

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE
PORTERVILLE REDEVELOPMENT AGENCY
SPECIAL MEETING
CITY HALL, 291 NORTH MAIN STREET
HAMAMATSU CONFERENCE ROOM
PORTERVILLE, CALIFORNIA
APRIL 3, 2013, 8:30 A.M.**

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ORAL COMMUNICATIONS

This is the time to address the Oversight Board on any matter, whether or not it appears on this agenda. No action will be taken on any item not on the agenda unless the Oversight Board makes a determination that an emergency exists or that the need to take action on the item rose subsequent to the posting of the agenda. Public comments shall be limited to a maximum of three (3) minutes per person and an overall time period of fifteen minutes for items not considered on the regular agenda.

SCHEDULED MATTERS

- 1. Oversight Board Minutes of February 25, 2013**
- 2. Swearing in of New Board Member**
- 3. Professional Legal Services Fee Agreement**
Re: Considering approval of the Fee Agreement for Professional Legal Services with Rutan & Tucker, LLP for representation of the Successor Agency Oversight Board in litigation with the County of Tulare regarding the 2010 Amendment to Redevelopment Plan for the Redevelopment Project Area No. 1.
- 4. Status Update Regarding Department of Finance Review of Non-Housing Fund Balance Reports**
Re: Informational report regarding the Department of Finance's findings pertaining to the Non-Housing Fund Balance Reports.
- 5. Scheduling of Future Meetings for the Oversight Board**

CHAIR AND BOARD MEMBERS' COMMENTS AND SUGGESTIONS

ADJOURNMENT

In compliance with the Americans with Disabilities Act and the California Ralph M. Brown Act, if you need special assistance to participate in this meeting, or to be able to access this agenda and documents in the agenda packet, please contact the Office of City Clerk at (559) 782-7464. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting and/or provision of an appropriate alternative format of the agenda and documents in the agenda packet.

Materials related to an item on this agenda submitted to the Oversight Board after distribution of the agenda packet are available for public inspection during normal business hours at the Office of City Clerk, 291 North Main Street, Porterville, CA 93257, and on the City's website at www.ci.porterville.ca.us.

OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE
PORTERVILLE REDEVELOPMENT AGENCY
SPECIAL MEETING MINUTES
CITY HALL, 291 NORTH MAIN STREET
HAMAMATSU CONFERENCE ROOM
PORTERVILLE, CALIFORNIA
FEBRUARY 25, 2013, 9:30 A.M.

Called to order at 9:30 a.m.

*Roll Call: Lupe Diaz
Mike Ennis
John Hess
Steve Tree
Absent: Rosa Carlson

** One vacant seat due to the departure of Joseph A. Stewart from Sierra View District Hospital. (Ms. Donna Hefner from Sierra View District Hospital attended the meeting; however, subsequent to the conclusion of the meeting, Ms. Hefner indicated that she had not been appointed by the hospital's board to represent Sierra View and had attended the meeting in an unofficial capacity.)*

Community Development Director Brad Dunlap phoned Successor Agency Legal Counsel Vanessa Locklin who attended via teleconference.

Nina Dong from the Office of Tulare County Counsel was also present to address the Oversight Board with regard to Item No. 4.

ORAL COMMUNICATIONS

None

SCHEDULED MATTERS

1. OVERSIGHT BOARD MINUTES OF JANUARY 10, 2013

Recommendation: That the Oversight Board approve the Minutes of January 10, 2013.

BOARD ACTION: MOVED by Member Hess, SECONDED by Member Ennis, that the Oversight Board approve the Minutes of January 10, 2013.

AYES: Diaz, Ennis, Hess, Snavely, Tree
NOES: None
ABSTAIN: None
ABSENT: Carlson

Documentation: M.O. 01-022513
Disposition: Approved.

2. OVERSIGHT BOARD REVIEW AND APPROVAL OF PROPOSED ADMINISTRATIVE BUDGET

Recommendation: That the Oversight Board:

1. Approve the Successor Agency's proposed Administrative Budget for the period of July 1, 2013, through December 31, 2013, prepared pursuant to Health & Safety Code Section 34177(j); and
2. Adopt a Resolution approving the Administrative Budget and directing Successor Agency staff to submit the Administrative Budget to the California Department of Finance.

Community Development Director Brad Dunlap presented the staff report. A discussion ensued as to the necessity of retaining legal counsel for the Board's defense in the litigation pertaining to the amendment to the Redevelopment Project Area No. 1. Also discussed was the idea of adopting the administrative budget and the ROPS, and then later filing amendments to account for any necessary increases in legal expenses. When concerns were raised at the prospect of the Department of Finance ("DOF") potentially not allowing amendments, the Board requested that Item No. 4 be presented prior to the approval of the budget and ROPS.

At the Board's request, staff then presented Item No. 4.

4. LITIGATION WITH COUNTY OF TULARE REGARDING THE 2010 AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE PORTERVILLE REDEVELOPMENT AREA NO. 1

Recommendation: That the Oversight Board receive the report and give staff any necessary direction.

Community Development Director Brad Dunlap presented the staff report, and introduced Ms. Nina Dong, Deputy County Counsel with Tulare County. Ms. Dong presented the Board with a letter from County Counsel's Office which was responsive to the Board's request that the County dismiss the Board from its lawsuit. As stated in County Counsel's letter, Ms. Dong advised that the County considered the Successor Agency Oversight Board to be an "indispensable party" to the litigation, and therefore would not dismiss the Oversight Board from the lawsuit.

Mr. Dunlap advised that pursuant to previous Board direction, staff had made contact with three law firms to determine interest and availability in representing the Oversight Board in the lawsuit. The three law firms were: Woodruff, Spradlin & Smart; Rutan & Tucker, LLP; and Alvarado Smith. Mr. Dunlap indicated that all three firms were interested, and that the Board could proceed with selection in a number of ways. A discussion ensued, after which the general consensus was to have those Board Members who had the least nexus to the litigation interview the law firms and then make a recommendation to the full Board at the next meeting.

BOARD ACTION: MOVED by Board Member Hess, SECONDED by Board Member Ennis, that the Board Members Carlson, Tree and Hefner form an ad hoc subcommittee to interview the three law firms and make a recommendation to the Board at its next meeting.

AYES: Diaz, Ennis, Tree, Hess, Snavelly
NOES: None
ABSTAIN: None
ABSENT: Carlson

Documentation: M.O. 02-022513
Disposition: Ad hoc subcommittee formed.

The Board then returned to its consideration of Item No. 2.

2. OVERSIGHT BOARD REVIEW AND APPROVAL OF PROPOSED ADMINISTRATIVE BUDGET

Recommendation: That the Oversight Board:

1. Approve the Successor Agency's proposed Administrative Budget for the period of July 1, 2013, through December 31, 2013, prepared pursuant to Health & Safety Code Section 34177(j); and
2. Adopt a Resolution approving the Administrative Budget and directing Successor Agency staff to submit the Administrative Budget to the California Department of Finance.

A brief discussion took place with regard to how much the legal budget should be increased to accommodate the Board's defense in the litigation.

BOARD ACTION: MOVED by Member Tree, SECONDED by Member Diaz, that the Successor Agency Oversight Board approve the Successor Agency's proposed Administrative Budget for the period of July 1, 2013, through December 31, 2013, prepared pursuant to Health & Safety Code Section 34177(j), *as amended to add \$15,000 for legal expenses relative to the litigation filed by Tulare County*; and adopt a Resolution, *as so amended*, approving the Administrative Budget and directing Successor Agency staff to submit the Administrative Budget to the California Department of Finance.

AYES: Diaz, Ennis, Hess, Snavelly, Tree
NOES: None
ABSTAIN: None
ABSENT: Carlson

Documentation: Oversight Board Resolution 2013-02
Disposition: Approved, as amended.

3. REVIEW AND APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)

Recommendation: That the Oversight Board:

1. Approve the Recognized Obligation Payment Schedule 13-14 A (ROPS), provided that should any modification be required to the ROPS 13-14 A by the DOF, the Community Development Director and/or the Finance Director or their authorized designees shall be authorized to make any augmentation, modification, additions or revisions as may be necessary to conform the ROPS 13-14 A to requirements imposed by the DOF; and
2. Adopt the draft Oversight Board Resolution approving the ROPS 13-14 A for the period of July 1, 2013 through December 31, 2013, and direct Successor Agency staff to submit the ROPS 13-14 A to the County Auditor-Controller, State Controller's Office, and the DOF.

Mr. Dunlap presented the item and staff report. A brief discussion ensued.

BOARD ACTION: MOVED by Member Hess, SECONDED by Member Tree, that the Oversight Board approve the Recognized Obligation Payment Schedule 13-14 A (ROPS) *as amended to add \$15,000 for legal expenses relative to the litigation filed by Tulare County*, provided that should any modification by required to the ROPS 13-14 A by the DOF, the Community Development Director and/or the Finance Director or their authorized designees shall be authorized to make any augmentation, modification, additions or revisions as may be necessary to conform the ROPS 13-14 A to requirements imposed by the DOF; and adopt the draft Oversight Board Resolution approving the ROPS 13-14 A for the period of July 1, 2013 through December 31, 2013, *as amended to add \$15,000 for legal expenses relative to the litigation filed by Tulare County*, and direct Successor Agency staff to submit the ROPS 13-14 A to the County Auditor-Controller, State Controller's Office, and the DOF.

