2,252,653.00
Totals - Page 2 (Administrative Cost Allowance)		\$ -	\$ 125,000.00		\$ 20,833.33	\$ 20,833.33	\$ 20,833.33	\$ 20,833.33	\$ 20,833.33	\$ 20,833.33	\$ 125,000.00
Totals- All Pages		\$ 40,613,654.21	\$ 2,377,553.00		\$ 57,310.33	\$ 75,589.33	\$ 2,159,350.33	\$ 28,474.33	\$ 28,474.33	\$ 28,474.33	\$ 2,377,553.00

(1) This Recognized Obligation Payment Schedule (ROPS) is to be completed by the successor agency no later than April 15, 2012. It is valid through December 31, 2012. It must be subsequently approved by the oversight board and sent to and audited by the County Auditor-Controller.

(2) Funding sources from the successor agency are: (A) Low & Moderate Income Housing Funds (LMIH); (B) Administrative Cost Allowance (Admin); (C) Redevelopment Property Tax Trust Fund (RPTTF); (D) Bond Proceeds (Bonds); and (E) Other Revenue (Other).

(3) Repayment agreement revised to reflect County's current estimated balance due. Agreement has not been finalized.

(4) Cooperation agreements finalized between City of Watsonville and Watsonville Redevelopment Agency on 1/25/11.

(5) Project management costs for Affordable Housing compliance (projected at 55 years) and project/loan portfolios (projected for 5 years). Project costs are at current salary levels.

AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Par AB 26, Section 34177

[1] This Recognized Obligation Payment Schedule (ROPS) is to be completed by the successor agency no later than April 15, 2012. It is valid through December 31, 2012. It must be subsequently approved by the oversight board and sent to and audited by the County Auditor.

100% of the Income from the Michigan Fund; (B) Administrative Cost Allowance [Admin]; (C) Redevelopment Property Tax Trust Fund [RPTTF]; (D) Bond Proceeds [Bonds]; and (E) Other Revenue [Other].

(2) Funding sources from the successor agency are: (A) Low & Moderate Income Housing Funds (LMHF); (B) Administrative Cost Assurance (ACA); (C) Redevelopment Property Tax Trust Fund (RPTF); (D) Other Resources; (E) Other.

Attachment J

Resolution I – Resolution 12-12 Approving ROPS, January 1, 2013 to June 30, 2013

RESOLUTION NO. 12-12 (OB)

A RESOLUTION OF THE OVERSIGHT BOARD TO THE
SUCCESSOR AGENCY OF THE CITY OF WATSONVILLE
APPROVING (1) THE RECOGNIZED OBLIGATION PAYMENT
SCHEDULE FOR THE PERIOD COMMENCING JANUARY 1, 2013
THROUGH JUNE 30, 2013, AS REQUIRED BY HEALTH & SAFETY
CODE SECTION 34177(I) (INCLUDING AN ADMINISTRATIVE
BUDGET) AND (2) TWO LOAN AGREEMENTS BETWEEN THE CITY
AND SUCCESSOR AGENCY UNDER HEALTH & SAFETY CODE
SECTION 34173(H)

WHEREAS, in accord with the provisions of the California Community
Redevelopment Law (Health and Safety Code Section 33000, *et seq.* ("CRL"), the
City Council of the City of Watsonville ("City") previously established the
Redevelopment Agency of the City of Watsonville, a public body, corporate and
political ("Agency") to carry out the purposes of and exercise the powers granted to
community redevelopment agencies under the CRL; and

WHEREAS, on February 1, 2012, the Agency was dissolved pursuant to
Assembly Bill 1X26 (Stats. 2011, 1st Ex. Sess., Ch. 5) ("AB 26"), and its rights,
powers, duties and obligations were transferred to a "successor agency" (as defined
by CRL Section 34171(j) and Section 34173); and

WHEREAS, the City Council elected to act as the Agency's successor agency
("Successor Agency") under CRL Section 34173; and