AYES: Diaz, Ennis, Tree, Hess, Snavelly

NOES: None

ABSTAIN: None

ABSENT: Carlson

Documentation: Oversight Board Resolution No. 2013-03

Disposition: Approved, as amended.

5. SCHEDULING OF FUTURE MEETINGS FOR THE OVERSIGHT BOARD

BOARD ACTION: MOVED by Member Tree, SECONDED by Member Ennis, that the Oversight Board direct staff to work with the Board Members to schedule the next Oversight Board Meeting.

Documentation: M.O. 03-022513
Disposition: Direction provided to staff.

CHAIR AND BOARD MEMBERS' COMMENTS AND SUGGESTIONS

None

ADJOURNMENT

By general consensus, the Board Meeting adjourned at 10:35 a.m.

Patrice Hildreth, Board Secretary

John Snavelly, Chair

OVERSIGHT BOARD AGENDA: APRIL 3, 2013

SUBJECT: SWEARING IN OF NEW BOARD MEMBER

SOURCE: COMMUNITY DEVELOPMENT DEPARTMENT

COMMENT: Section 34179(a) of the Dissolution Act provides that a Successor Agency shall have an Oversight Board composed of seven (7) members. On April 11, 2012, the Successor Agency accepted a report on the appointment of members to the Oversight Board. At that time §34179(a)(3)(a) required that one member be appointed by the largest special district, which is the Sierra View Local Healthcare District (District). The District's Board of Directors appointed the chief executive officer, Mr. Joseph Stewart.

As Mr. Stewart is no longer employed by the Sierra View Local Healthcare District, the Board of Directors appointed Ms. Donna Heffner, interim chief executive officer to represent the District on the Oversight Board.

RECOMMENDATION: Informational only

DD DP APPROPRIATED/FUNDED N/A CM J ITEM NO. 2
ACTING

SUBJECT: PROFESSIONAL LEGAL SERVICES FEE AGREEMENT

SOURCE: COMMUNITY DEVELOPMENT DEPARTMENT

COMMENT: On December 14, 2012, the County of Tulare filed a civil complaint (the "lawsuit") challenging the validity of the 2010 Amendment to the Redevelopment Plan for the Porterville Redevelopment Project Area No. 1 against the City of Porterville, the City Council of the City of Porterville, the Successor Agency for the City of Porterville Redevelopment Agency and the Oversight Board to the Successor Agency of the City of Porterville Redevelopment Agency.

Because it was named as a defendant in the lawsuit, but cannot be represented by the Successor Agency's legal counsel, the Oversight Board decided to retain its own legal counsel. To that end, on March 5, 2013, the Successor Agency approved an amendment to the Administrative Budget and the Recognized Obligated Payment Schedule to accommodate the cost of legal representation for the Oversight Board in connection with the lawsuit.

Successor Agency staff obtained the names of four law firms qualified to represent the Oversight Board in connection with the lawsuit. On March 20, 2013, two Oversight Board members, Steve Tree and Rosa Carlson, in addition to the interim representative of the Sierra View District Hospital on the Oversight Board, Donna Hefner, interviewed three of the law firms. As a result of the interview process, the Oversight Board representatives selected Jeffrey Oderman, an attorney with the law firm Rutan & Tucker, LLP. At this time, the full Oversight Board is being asked to ratify the selection of Mr. Oderman and Rutan & Tucker, LLP to represent the Oversight Board in connection with the lawsuit, and to enter into a Fee Agreement for Professional Legal Services with such firm.

- RECOMMENDATION: That the Oversight Board:
1. Approve the recommendation to enter into a Fee Agreement for Professional Legal Services with Rutan & Tucker, LLP; and
 2. Authorize the Chair of the Oversight Board of the Successor Agency to sign the Terms of Retention.

ATTACHMENT: Agreement for Provision of Legal Services by Rutan & Tucker, LLP

DD 13 Approp./Funded MP CM J
ACTING

ITEM NO. 3

RUTAN & TUCKER, LLP

AGREEMENT FOR PROVISION OF LEGAL SERVICES

This AGREEMENT FOR PROVISION OF LEGAL SERVICES ("Agreement") is dated for reference purposes as of the 28th day of March, 2013, and is being entered into by and between RUTAN & TUCKER, LLP, a limited liability partnership including professional corporations ("Attorney"), and the PORTERVILLE OVERSIGHT BOARD ("Client").

1. Scope of Agreement

Client retains Attorney to provide the following legal services: represent Client in a litigation matter filed by the County of Tulare challenging the validity of the Redevelopment Plan or Redevelopment Plan Amendment approved by the City of Porterville prior to adoption of ABx1 26/AB 1484 dissolving the Porterville Redevelopment Agency. Other services can be provided on an as-needed and as-requested basis. Attorney hereby designates Jeffrey M. Oderman, a partner of Attorney, as the lead counsel to provide legal services under this Agreement; provided, however, that the lead counsel shall have the discretion to utilize the services of other partners, associates, or staff of Attorney in connection with services to be undertaken under this Agreement.

2. Duties of Attorney and Client

Attorney shall provide those legal services reasonably required to represent Client in the matters described in Paragraph 1 of this Agreement, including but not limited to preparation of agreements and instruments, review of Client documents and applicable laws, legal research, Client conferences, negotiation of just compensation payments, eminent domain legal services, representation of Client with respect to the filing and prosecution of claims for payment and recovery of relocation expenses, and attendance at conferences with third parties when reasonably required by Client. Attorney shall also take reasonable steps to keep Client informed of significant developments and to respond to Client's inquiries.

Client shall cooperate with Attorney, keep Attorney informed of all developments, documents, or facts that would affect the provision of Attorney's services described in Paragraph 1 of this Agreement, perform all obligations Client has agreed to perform under this Agreement, and pay in a timely manner all of Attorney's statements for services performed and costs incurred.

3. Billing Rates

Client agrees to pay for Attorney's legal services for all work performed by Attorney at the composite hourly rate of Three Hundred Twenty-Five Dollars (\$325) for attorney services and Attorney's normal hourly billing rates for paralegals, document clerks, and other timekeepers. Normal secretarial, accounting, and administrative staff support services shall not be billed to Client. The \$325 per hour billing rate for Attorney services is subject to periodic adjustment on January 1 of each year that services are performed for Client commencing January

1, 2014, with the amount of each such annual adjustment not to exceed five percent (5%) above the rate in effect in the prior year.

To assist Client in understanding Attorney's billing practices and other general terms, a copy of Attorney's current Policy on Professional Fees and General Terms of Engagement (the "General Terms") is attached. The General Terms are incorporated in this Agreement. The General Terms describe the ranges of hourly rates for attorneys and paraprofessionals at Rutan & Tucker and Attorney's policies regarding reimbursement of costs and expenses.

4. Costs and Expenses

Client shall reimburse Attorney for all actual costs and expenses incurred by Attorney, including but not limited to long-distance and mobile telephone calls; messenger and other delivery fees; postage in excess of \$1.00 per item; reasonable facsimile charges (transmission only, not receipt); photocopying; reasonable travel expenses (with air fare not to exceed standard coach rates); parking and tolls; mileage at 55.5¢ per mile for automobile travel by Attorney's associates and staff (but excluding Attorney's partners); charges for computer research and text editing; charges for clerical staff overtime necessitated by Client's (but not Attorney's) time demands; and litigation costs including, but not limited to, filing fees, court reporter fees, expert witness fees (to the extent the same are advanced by Attorney on Client's behalf, but with the understanding that Attorney is not authorized to retain expert witnesses without Client's prior approval), exhibit preparation costs, and the like. In addition, if Attorney anticipates incurring out-of-pocket costs in excess of a cumulative total of \$500, Attorney may request that Client pay such costs and expenses directly.

5. Statements

Client shall be responsible for payment of the entire invoice(s) transmitted by Attorney for services rendered and costs incurred. Attorney shall send Client a statement for fees and costs incurred on a monthly basis. Attorney's statements shall clearly indicate the basis thereof, including the amount, rate, and basis of calculation of Attorney's fees.

Client shall notify Attorney promptly in writing if Client disputes any entry for legal services or costs on any statement; and if Client fails to do so within thirty (30) days after receipt thereof, all such entries shall be acknowledged as correct as between Attorney and Client.

In general, Attorney's billing statements shall be due and payable within thirty (30) days after receipt. In the event any statement remains unpaid past the due date(s) specified herein, interest thereon at the rate of ten percent (10%) per annum or the maximum legal rate, whichever is less, shall be due and payable from the date of the statement until the date of ultimate payment of the statement and all accrued interest.

6. Disclaimer of Guarantee

Attorney has made no representations, promises, warranties, or guarantees to Client, express or implied, regarding the outcome of Client's matters, and nothing in this Agreement shall be construed as such a representation, promise, warranty, or guarantee. In addition, Attorney has made no representations, promises, warranties, or guarantees to Client, express or

implied, regarding the amount that Client will incur for attorney's fees and costs in this matter, as those amounts will depend upon numerous factors that cannot be predicted as of the date of this Agreement, including the negotiating positions of third parties, the complexity of the issues as they develop, and the nature and extent of research and document preparation required.

7. Termination or Conclusion

Client may discharge Attorney at any time, with or without cause, by written notice to Attorney. In such event, Attorney and Client shall each execute any documents reasonably necessary to complete Attorney's discharge or withdrawal. Attorney shall, upon request therefor by Client and subject to Client's payment of Attorney's copying costs at the rate provided for herein, deliver Client's file to Client at or after the termination or conclusion of Attorney's services.

Upon the termination or conclusion (by discharge or by withdrawal) of Attorney's services hereunder, all unpaid charges for services rendered and costs incurred or advanced through the date of termination or conclusion shall become immediately due and payable.

In the event Attorney is requested by Client or is otherwise required to incur time or expense after the termination or conclusion of Attorney's services hereunder, including but not limited to for the purpose of responding to any subpoena or other request for information or for the purpose of testifying in any proceeding concerning or relating to the subject matter of Attorney's engagement by Client, Client additionally shall be responsible to pay Attorney's then standard rates and charges for said work/services.

8. Errors and Omissions Insurance


In accordance with the requirements of California Business & Professions Code § 6148, Attorney maintains errors and omissions insurance coverage applicable to the services to be rendered as contemplated by this Agreement.

9. Integration

This Agreement represents the entire understanding of Attorney and Client as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered by this Agreement. Except for the modification or adjustment of billing rates as set forth in Paragraph 3 hereinabove, this Agreement may not be modified, altered, or amended except in writing by Attorney and Client.

RUTAN & TUCKER, LLP

PORTERVILLE OVERSIGHT BOARD

By: 
Jeffrey M. Oderman, Partner

By: _____

**POLICY ON PROFESSIONAL FEES
AND
GENERAL TERMS OF ENGAGEMENT**

Professional Fees and Billing Procedures.

Experience has shown that the attorney-client relationship works best when there is a mutual understanding about fees and payment terms. The following is intended to explain briefly our present billing policies and procedures. These policies and procedures are subject to change. We encourage you to discuss with us at any time any questions you might have concerning these policies and procedures.

Unless otherwise agreed in writing by you and us, our professional fees will be based on the hourly rates of the attorneys and paraprofessionals working on your matter(s). Our hourly rates for attorneys and paraprofessionals are adjusted from time to time and generally as of January 1st of each year. Adjustments in billing rates will be reflected in the invoice for legal services which constitutes our written notice to you. The current hourly billing rates for attorneys and paraprofessionals at the firm for 2013 are as follows: (i) partners range from \$345.00 to \$675.00 per hour; (ii) associates range from \$230.00 to \$500.00 per hour and (iii) paralegals, law clerks, legal intern, legal assistants, document clerks and other paraprofessionals range from \$85.00 to \$220.00.

Rutan & Tucker, LLP bills its clients for costs advanced on a client's behalf, such as filing fees, transcript and deposition fees, reasonable travel expenses, and expert witness fees. The firm also charges for certain costs and expenses incurred on behalf of clients such as long-distance telephone calls, facsimile and telecopier transmissions, copying, scanning, printing, postage, mileage, messengers, and computerized research. Notwithstanding the foregoing, we may forward to you large disbursement invoices for your direct payment to the supplier.

We make every effort to include disbursements in the statement for the month in which the disbursements are incurred. Some disbursements, however, may not be available to us until the following months, in which case a subsequent statement may be rendered to you for these additional charges, or an estimated amount may be included in the initial billing and an adjustment made when the actual disbursement information is available.

In the absence of other arrangements, our billing statements ordinarily will be rendered to you on a monthly basis.

Our billing statements are due and payable upon receipt. We ask and expect payment of our statements on a current basis, as delayed payment adds to our overall costs of providing services. Unless you notify us of any objection to any such billing statement (specifically describing the basis for such objection), within thirty (30) days after the date we send the billing statement to you, we will presume that you have no objection to the amounts set forth in the billing statement. If any statement remains unpaid for more than thirty (30) days after the date the statement is sent by this firm, interest may be added at the rate of 10% per annum on the unpaid balance.

Unless specifically agreed in writing, we cannot make any guarantee as to the amount which you will incur for attorneys' fees and costs in any matter, as those figures will wholly depend on the time and effort required to be devoted to such matter. Any estimates of anticipated fees and costs, whether for budgeting purposes or otherwise, are, due to the uncertainties involved, necessarily only an approximation of potential fees and costs. Unless specifically agreed in writing, such estimates are not a maximum or minimum quotation and are not binding. The actual fees and costs will be determined in accordance with the policies described above.

General Terms.

We have been engaged to represent the person(s), company(ies) or organization(s) agreed to in writing by this firm. Unless agreed to in writing, we are not representing any of their respective members, shareholders, affiliates, subsidiaries, parent companies, joint ventures, officers, directors, partners, principals, investors, or employees. Accordingly, we can take on matters that may be adverse to these related parties or their legal interests, unless precluded by reason of the Rules of Professional Conduct.

Either of us may terminate the engagement at any time for any reason by written notice, subject on our part to applicable Rules of Professional Conduct. If we terminate the engagement, we will take such steps as are reasonably practicable to protect your interests in the matter(s) for which we have been engaged. If you so request, we will use reasonable efforts to suggest to you possible successor counsel and provide it with whatever documents you have provided to us, but will retain materials that we have generated, as noted below.

Unless previously terminated, our representation of you in any matter will terminate upon our sending to you our final invoice for services rendered for such matter. Upon the termination of such representation, our own lawyer work product documents, notes and files (the "Work Product Files") pertaining to your matter will be retained by the firm. Your documents, property and files that are not Work Product Files (the "Client Files") will be, at your request, returned to you upon the termination of such representation. Both the Client Files (unless otherwise returned to you at your request) and the Work Product Files will be transferred to the person responsible for administering our records retention program. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to destroy or otherwise dispose of any such documents, property, files or other materials retained by us within a reasonable time after the termination of the engagement. Specifically, it is our current policy to store your Client Files for a period of five (5) years and at the conclusion of such five (5) year period we will make an attempt to contact you as to the disposition of your Client Files, but if we are unable to locate you, we reserve the right to destroy such Client Files.

You are engaging the firm to provide legal services in connection with specific matter(s). After completion, changes may occur in the applicable laws or regulations that could have an impact upon your future rights and liabilities. Unless you actually engage us after these matters have been completed to provide additional advice on issues arising from these matters, this firm has no continuing obligation to advise you with respect to future legal developments. In particular, please be advised that this firm does not undertake to perform further actions on your behalf in connection with renewal of perfection of liens, filing of UCC continuation statements,

and the like in connection with any loan related matter. Further, we do not offer the service of annuity/maintenance fee payments with respect to patent prosecution.

We have made no representations, promises or guarantees to you regarding the outcome of your matter. Any comments about the outcome of your matter at any time during the performance of services do not constitute promises, guarantees, or assurances, as to the outcome of your matter.

Unless otherwise agreed in a signed writing, the firm shall have no responsibility to investigate or evaluate whether insurance is available for any matter covered by this engagement or to tender any matter covered by this engagement to any insurance carrier.

If we are required to respond to a subpoena of our records relating to services we have performed for you, or testify by deposition or otherwise concerning such services, then we will take reasonable steps to consult with you as to whether you wish to supply the information demanded or assert objections to the extent you may properly do so. You agree to pay us for our time and costs incurred in responding to any such demand, in accordance with the provisions of this letter, including, but not limited to, time and expense incurred in search and photocopying costs, reviewing documents, appearing at depositions or hearings, and otherwise litigating issues raised by the request.

In order to maximize efficiency, please be advised that attorneys and paraprofessionals at this firm routinely use the following communications methods to the fullest extent possible: e-mail, document transfer by computer, mobile telephones, and facsimile transfers.

Although not required in California, some states require that a law firm disclose the existence of errors and omissions insurance coverage applicable to the services to be rendered. Rutan & Tucker, LLP hereby confirms the existence of such insurance coverage for the purposes of complying with such a requirement.

OVERSIGHT BOARD AGENDA: APRIL 3, 2013

SUBJECT: STATUS UPDATE REGARDING DEPARTMENT OF FINANCE REVIEW OF NON-HOUSING FUND BALANCE REPORTS

SOURCE: COMMUNITY DEVELOPMENT DEPARTMENT

COMMENT: On January 10, 2013, the Oversight Board adopted Resolution 2013-01 approving the Independent Accountant's Report on Applying Agreed-Upon Procedures (all funds and accounts excluding Low and Moderate Income Housing Fund) conducted pursuant to Health & Safety Code Section 34179.5. The report was submitted to the Department of Finance on January 15, 2013.

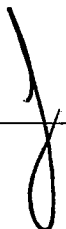
The Department of Finance had until April 1, 2013, to finalize its review of the Non-Housing Due Diligence Review and the Oversight Board's authorization regarding the monies and property to be retained by the Successor Agency.

Staff received the attached notification on March 28, 2013, regarding the due diligence review. Due to the time constraints associated with providing the Oversight Board with this report, staff could not provide a detailed analysis herein; however, staff is working on a response and will present further insight at the Oversight Board Meeting.