WHEREAS, pursuant to Section 34177(l), the Successor Agency is required to
prepare "Recognized Obligation Payment Schedules" (each such Schedule, a
"ROPS") and must submit it for approval to the oversight board ("Oversight Board")
established for the Successor Agency under CRL Section 34179; and

WHEREAS, each ROPS must identify, on a prospective six-month basis, the
funds required by the Successor Agency to satisfy the Successor Agency's
enforceable obligations and to pay administrative expenses; and

WHEREAS, on April 24, 2012, the Oversight Board adopted Resolution No. 5-
12 (OB), approving a "Cooperation Agreement for Administrative Services"
("Cooperation Agreement") between the City and the Successor Agency, whereby
the City agreed to provide administrative services for the Successor Agency for FY
2012-13 for a total amount of \$250,000, to be paid in equal installments during the
twelve-month period; and

WHEREAS, the Successor Agency prepared the ROPS for the period
commencing January 1, 2013 through June 30, 2013 (the "January-June 2013
ROPS" or "Third ROPS") (a copy of which is attached as Exhibit A) in accord with the
requirements of CRL Section 34177(l) and other applicable law and has transmitted
the Third ROPS electronically to the County Administrative Officer, the County
Auditor-Controller and the State Department of Finance; and

WHEREAS, the Successor Agency has recommended that the Oversight Board approve the January-June 2013 ROPS, including compensation of One Hundred Twenty-Five Thousand Dollars (\$125,000) to the City for providing the Successor Agency's administrative services pursuant to the Cooperation Agreement during the January-June 2013 ROPS period; and

WHEREAS, the January-June 2013 ROPS serves as the budget document for the Successor Agency during the January 1, 2013 through June 30, 2013 period and appropriates funds as identified; and

WHEREAS, with the Oversight Board's approval, CRL section 34173(h) permits the City to loan the Successor Agency funds to pay the Successor Agency's administrative costs, enforceable obligations, and project-related expenses; and

WHEREAS, immediately prior to the December 2011 distribution of property tax increment, the Agency's funds reflected a negative cash balance and, following the County Auditor-Controller's subsequent adjustment to the Successor Agency's June 2012 distribution from the RPTTF to reflect the December 2011 property tax distributions, the Successor Agency lacked the funds required to meet the entirety of its obligations arising under the Amended Recognized Obligation Payment Schedule for the period of July 1, 2012 through December 31, 2012 ("Amended Second ROPS"), approved by the Oversight Board on May 9, 2012 by its adoption of Resolution 8-12 (OB); and

WHEREAS, under CRL Section 34179.5, the Successor Agency is required to conduct a due diligence review of its accounts and to employ a licensed accountant to conduct the review at an estimated cost of Twenty Thousand Dollars (\$20,000); and

WHEREAS, the City and the Successor Agency have prepared two (2) agreements (collectively, "Loan Agreements") (copies of which are attached as Exhibit B and Exhibit C) providing for two (2) loans from the City to the Successor Agency in the respective amounts of: (1) One Million One Hundred Twenty-Nine Thousand Eight Hundred Eighty-Eight Dollars (\$1,129,888), and (2) Twenty Thousand Dollars (\$20,000); and

WHEREAS, the Successor Agency has transmitted the Loan Agreements electronically to the County Administrative Officer, County Auditor-Controller, and the State Department of Finance.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE AS FOLLOWS:

Section 1. In accord with CRL Section 34180(g), the Oversight Board approves the January-June 2013 ROPS (inclusive of the administrative budget and the administrative cost allocation of \$125,000 payable to the City pursuant to the Cooperation Agreement), in the form attached as Exhibit A.

Section 2. In accord with CRL Section 34173(h), the Oversight Board approves the Loan Agreements, in the forms attached as Exhibit B and Exhibit C.