RECOMMENDATION: Informational item

ATTACHMENTS:

1. Resolution 2013-01
2. Letter dated March 28, 2013, from the Department of Finance

DD  APPROPRIATED/FUNDED MS CM  ITEM NO. 4
ACTING

OVERSIGHT BOARD RESOLUTION NO. 2013-01
A RESOLUTION OF THE OVERSIGHT BOARD TO THE
SUCCESSOR AGENCY TO THE PORTERVILLE
REDEVELOPMENT AGENCY APPROVING THE
INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-
UPON PROCEDURES (ALL FUNDS AND ACCOUNTS
EXCLUDING LOW AND MODERATE INCOME HOUSING
FUND) CONDUCTED PURSUANT TO HEALTH & SAFETY
CODE SECTION 34179.5

WHEREAS, the former Porterville Redevelopment Agency ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Porterville ("City"); and

WHEREAS, Assembly Bill 1x 26, chaptered and effective on June 28, 2011, added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012 (together, the "Dissolution Act"); and

WHEREAS, as of February 1, 2012, the Agency was dissolved pursuant to the Dissolution Act and the City Council serves as the governing board of the Successor Agency to the Porterville Redevelopment Agency ("Successor Agency"); and

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, Section 34179 of the Dissolution Act provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, in accordance with the Dissolution Act, the Oversight Board approved the Recognized Obligation Payment Schedule for the period of January 1, 2013, to June 30, 2013 ("ROPS III") in the form submitted herewith; and

WHEREAS, Section 34179.5 of the Dissolution Act requires the Successor Agency to employ a licensed accountant approved by the Tulare County Auditor-Controller to perform a due diligence review and report on the amount of funds transferred from the former Agency; and

ATTACHMENT
ITEM NO. 1

WHEREAS, the Tulare County Auditor-Controller provided written approval to Successor Agency staff of their selection of Gallina LLP, Certified Public Accountants, as the licensed accountant to perform the due diligence review for the Successor Agency; and

WHEREAS, on August 27, 2012, the Department of Finance posted on its official website the agreed-upon procedures to conduct the due diligence reviews; and

WHEREAS, in accordance with the provisions of the agreed-upon procedures and provisions of Section 34179.5 of the Dissolution Act, Gallina LLP, Certified Public Accountants, has completed the due diligence review with respect to all of the former Agency's funds and accounts excluding the Low and Moderate Income Housing Fund ("Non-Housing Due Diligence Review Report"), a copy of which is attached hereto and incorporated herein; and

WHEREAS, the Successor Agency submitted the Non-Housing Due Diligence Review Report to the Oversight Board and simultaneously submitted the Non-Housing Due Diligence Review Report and ROPS III to the County Administrative Officer, County Auditor-Controller, State Controller and Department of Finance, as required by Section 34179.6 of the Dissolution Act; and

WHEREAS, in accordance with Section 34179.6 of the Dissolution Act, the Oversight Board held a public comment session with respect to the Non-Housing Due Diligence Review Report not fewer than five (5) business days prior to the date this Resolution was considered and approved by the Oversight Board; and

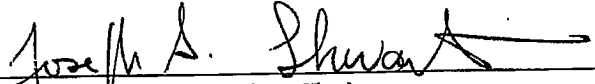
WHEREAS, the Oversight Board has duly considered all comments and testimony received during the public comment session and otherwise from the public and the County Auditor-Controller regarding the Non-Housing Due Diligence Review Report.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE PORTERVILLE REDEVELOPMENT AGENCY:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution. Pursuant to the Dissolution Act, the Oversight Board approves the Non-Housing Due Diligence Review Report submitted herewith as Attachment 1.

Section 2. The Oversight Board Secretary shall certify to the adoption of this Resolution.

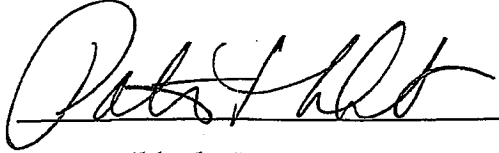
APPROVED AND ADOPTED this 10th day of January, 2013.



Joseph A. Stewart, Vice-Chair
Oversight Board to the Successor Agency to the
Porterville Redevelopment Agency

(SEAL)

ATTEST:



Patrice Hildreth, Secretary
Oversight Board to the Successor Agency to the
Porterville Redevelopment Agency

ATTACHMENT 1
To Oversight Board Resolution 2013-01
Non-Housing Due Diligence Review Report
(Attached)

**REPORT ON APPLYING
AGREED-UPON PROCEDURES
IN ACCORDANCE WITH AB 1484
FOR THE PORTERVILLE REDEVELOPMENT AGENCY
AND THE SUCCESSOR AGENCY TO THE RDA
ALL FUNDS AND ACCOUNTS (EXCLUDING LOW
MODERATE INCOME HOUSING FUND)**

**AGREED-UPON PROCEDURES
PORTERVILLE REDEVELOPMENT AGENCY
AND THE SUCCESSOR AGENCY TO THE RDA**

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**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Oversight Board of the Successor Agency
of the Porterville Redevelopment Agency
Porterville, California

We have performed the minimum required agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office and the Department of Finance solely to assist you in ensuring that the dissolved redevelopment agency is complying with its statutory requirements with respect to AB 1484. Management of the successor agency and the City are responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code section 34179.5(c)(1) through 34179.5(c)(6). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in 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.

The scope of this engagement was limited to performing the minimum required agreed-upon procedures as set forth in Attachment A related to all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund).

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the successor agency and applicable State agencies, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

GALLINA LLP

Gallina LLP

Roseville, California
December 3, 2012

ATTACHMENT A

**Agreed Upon Procedures Engagement Pursuant to
AB1484 and Health and Safety Code Section 34179.5**

Purpose: to determine the unobligated balances of all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund) available to transfer to taxing entities.

Health and Safety Code Section 34179.5(c)

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. Procedure:

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 book value of the assets transferred to the Successor Agency as of that date.

Results:

Refer to Appendix 1 for a listing of assets transferred to the Successor Agency and comments, if any. The book value of the assets transferred was \$4,771,459.

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 reviews shall provide documentation of any enforceable obligation that required the transfer.

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

2A. Obtain a list prepared by the Successor Agency of all 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 or accounting requirements. Provide this listing as an attachment to the AUP report.

Results:

The former redevelopment agency did not transfer any assets relating to all the other funds and account balances of the former redevelopment agency (excluding the low and moderate income housing fund) to the City that formed the redevelopment agency for the period January 1, 2011 through January 31, 2012.

2B. Obtain a list prepared by the Successor Agency of all 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 or accounting requirements. Provide this listing as an attachment to the AUP report.

Results:

The Successor Agency did not transfer any assets relating to all the other funds and account balances of the former redevelopment agency (excluding the low and moderate income housing fund) to the City that formed the redevelopment agency for the period 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.

Results:

N/A. Refer to procedures 2A and 2B above.

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

Obtain a list prepared by the Successor Agency of all 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 or accounting requirements. Provide this listing as an attachment to the AUP report.

Results:

The former redevelopment agency did not transfer any assets relating to all the other funds and account balances of the former redevelopment agency (excluding the low and moderate income housing fund) to any other public agency or private party for the period January 1, 2011 through January 31, 2012.

Obtain a list prepared by the Successor Agency of all 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 or accounting requirements. Provide this listing as an attachment to the AUP report.

Results:

The Successor Agency did not transfer any assets relating to all other funds of the Successor Agency combined (excluding the Low and Moderate Income Housing Fund) to any other public agency or private party for the period 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.

Results:

N/A. Refer to procedures 3A and 3B above.

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. Procedures: 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 schedules for information purposes.

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.

Compare amounts in the schedule relevant to the fiscal year ending June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

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.

Results:

Refer to Appendix 4 for a summary of the financial transactions of the Redevelopment Agency and the Successor Agency for the period ending June 30, 2010, June 30, 2011, January 31, 2012 and June 30, 2012.

For all fiscal periods indicated in the schedule - total revenues, expenditures and transfers account for the changes in equity from the previous period, except for a prior period adjustment for the period ending January 31, 2012. The adjustment reflects the reversal of payments against advances owed to the City which were disallowed by the Department of Finance.

Amounts reported on the schedule for the fiscal year ended June 30, 2010 agree to the amounts reported on the State Controller Report filed for the Redevelopment Agency for the same period, except for amounts not reported on state controller report such as deferred costs, interest payable and accumulated depreciation.

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.

Procedure: Obtain from the Successor Agency a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets and liabilities of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. 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.

Results:

Refer to Appendices 4A and 4B columns labeled Successor Agency for a listing of the assets held by the Successor Agency for all other funds and accounts combined (excluding the low and moderate income housing fund). Refer to Appendix 5 for a detail listing of capital assets.

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

Unspent bond proceeds:

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.)

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).

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.

Results:

The Agency holds unspent bond proceeds totaling \$1,924,763. This amount was first reported as held with fiscal agent and restricted for capital projects on the June 30, 2009 audit report, at \$1,901,195.

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

Obtain Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).

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).

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.

Results:

There are no amounts that are legally restricted by third parties and cannot be provided to taxing entities relating to all the other funds and account balances of the former redevelopment agency (excluding the low and moderate income housing fund).

Other assets considered to be legally restricted:

Obtain Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures.)

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).

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.

Results:

There are no other amounts that are legally restricted and cannot be provided to taxing entities relating to all the other funds and account balances of the former redevelopment agency (excluding the low and moderate income housing fund).

Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report.

N/A. Refer to Appendix 6 for schedule listings unspent bond proceeds.

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. Procedure: Perform the following procedures:

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.

If the assets listed at 7(A) 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.

For any differences noted in 7(B), 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.

If the assets listed at 7(A) 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.

Results:

The Successor Agency holds capital assets valued at historical cost totaling \$1,430,321. See Appendix 5.

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. Procedure: 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.

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.

Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.

Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.

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.

Results:

Refer to Appendix 8A for a listing of asset balances that the Successor Agency believes need to be retained to satisfy enforceable obligations.

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:

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.

Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.

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.
For the forecasted annual revenues:

Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Results:

The Successor Agency has not asserted the need to retain any current balances to pay for enforceable obligations.

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.

Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.

Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.

Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Results:

The Successor Agency has not asserted the need to retain any current balances to pay for debt service obligations.

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.

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.

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.

Include the calculation in the AUP report.

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. **Procedure:** 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.

Results:

The Successor Agency has not asserted the need to retain any cash balances to satisfy obligations on the ROPS for the period of July 1, 2012 through June 30, 2013.

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. Procedure: 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).

Results:

Refer to Appendix 10 for the schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities.

Appendix 1

Successor Agency to the City of Porterville Redevelopment Agency

Schedule of Assets, Liabilities and Net Assets

All Funds and Accounts Excluding Low Moderate Income Housing Fund

February 1, 2012 (unaudited)

| | Redevelopment Agency All Funds less LMIHF |
|---|--|
| ASSETS | |
| Cash and investments | \$ 506,485 |
| Interest receivable | 5,155 |
| Cash with fiscal agent- restricted | 2,601,258 |
| Capital assets | 1,330,168 |
| Deferred charges (bond issuance costs) | 328,393 |
| Total assets | <u>\$ 4,771,459</u> |
| LIABILITIES AND EQUITY | |
| Liabilities: | |
| Accounts payable | \$ 6,223 |
| Long-term liabilities | 9,137,625 |
| Interest payable | 42,713 |
| Total liabilities | <u>9,186,561</u> |
| Net assets | |
| Net assets held in trust | <u>(4,415,102)</u> |
| Total net assets | <u>(4,415,102)</u> |
| Total liabilities and net assets | <u>\$ 4,771,459</u> |

Appendix 4A
City of Porterville Redevelopment Agency
Balance Sheet
Governmental Funds
June 30, 2010

| | City Audit Less SCO Report Differences | Financial Transaction Report All Funds | Redevelopment Agency All Fund Types | Less Low-Moderate Income Housing | RDA Excluding LMIHF Total |
|--|---|---|--|---|------------------------------------|
| ASSETS | | | | | |
| Cash and investments | -- | 32,181 | \$ 32,181 | \$ 2,852 | \$ 29,329 |
| Investments | -- | 319,805 | 319,805 | 196,805 | 123,000 |
| Interest receivable | -- | 5,722 | 5,722 | -- | 5,722 |
| Taxes receivable | -- | 52,342 | 52,342 | -- | 52,342 |
| Accounts receivable | -- | 328,497 | 328,497 | 326,972 | 1,525 |
| Notes receivable | -- | 930,000 | 930,000 | 930,000 | -- |
| Cash with fiscal agent- restricted | -- | 2,567,915 | 2,567,915 | -- | 2,567,915 |
| Capital assets | -- | -- | -- | -- | -- |
| Deferred charges (bond issuance costs) | -- | -- | -- | -- | -- |
| Total assets | \$ -- | \$ 4,236,462 | \$ 4,236,462 | \$ 1,456,629 | \$ 2,779,833 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ -- | \$ 25,682 | \$ 25,682 | \$ 1,090 | \$ 24,592 |
| Deferred revenue | 1,256,972 | -- | 1,256,972 | 1,256,972 | -- |
| Other liabilities | (1,256,972) | 1,256,972 | -- | -- | -- |
| Long-term liabilities | -- | -- | -- | -- | -- |
| Interest payable | -- | -- | -- | -- | -- |
| Total liabilities | -- | 1,282,654 | 1,282,654 | 1,258,062 | 24,592 |
| Fund balances: | | | | | |
| Nonspendable | 930,000 | -- | 930,000 | 930,000 | -- |
| Restricted for various | 759,397 | -- | 759,397 | -- | 759,397 |
| Committed | 1,901,195 | -- | 1,901,195 | -- | 1,901,195 |
| Assigned for various purposes | 94,649 | -- | 94,649 | -- | 94,649 |
| Unassigned | (3,685,241) | 2,953,808 | (731,433) | (731,433) | -- |
| Net assets held in trust | -- | -- | -- | -- | -- |
| Total fund balances | -- | 2,953,808 | 2,953,808 | 198,567 | 2,755,241 |
| Total liabilities and fund balances | \$ -- | \$ 4,236,462 | \$ 4,236,462 | \$ 1,456,629 | \$ 2,779,833 |
| Reconciliation | | | | | |
| Capital assets used in Governmental Activities are not current financial resources and therefore are not reported in the governmental funds: | | | | | |
| Non-depreciable | \$ 615,669 | -- | \$ 615,669 | -- | \$ 615,669 |
| Depreciable, net of accumulated depreciation | (699,529) | 1,430,321 | 730,792 | -- | 730,792 |
| Net Capital assets | (83,860) | 1,430,321 | 1,346,461 | -- | 1,346,461 |
| Deferred charges, such as bond issuance costs | 340,017 | -- | 340,017 | -- | 340,017 |
| Interest payable | (50,646) | -- | (50,646) | -- | (50,646) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds: | | | | | |
| Due within one year | (128,139) | -- | (128,139) | -- | (128,139) |
| Due in more than one year | 889,666 | (10,353,563) | (9,463,897) | -- | (9,463,897) |
| | \$ 761,527 | \$ (10,353,563) | \$ (9,592,036) | \$ -- | \$ (9,592,036) |
| Net assets of Governmental Activities | 967,038 | (5,969,434) | (5,002,396) | 198,567 | (5,200,963) |

Appendix 4A
City of Porterville Redevelopment Agency
Balance Sheet
Governmental Funds
June 30, 2011

| | Redevelopment Agency All Fund Types | Less Low-Moderate Income Housing | RDA Excluding LMIHF Total |
|--|--|---|------------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 4,704 | \$ 2,931 | \$ 1,773 |
| Investments | 466,086 | 290,414 | 175,672 |
| Interest receivable | 5,372 | - | 5,372 |
| Taxes receivable | 20,699 | - | 20,699 |
| Accounts receivable | 316,855 | 316,855 | - |
| Notes receivable | 930,000 | 930,000 | - |
| Cash with fiscal agent- restricted | 676,260 | - | 676,260 |
| Capital assets | - | - | - |
| Deferred charges (bond issuance costs) | - | - | - |
| Total assets | \$ 2,419,976 | \$ 1,540,200 | \$ 879,776 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 4,499 | \$ 1,728 | \$ 2,771 |
| Deferred revenue | 1,246,855 | 1,246,855 | - |
| Other liabilities | - | - | - |
| Long-term liabilities | - | - | - |
| Interest payable | - | - | - |
| Total liabilities | 1,251,354 | 1,248,583 | 2,771 |
| Fund balances: | | | |
| Nonspendable | - | - | - |
| Restricted for various | 1,115,103 | 291,617 | 823,486 |
| Committed | - | - | - |
| Assigned for various purposes | 53,519 | - | 53,519 |
| Unassigned | - | - | - |
| Net assets held in trust | - | - | - |
| Total fund balances | 1,168,622 | 291,617 | 877,005 |
| Total liabilities and fund balances | \$ 2,419,976 | \$ 1,540,200 | \$ 879,776 |

| | | | |
|--|------------------------|----------------|------------------------|
| Reconciliation | | | |
| Capital assets used in Governmental Activities are not current financial resources and therefore are not reported in the governmental funds: | | | |
| Non-depreciable | \$ 615,669 | | \$ 615,669 |
| Depreciable, net of accumulated depreciation | 714,499 | | 714,499 |
| Net Capital assets | 1,330,168 | - | 1,330,168 |
| Deferred charges, such as bond issuance costs | 328,393 | - | 328,393 |
| Interest payable | (42,713) | - | (42,713) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds: | | | |
| Due within one year | (138,839) | - | (138,839) |
| Due in more than one year | (11,278,792) | - | (11,278,792) |
| | \$ (11,417,631) | \$ - | \$ (11,417,631) |
| Net assets of Governmental Activities | (8,633,161) | 291,617 | (8,924,778) |