Section 3. The Oversight Board directs the City Manager to (a) transmit the Oversight Board-approved January-June 2013 ROPS to the County Auditor-Controller, the State Controller's Office, and the State Department of Finance, or, alternatively, to provide notice of the Oversight Board's approval to those entities, together with the City's website address, and (b) post the January-June 2013 ROPS to the City's website.

Section 4. The Oversight Board directs the City Manager to (a) transmit the Oversight Board-approved Loan Agreements to the County Auditor-Controller, the State Controller's Office, and the State Department of Finance, or alternatively, to provide notice of the Oversight Board's approval to those entities, together with City's website address, and (b) post the Loan Agreements to the City's website.

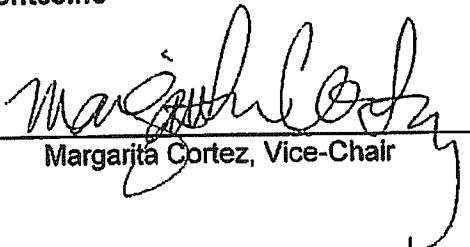
Section 5. This Resolution will become effective in accord with CRL Section 34177(m) and Section 34179(h).

The foregoing resolution was introduced at a regular meeting of the Oversight Board of Successor Agency to the City of Watsonville Redevelopment Agency, held on the 15th day of August, 2012, by Member Pirie, who moved its adoption, which motion being duly seconded by Member McFadden, was upon roll call carried and the resolution adopted by the following vote:

AYES: BOARD MEMBERS: Caput, Cortez, McFadden, Medina, Pirie, Tavantzis

NOES: BOARD MEMBERS: None

ABSENT: BOARD MEMBERS: Montesino



Margarita Cortez, Vice-Chair

ATTEST:



Beatriz Vázquez Flores, Board Secretary

Successor Agency Contact Information

Name of Successor Agency:	<u>Redevelopment Agency of the City of</u>
County:	<u>Watsonville</u>
	<u>Santa Cruz</u>
Primary Contact Name:	Jan Davison
Primary Contact Title:	Redevelopment and Housing Director
Address	250 Main Street, Watsonville, CA 95076
Contact Phone Number:	831-768-3083
Contact E-Mail Address:	<u>jan.davison@cityofwatsonville.org</u>
Secondary Contact Name:	Ezequiel Vega
Secondary Contact Title:	Administrative Service Director
Secondary Contact Phone Number:	831-768-3470
Secondary Contact E-Mail Address:	<u>ezequiel.vega@cityofwatsonville.org</u>

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency: Redevelopment Agency of the City of Watsonville

	Total Outstanding Debt or Obligation
Outstanding Debt or Obligation	\$ 37,827,030
Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	1,641,570
B Anticipated Enforceable Obligations Funded with RPTTF	125,000
C Anticipated Administrative Allowance Funded with RPTTF	1,766,570
D Total RPTTF Requested (B + C = D)	\$ 1,766,570
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>(Should be the same amount as ROPS form six-month total)</i>	\$ 1,766,570
E Enter Total Six-Month Anticipated RPTTF Funding <i>(Obtain from county auditor-controller)</i>	2,769,490
F Variance (E - D = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$ 1,002,920
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (e))	
G Enter Estimated Obligations Funded by RPTTF <i>(Should be the lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)</i>	1,806,592
H Enter Actual Obligations Paid with RPTTF	1,610,748
I Enter Actual Administrative Expenses Paid with RPTTF	171,240
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	24,604
K Adjusted RPTTF <i>(The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimated obligation amount.)</i>	\$ 1,741,966

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

Name

Signature

Margarita Cortez
Margarita Cortez

Vice Chair

Title

8/15/12

Date

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS IS)
January 1, 2013 through June 30, 2013