Appendix 4A
City of Porterville Redevelopment Agency
Balance Sheet
Governmental Funds
January 31, 2012 (unaudited)

| | Redevelopment Agency All Funds less LMIHF | LMIHF separately reported | RDA Excluding LMIHF Total |
|--|--|---------------------------------|------------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 508,485 | | \$ 508,485 |
| Investments | -- | | -- |
| Interest receivable | 5,155 | | 5,155 |
| Taxes receivable | -- | | -- |
| Accounts receivable | -- | | -- |
| Notes receivable | -- | | -- |
| Cash with fiscal agent- restricted | 2,601,258 | | 2,601,258 |
| Capital assets | -- | | -- |
| Deferred charges (bond issuance costs) | -- | | -- |
| Total assets | \$ 3,112,898 | \$ -- | \$ 3,112,898 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 6,223 | | \$ 6,223 |
| Deferred revenue | -- | | -- |
| Other liabilities | -- | | -- |
| Long-term liabilities | -- | | -- |
| Interest payable | -- | | -- |
| Total liabilities | 6,223 | -- | 6,223 |
| Fund balances: | | | |
| Nonspendable | -- | | -- |
| Restricted for various | -- | | -- |
| Committed | -- | | -- |
| Assigned for various purposes | 3,106,675 | | 3,106,675 |
| Unassigned | -- | | -- |
| Net assets held in trust | -- | | -- |
| Total fund balances | 3,106,675 | -- | 3,106,675 |
| Total liabilities and fund balances | \$ 3,112,898 | \$ -- | \$ 3,112,898 |

| | | | |
|--|--------------------|-----------|--------------------|
| Reconciliation | | | |
| Capital assets used in Governmental Activities are not current financial resources and therefore are not reported in the governmental funds: | | | |
| Non-depreciable | \$ 615,669 | | \$ 615,669 |
| Depreciable, net of accumulated depreciation | 714,499 | | 714,499 |
| Net Capital assets | <u>1,330,168</u> | <u>--</u> | <u>1,330,168</u> |
| Deferred charges, such as bond issuance costs | 328,393 | -- | 328,393 |
| Interest payable | (42,713) | -- | (42,713) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds: | | | |
| Due within one year | (9,137,625) | | (9,137,625) |
| Due in more than one year | <u>(9,137,625)</u> | <u>--</u> | <u>(9,137,625)</u> |
| Net assets of Governmental Activities | (4,415,102) | -- | (4,415,102) |

Appendix 4A
 Successor Agency for the Redevelopment Agency of the City of Porterville
 Balance Sheet/Statement of Net Assets
 Governmental Funds/Private Purpose Trust Fund
 June 30, 2012

| | Redevelopment Agency All Funds less LMIHF | LMIHF separately reported | RDA Excluding LMIHF Total | Private Purpose Trust Fund |
|---|--|---------------------------------|------------------------------------|-------------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ -- | \$ -- | \$ -- | \$ 402,022 |
| Investments | -- | -- | -- | -- |
| Interest receivable | -- | -- | -- | 3,866 |
| Taxes receivable | -- | -- | -- | -- |
| Accounts receivable | -- | -- | -- | -- |
| Notes receivable | -- | -- | -- | -- |
| Cash with fiscal agent- restricted | -- | -- | -- | 2,614,274 |
| Capital assets | -- | -- | -- | 1,313,875 |
| Deferred charges (bond issuance costs) | -- | -- | -- | 316,768 |
| Total assets | \$ -- | \$ -- | \$ -- | \$ 4,650,805 |
| LIABILITIES AND FUND BALANCES/NET ASSETS | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ -- | \$ -- | \$ -- | \$ 18,821 |
| Deferred revenue | -- | -- | -- | -- |
| Advances payable | -- | -- | -- | -- |
| Long-term liabilities | -- | -- | -- | 9,066,875 |
| Interest payable | -- | -- | -- | 42,298 |
| Total liabilities | -- | -- | -- | 9,127,994 |
| Fund balances: | | | | |
| Nonspendable | -- | -- | -- | -- |
| Restricted for various | -- | -- | -- | -- |
| Committed | -- | -- | -- | -- |
| Assigned for various purposes | -- | -- | -- | -- |
| Unassigned | -- | -- | -- | -- |
| Net assets held in trust | -- | -- | -- | (4,477,189) |
| Total fund balances/net assets | -- | -- | -- | (4,477,189) |
| Total liabilities and fund balances/net assets | \$ -- | \$ -- | \$ -- | \$ 4,650,805 |

Appendix 4B
City of Porterville Redevelopment Agency
Revenues, Expenses, and Changes in Fund Balance
Governmental Funds
For the year ended June 30, 2010

| | City Audit Less SCO Report Differences | Financial Transaction Report All Funds | Redevelopment Agency All Fund Types | Less Low-Moderate Income Housing | RDA Excluding LMIHF Total |
|---|---|---|--|---|------------------------------------|
| REVENUES | | | | | |
| Tax increment | \$ -- | \$ 1,187,581 | \$ 1,187,581 | \$ 254,108 | \$ 933,475 |
| Interest | -- | 83,458.00 | 83,458 | 4,535 | 78,923 |
| Other | -- | 20,304.00 | 20,304 | 4,029 | 16,275 |
| Misc | -- | -- | -- | -- | -- |
| Total revenue | -- | 1,291,343 | 1,291,343 | 262,670 | 1,028,673 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Administration | (204,872) | 484,127 | 279,255 | 73,924 | 205,331 |
| Pass through | (373,167) | 587,818 | 214,651 | 42,930 | 171,721 |
| Supplemental education revenue augmentation fund payment | 373,167 | -- | 373,167 | -- | 373,167 |
| Debt service: | -- | -- | -- | -- | -- |
| Principal | -- | 166,461 | 166,461 | 20,000 | 146,461 |
| Interest | -- | 529,722 | 529,722 | 112,259 | 417,463 |
| Other | (526,472) | 526,472 | -- | -- | -- |
| Deductions: affected taxing agencies | -- | -- | -- | -- | -- |
| Deductions: administrative | -- | -- | -- | -- | -- |
| Total expenditures | (731,344) | 2,294,800 | 1,563,256 | 249,113 | 1,314,143 |
| Excess (deficiency) of revenues over (under) expenditures | 731,344 | (1,003,257) | (271,913) | 13,557 | (285,470) |
| Other financing sources (uses): | | | | | |
| Transfers in | -- | 398,518 | 398,518.00 | -- | 398,518 |
| Transfers out | (731,344) | (398,518) | (1,129,862.00) | -- | (1,129,862) |
| Proceeds from financing (advance from City) | -- | 497,172.00 | 497,172.00 | -- | 497,172 |
| RDA dissolution | -- | -- | -- | -- | -- |
| Loan to developer | -- | (930,000.00) | (930,000.00) | (930,000) | -- |
| Extraordinary items: | | | | | |
| Assets of Porterville RDA | -- | -- | -- | -- | -- |
| Liabilities of Porterville RDA | -- | -- | -- | -- | -- |
| Total other financing sources (uses) | (731,344) | (432,828) | (1,164,172) | (930,000) | (234,172) |
| Net change in fund balances | -- | (1,436,085) | (1,436,085) | (916,443) | (519,642) |
| Fund balances, July 1 | | | 4,389,893 | 1,115,010 | 3,274,883 |
| Prior period adjustment | | | -- | -- | -- |
| Fund balances, June 30 | | | \$ 2,953,808 | \$ 198,567 | \$ 2,755,241 |
| Net change in fund balances | | | \$ (1,436,085) | \$ (916,443) | \$ (519,642) |
| Government wide adjustments | | | | | |
| Debt issuance and other differences in treatment of LT debt | | | 165,540 | | 165,540 |
| Expenses not requiring use of current resources | | | (74,285) | | (74,285) |
| Depreciation | | | (13,812) | | (13,812) |
| Change in net assets of governmental activities | | | \$ (1,358,642) | \$ (916,443) | \$ (442,199) |

Appendix 4B
City of Porterville Redevelopment Agency
Revenues, Expenses, and Changes in Fund Balance
Governmental Funds
For the year ended June 30, 2011

| | Redevelopment Agency All Fund Types | Less Low-Moderate Income Housing | RDA Excluding LMIHF Total |
|---|--|---|------------------------------------|
| REVENUES | | | |
| Tax increment | \$ 1,162,911 | \$ 249,217 | \$ 913,694 |
| Interest | 38,101 | 4,841 | 33,260 |
| Other | 58,064 | 23,953 | 34,111 |
| | <u>1,259,076</u> | <u>278,011</u> | <u>981,065</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Administration | 184,351 | 80,734 | 103,617 |
| Pass through | 213,882 | 42,776 | 171,106 |
| Supplemental education revenue augmentation fund payment | 76,828 | - | 76,828 |
| Debt services: | | | |
| Principal | 2,089,896 | 20,000 | 2,069,896 |
| Interest | 594,290 | 111,451 | 482,839 |
| Other | - | - | - |
| Deductions: affected taxing agencies | - | - | - |
| Deductions: administrative | - | - | - |
| Total expenditures | <u>3,159,247</u> | <u>254,961</u> | <u>2,904,286</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,900,171)</u> | <u>23,050</u> | <u>(1,923,221)</u> |
| Other financing sources (uses): | | | |
| Transfers in | 1,793,880 | - | 1,793,880 |
| Transfers out | (1,793,880) | - | (1,793,880) |
| Issuance of long-term debt | 44,985 | - | 44,985 |
| RDA dissolution | - | - | - |
| Residual receipts termination fee | 70,000 | 70,000 | - |
| Extraordinary items: | | | |
| Assets of Porterville RDA | - | - | - |
| Liabilities of Porterville RDA | - | - | - |
| Total other financing sources (uses) | <u>114,985</u> | <u>70,000</u> | <u>44,985</u> |
| Net change in fund balances | <u>(1,785,186)</u> | <u>93,050</u> | <u>(1,878,236)</u> |
| Fund balances, July 1 | 2,953,808 | 198,567 | 2,755,241 |
| Prior period adjustment | - | - | - |
| Fund balances, June 30 | <u>\$ 1,168,622</u> | <u>\$ 291,617</u> | <u>\$ 877,005</u> |
| Net change in fund balances | \$ (1,785,186) | \$ 93,050 | \$ (1,878,236) |
| Government wide adjustments | - | - | - |
| Debt issuance and other differences in treatment of LT debt | 2,044,912 | - | 2,044,912 |
| Expenses not requiring use of current resources | (59,950) | - | (59,950) |
| Depreciation | (16,293) | - | (16,293) |
| Change in net assets of governmental activities | <u>\$ 183,483</u> | <u>\$ 93,050</u> | <u>\$ 90,433</u> |

Appendix 4B
City of Porterville Redevelopment Agency
Revenues, Expenses, and Changes in Fund Balance
Governmental Funds
For the period ended January 31, 2012

| | Redevelopment Agency All Funds less LMIHF | LMIHF separately reported | RDA Excluding LMIHF Total |
|--|--|---------------------------------|------------------------------------|
| REVENUES | | | |
| Tax increment | \$ 524,715 | | \$ 524,715 |
| Interest | 7,622 | | 7,622 |
| Other | 119 | | 119 |
| Misc | -- | -- | -- |
| Total revenue | 532,456 | -- | 532,456 |
| EXPENDITURES | | | |
| Current: | | | |
| Administration | 74,558 | | 74,558 |
| Pass through | 2,693 | | 2,693 |
| Supplemental education revenue augmentation fund payment | -- | | -- |
| Debt service: | | | |
| Principal | 11,831 | | 11,831 |
| Interest | 203,078 | | 203,078 |
| Other | -- | -- | -- |
| Deductions: affected taxing agencies | -- | -- | -- |
| Deductions: administrative | -- | -- | -- |
| Total expenditures | 292,160 | -- | 292,160 |
| Excess (deficiency) of revenues over (under) expenditures | 240,296 | -- | 240,296 |
| Other financing sources (uses): | | | |
| Transfers in | 56,889 | | 56,889 |
| Transfers out | (56,889) | | (56,889) |
| Proceeds from financing | -- | | -- |
| RDA dissolution | -- | | -- |
| Loan to developer | -- | | -- |
| Extraordinary items: | | | |
| Assets of Porterville RDA | -- | -- | -- |
| Liabilities of Porterville RDA | -- | -- | -- |
| Total other financing sources (uses) | -- | -- | -- |
| Net change in fund balances | 240,296 | -- | 240,296 |
| Fund balances, July 1 | \$ 877,005 | -- | \$ 877,005 |
| Prior period adjustment (reversal of repayment of advances) | 1,989,374 | -- | 1,989,374 |
| Fund balances, June 30 | \$ 3,106,675 | \$ -- | \$ 3,106,675 |
| Net change in fund balances | \$ 240,296 | \$ -- | 240,296 |
| Government wide adjustments | -- | -- | -- |
| Debt issuance and other differences in treatment of LT debt | 11,831 | -- | 11,831 |
| Expenses not requiring use of current resources | -- | -- | -- |
| Depreciation | -- | -- | -- |
| Change in net assets of governmental activities | \$ 252,127 | \$ -- | \$ 252,127 |

Appendix 4B
 Successor Agency for the Redevelopment Agency of the City of Porterville
 Revenues, Expenses, and Changes in Fund Balance
 Governmental Funds/Private Purpose Trust Fund
 For the year ended June 30, 2012

| | Redevelopment Agency All Funds less LMIHF | LMIHF separately reported | RDA Excluding LMIHF Total | Private Purpose Trust Fund |
|--|---|---------------------------|---------------------------|----------------------------|
| REVENUES AND ADDITIONS | | | | |
| Tax increment | \$ 524,715 | | \$ 524,715 | \$ 320,830 |
| Interest | 7,622 | | 7,622 | 14,053 |
| Other | 119 | | 119 | -- |
| Misc | -- | -- | -- | -- |
| Total revenue and additions | 532,456 | -- | 532,456 | 334,883 |
| EXPENDITURES AND DEDUCTIONS | | | | |
| Current: | | | | |
| Administration | 74,558 | | 74,558 | 51,661 |
| Pass through | 2,693 | | 2,693 | -- |
| Supplemental education revenue augmentation fund payment | -- | | -- | -- |
| Debt service: | | | | |
| Principal | 11,831 | | 11,831 | -- |
| Interest | 203,078 | | 203,078 | 325,675 |
| Other | -- | -- | -- | 19,834 |
| Deductions: affected taxing agencies | -- | -- | -- | -- |
| Deductions: administrative | -- | -- | -- | -- |
| Total expenditures and deductions | 292,160 | -- | 292,160 | 396,970 |
| Excess (deficiency) of revenues over (under) expenditures | 240,296 | -- | 240,296 | (62,087) |
| Other financing sources (uses): | | | | |
| Transfers in | -- | -- | -- | -- |
| Transfers out | -- | -- | -- | -- |
| Proceeds from financing | -- | -- | -- | -- |
| RDA dissolution | (3,346,971) | -- | (3,346,971) | -- |
| Loan to developer | -- | -- | -- | -- |
| Extraordinary items: | | | | |
| Assets of Porterville RDA | -- | -- | -- | 4,771,459 |
| Liabilities of Porterville RDA | -- | -- | -- | (9,189,561) |
| Total other financing sources (uses) | (3,346,971) | -- | (3,346,971) | (4,418,102) |
| Net change in fund balances | (3,106,675) | -- | (3,106,675) | (4,477,189) |
| Fund balances/ Net Assets, beg | \$ 3,106,675 | -- | \$ 3,106,675 | \$ -- |
| Prior period adjustment | -- | -- | -- | -- |
| Fund balances/Net assets, ending | \$ -- | \$ -- | \$ -- | \$ (4,477,189) |

Appendix 5

City of Porterville Redevelopment Agency Capital Assets
 June 30, 2011 -

| ASSET ID DESCRIPTION | ORIGINAL COST | IMPROVEMENTS FUND/DEPT CLASS | PARTIAL DISP ACQUIRED | SALVAGE VALUE DISPOSED LIFE | ACCUM DEPR METHOD | NET VALUE |
|--|-------------------|---------------------------------|--------------------------|--------------------------------|----------------------|-------------------|
| 6211 Land for parking lot - Ledesma property | 71,967.06 | 097-011 50 | 0.00 2/05/1993 | 0.00 | 0 SL | 71,967.06 |
| 6212 Land for parking lot - Escobar property | 53,909.69 | 097-011 50 | 0.00 1/25/1993 | 0.00 | 0 SL | 53,909.69 |
| 6293 Land for parking lot s - 4 parcels | 273,165.65 | 097-011 50 | 0.00 6/30/1994 | 0.00 | 0 SL | 273,165.65 |
| 7186 Land for parking lot - Stout Property | 133,416.37 | 097-011 50 | 0.00 2/02/2001 | 0.00 | 0 SL | 133,416.37 |
| 7187 Land for parking lot - Spencer property | 45,699.70 | 097-011 50 | 0.00 2/09/2001 | 0.00 | 0 SL | 45,699.70 |
| 9112-1 Land TVRR between Mo rton and Cleveland | 37,510.55 | 097-011 50 | 0.00 6/30/2001 | 0.00 | 0 SL | 37,510.55 |
| TOTALS 50 - FUND 097 | 615,669.02 | 0.00 | 0.00 | 0.00 | 0.00 | 615,669.02 |
| CLASS 50 TOTALS | 615,669.02 | (A) 0.00 | 0.00 | 0.00 | 0.00 | 615,669.02 |
| 89-9096 Hockett Parking Lot | 496,250.73 | 097-011 52 | 0.00 9/30/2009 | 0.00 | 17,368.68 600 SL | 478,882.05 |
| 9292 Parking lot improvem ents - 4th and Morto n | 169,308.85 | 097-011 52 | 0.00 6/30/1998 | 0.00 | 44,020.25 600 SL | 125,288.60 |
| 9293 Parking lot improvem ents - 2nd and Thurm an | 149,092.87 | 097-011 52 | 0.00 6/30/1998 | 0.00 | 38,764.21 600 SL | 110,328.66 |
| TOTALS 52 - FUND 097 | 814,652.45 | 0.00 | 0.00 | 0.00 | 100,153.14 | 714,499.31 |
| CLASS 52 TOTALS | 814,652.45 | (B) 0.00 | 0.00 | 0.00 | 100,153.14 | 714,499.31 |