Item #	Project Name / Debt Obligation Contract Total	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	Funding Source					
									LMIEF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other
1	2013 Tax Allocation, Series A (TAA)	6/1/2004	9/1/2034	US Bank	State Store	All	24,011,595	1,304,639	-	125,000	1,341,520	-	364,642	1,768,670
2	2013 Tax Allocation, Series B & C (TAC)	6/1/2004	9/1/2034	US Bank	Meeting Projects	All	7,915,892	556,201	-	-	-	-	132,001	159,691
3	2013 Tax Allocation	6/1/2004	9/1/2034	US Bank	Project Management Project 100%	All	111,000	4,600	-	-	-	-	-	-
4	Project Management Project 100% plus fee	6/1/2004	9/1/2034	City of Waukesha	Bond construction and related expenses	All	771,845	5,785	-	-	-	-	-	-
5	City Infrastructure Improvement by County of Ozaukee	6/1/2005	7/1/2013	County of Ozaukee	Street construction 20% payment	All	23,836	23,836	-	-	-	-	-	-
6	City Infrastructure Improvement by County for PTA	6/1/2010	9/1/2015	County of Ozaukee	Infrastructure 20% payment	All	318,096	47,115	-	-	-	-	-	-
7	City Infrastructure Improvement by County - Tax Rate	12/14/2009	Until Paid	County of Ozaukee	Improvement	All	842,711	-	-	-	-	-	-	-
8	County and State Infrastructure Fund (TAA) for County Green for PTA 2014-2015	6/1/2004	6/1/2024	Waukesha Water Emergency Fund	Improvement for City PTA Project	All	770,233	60,022	-	60,022	60,022	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Class-1 Center Project Impact Fees	6/27/2008	6/30/2013	City of Waukesha Impact Fee Fund	Classified Impact Fees Impact Fee Project	All	103,818	125,618	-	-	105,618	105,618	-	-
13	Commercial Portions Parking Authority	6/24/2010	6/24/2015	City of Waukesha	Additional downtown parking lot total	All	45,000	72,500	-	-	12,350	12,350	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Proposed March-16 CPA Management costs	3/3/2011	3/3/2031	City of Waukesha	Bonding for project management of business plan	All	273,626	65,150	-	-	32,570	32,570	-	-
18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Estimated project management costs	2/1/2012	2/1/2037	City of Waukesha	All business bonding projects-13 years	All	1,493,582	28,455	-	-	19,223	19,223	-	-
20	Estimated project management costs	2/1/2012	2/1/2037	City of Waukesha	Business and project bonding, City	All	231,421	4,208	-	-	2,104	2,104	-	-
21	Local Support	7/17/2011	6/30/2012	Co-Works & Lagoon	Local Business	All	26,651	26,651	-	-	20,881	20,881	-	-
22	Community Housing Project	3/8/2011	Until Paid	WHP Family Housing, LP	Adolescent Housing Initiative Project	All	283,081	283,081	-	-	283,083	283,083	-	-
23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Youth Homeless Property Project Insurance Estimate	7/6/2009	7/6/2019	State, County 2013-14 Waukesha County Budget	Construction project liability for 10 years	All	220,000	-	-	-	-	-	-	-
25	2013 Building Fund Loan for 2013-2014 Bond Fund	4/27/2010	6/30/2016	US Bank	DMF Loan for 2013-2014	All	623,840	-	-	-	-	-	-	-
26	2013 Building Fund Loan for 2013-2014 Bond Fund	7/1/2012	7/1/2018	City of Waukesha	2013-2014 BCFB	All	1,132,333	554,194	-	-	445,194	554,194	-	-
27	Successor Agency for Debt Discharge	7/1/2012	12/31/2013	City of Waukesha	Our Discharged Audit	All	20,000	20,000	-	-	20,000	20,000	-	-
28	City of Waukesha Administration	-	-	City of Waukesha	City of Resource Administration	All	250,000	-	-	-	125,000	125,000	-	-
29	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Name of Successor Agency: Redevelopment Agency of the City of Watsonville
County: SANTA CRUZ

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS II) - Notes (Options)
January 1, 2013 through June 30, 2013

Name of Successor Agency:
County:

Rockingham Agency of the City of Watsonville
Santa Cruz

Exhibit "A"

Pursuant to Health and Safety Code section 34155 (a)
PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS I)
January 1, 2012 through June 30, 2012

Payoff Form	Use	Project Name / Debt Obligation	Payee	Description/Project Steps	Project Area	LMHF		Bond Proceeds		Reserve Balance		Admin Allowance		RPTTF		Other		
						Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	
		Grand Total				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1	2008 Tax Allocation, Series A/P/M	103 Bond	Cord Parks												\$ 361,914.79	\$ 329,189.79		
2	2010 Tax Allocation, Series B 8 103 P/24	103 Bond	Planning Process												\$ 143,349.28	\$ 143,349.28		
3	Project costs - Bond Service/Interest	103 Bond	Interest accrued to 103															
4	103 Bond Interest 103	103 Bond	Bond expenses - interest 103 interest fees															
5	103 Bond Prepayment	City of Watsonville	Bond expenses - interest 103 interest fees															
6	103 Bond Prepayment	County of Santa Cruz	Bond expenses - interest 103 interest fees															
7	103 Bond Prepayment	County of Santa Cruz	Bond expenses - interest 103 interest fees															
8	103 Bond Prepayment	County of Santa Cruz	Bond expenses - interest 103 interest fees															
9	County Swap for PFT 2005/2006 8 103/103	Bond	Adjustments for Bond Swap Project												\$ 638	\$ 638		
10	Parking Garage Equipment	Central Engineering Mfg. Inc.	Parking Garage Project															
11	Overhead Project	City of Watsonville	Land Survey for City Hall												\$ 187	\$ 187		
12	Overhead Project	City of Watsonville	Land Survey for City Hall															
13	Overhead Project Interest Fees	103 Bond	Estimated Interest fees from 103 Project															
14	Overhead Project Interest Fees	City of Watsonville	Estimated interest fees from 103 Project												\$ 25,420	\$ 25,420		
15	Item	City of Watsonville	Adjustments for project management of overhead												\$ 19,917	\$ 19,917		
16	Item	City of Watsonville	Adjustments for project management of overhead												\$ 9,985	\$ 9,985		
17	Overhead Project Interest Fees	City of Watsonville	Adjustments for project management of overhead												\$ 7,798	\$ 6,652		
18	Overhead Project Interest Fees	City of Watsonville	Adjustments for project management of overhead												\$ 2,038	\$ 2,038		
19	Interest	Woburn	Interest on Accrued bond by Successor Agency															
20	Land Project	Woburn & Watsonville	Land Project												\$ 18,810	\$ 7,423		
21	Affordable Housing Project	103 Housing Investors, LLP	Affordable Housing Suburb Project												\$ 1,000,000	\$ 1,000,000		
22	Home Owners Association 5% Del Rio Cr.	103 Home Owners Association Del Rio Cr.	Home Owners Association Del Rio Cr.												\$ 455	\$ 455		
23	Small Business Development	Development Center	Assistance to small business in Watsonville												\$ 6,000	\$ 6,000		
24	Business	Home Owners	Construction of City Utility Facility															
25	Administrative Cost Adjustment																	
26	Due Through Payment														\$ 180,420	\$ 171,240		
27															\$ 26,423	\$ 23,423		

FUNDS AUTHORIZED TO BE RETAINED BY THE SUCCESSOR AGENCY
PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5(c)(5)(E)

(Assets or Funds, Including Any Current Balances Needed to Satisfy Obligations Placed
on the FY 2012-13 ROPS's)

No.	Funding Source	Purpose for Retention	Amount Retained
1.	Cash	Used to pay Low Income Housing Bonds Debt Service payment on ROPS II	\$166,233
2.	Accounts Receivable	Used to pay Low Income Housing Bonds Debt Service payment on ROPS II	\$2,036
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
Total to be retained under Section 34179.5(c)(5)(E)			\$168,259