Land - \$615,669
 Structures 814,652

| Successor Agency to the Porterville Redevelopment Agency | | Health and Safety Code Section 34179.5(c) | | Appendix 6 (Procedure 6) - List of assets restricted for (a) unspent bond proceeds, (b) grant proceeds and (c) other assets considered to be legally restricted | |
|--|-----------------|--|--|---|--|
| Description | Cost | Obtain successor agency's computation of the restricted balances (e.g total proceeds less eligible expenditures) | 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). | 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. | |
| 1. Unspent Bond Proceeds | \$ 1,901,195.00 | | Amounts agree to 6/30/2010 audit report. | Bonds issued in September 2008 | |
| Unspent Bond Proceeds | 23,568 | | Earnings on unspent bond proceeds | | |
| | \$ 1,924,763.00 | | | | |

| Successor Agency to the Fontana Valley Redevelopment Agency Health and Safety Code Section 94173.5(c) Appendix 2A (Reference 2B) - List of assets dedicated or restricted for repayment of enforceable obligations | | | | | | | | |
|--|-----------------|---|---|--|---|---|--|---|
| Description | Amount | 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. | 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. | Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation. | Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance. | 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. | | |
| 1. Accounts payable | \$ 18,821.00 | | | | | | | |
| 2. Other liabilities | 1,714,374.00 | | | | | | | |
| | \$ 1,733,195.00 | | | | | | | Amounts represent advances from the City for various capital projects |
| | | | | | | | | |

Appendix 10

Procedure:

Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities pursuant to section 34179.5 (c) (6) of AB 1484.

Results:

See schedule included

BALANCE AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

| | |
|---|---------------------|
| Total amount of assets held by the successor agency as of June 30, 2012 | \$ 4,650,805 |
| Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments - unspent bonds proceeds. | (1,924,763) |
| Less assets that are not cash or cash equivalents (i.e. physical assets) | (1,646,936) |
| Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) | <u>(1,733,195)</u> |
| Amount to be remitted to county for disbursement to taxing entities | <u>\$ (654,089)</u> |

Based on the calculation balance depicted above, there are insufficient funds available to satisfy enforceable obligations, including repayment of advances due to the City.

ATTACHMENT 2
To Oversight Board Resolution 2013-01

Recognized Obligation Payment Schedule
For Period January 1, 2013 to June 30, 2013

(Attached)



DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. * GOVERNOR

915 L STREET * SACRAMENTO CA * 95814-3706 * WWW.DOF.CA.GOV

December 19, 2012

REVISED

Sharla Allison
Tulare County Auditor-Controller's Office
221 S. Mooney Blvd
County Courthouse, Room 101-E
Visalia, CA 93291-4593

Dear Ms. Allison:

The California Department of Finance (Finance) has reviewed the adjustments proposed by the Tulare County Auditor-Controller's Office pursuant to Health and Safety Code section 34186 (a). As part of our review, Finance considered all supporting documentation provided by those Successor Agencies that disputed the adjustments calculated by your Office.

Pursuant to our review, Finance is authorizing the following reductions to the Redevelopment Property Tax Trust Fund monies provided to the identified Successor Agencies for the payment of Finance-approved Enforceable Obligations for the January 2013 through June 2013 Recognized Obligation Payment Schedule (ROPS II):

Table with 3 columns: Successor Agency, Proposed Adjustment, Approved Adjustment. Rows include Dinuba, Exeter, Lindsay, Porterville, Tulare City, Tulare County, Visalia, and Woodlake.

Thank you for your attention to this matter. Please contact Chris Hill, Principal Program Budget Analyst, at (916) 445-1546 if you should have any questions or concerns.

Sincerely,

Handwritten signature of Steve Szalay

STEVE SZALAY
Local Government Consultant

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Filed for the January 1, 2013 to June 30, 2013 Period (Revised 08/23/12)

Name of Successor Agency: City of Porterville Successor Agency

| | Total Outstanding Debt or Obligation | Adjustments | Adjusted Amounts | Comments |
|---|--------------------------------------|---------------------------|------------------|--|
| Outstanding Debt or Obligation | \$ 19,300,141 | | \$ 19,300,141 | |
| Current Period Outstanding Debt or Obligation | Six-Month Total | DOP Adjustments | Six-Month Total | |
| A Available Revenues Other Than Anticipated RPTTF Funding | | | | |
| B Anticipated Enforceable Obligations Funded with RPTTF | 289,127 | | 289,127 | |
| C Anticipated Administrative Allowance Funded with RPTTF | 73,128 | | 73,128 | |
| D Total RPTTF Requested (B + C = D) | 342,255 | | 342,255 | |
| Total Current Period Outstanding Debt or Obligation (A + B + C = E) Should be the same amount as ROPS form six-month total | \$ 342,255 | | \$ 342,255 | |
| E Enter Total Six-Month Anticipated RPTTF Funding (Obtain from county auditor-controller) | 555,410 | 46,031 | 509,379 | Estimated tax increment less PT less Adm Admin |
| F Variance (E - D = F) Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding | \$ 213,155 | \$ 46,031 | \$ 167,124 | |
| Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a)) | | H&S §34186(a) Adjustments | Adjusted Amounts | |
| G Enter Estimated Obligations Funded by RPTTF (Should be the lesser of Finance's approved RPTTF amount including admin allowance or the a | 320,830 | 175,862 | 496,712 | |
| H Enter Actual Obligations Paid with RPTTF | 320,830 | 84,363 | 385,213 | |
| I Enter Actual Administrative Expenses Paid with RPTTF | | 68,280 | 68,280 | |
| J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J) | | 43,219 | 43,219 | |
| K Adjusted RPTTF (The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimate | \$ 342,255 | \$ (43,219) | \$ 299,036 | |

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.

Dr. John Snavely
 Name
 Oversight Board Chair
 Title
 Signature
 Date

Name of Successor Agency: City of Palmyra
 County: Delaware

Pursuant to Health and Safety Code section 34186 (a)
 PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS I)
 January 1, 2012 through June 30, 2012

| Project Form Line | Project Name / Description | Payee | Admin Allowance | | RPTTF | | Other | | H&S 34186(a) Identified Adjustments to RPTTF Actual | H&S 34186(a) Identified Adjustments to Admin Allowance | Comments |
|-------------------|---------------------------------------|--|-----------------|---------------|------------|--------|----------|--------|---|--|--|
| | | | Estimate | Actual | Estimate | Actual | Estimate | Actual | | | |
| 1 | 2008 Tax Allocation Bonds | US Bank | \$ 852,940 | \$ 109,405.00 | \$ 320,830 | | | | \$ 64,303 | \$ 62,290 | Per debt schedule, PM due 6/1/2013 \$169,485 |
| 1 | 2008 Tax Allocation Bonds | US Bank | \$ 164,338.00 | \$ 102,489.00 | | | | | 20,288 | | Per debt schedule, PM due 6/1/2013 \$102,489 and agency reported as paid from fund balance in error. Adjustment corrects the error and moves to debt schedule. |
| 1 | 2008 Tax Allocation Bonds | US Bank | \$ 70,910.00 | \$ 29,656.00 | | | | | 30,161 | | Agency reported as paid from fund balance in error. Adjustment corrects the error and moves to debt schedule. |
| 1 | 2008 Tax Allocation Bonds | US Bank | \$ 55,402.00 | | | | | | 15,936 | | Agency reported as paid from fund balance in error. Adjustment corrects the error and moves to debt schedule. |
| 1 | Rural Econ. Dev. Infrastructure Prog. | St. of CA Dept of Commerce | \$ 27,872.00 | | | | | | | 08,200 | Agency reported as paid from fund balance in error. Adjustment corrects the error and moves to appropriate general ledger. |
| 1 | Successor Agency Administration | City of Palmyra, Strategic Business Development and Revenue Stream Group, Galena LLP | \$ 200,000.00 | | | | | | | | Adjustment due to actual amount received less than amount reported on ROPS I |

Instructions:

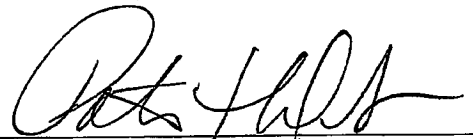
- ** copy over the original "Prior Period Payments" page to a new tab. Add the additional columns (S, T, U, V, and W).
- ** Show only those lines from the Prior Period Payment page that identify some type of adjustment. Either delete or hide the other lines, but preserve the originally reported grand totals.
- ** Remove columns not related to RPTTF or Admin, unless an RPTTF item was reported in the wrong column.
- ** All parts shown in white/green should be preserved with the information as reported by the Successor Agency. The County Auditor is only identifying and making notes, as shown in the yellow or orange highlighted area.
- ** Information in Orange is FYI only.

STATE OF CALIFORNIA)
 CITY OF PORTERVILLE) SS
 COUNTY OF TULARE)

I, PATRICE HILDRETH, the duly appointed Secretary of the Oversight Board to the Successor Agency of the Porterville Redevelopment Agency do hereby certify and declare that the foregoing is a full, true and correct copy of the resolution passed and adopted by the Oversight Board to the Successor Agency of the Porterville Redevelopment Agency at a meeting of the Agency duly called and held on the 10th day of January, 2013.

THAT said resolution was duly passed, approved, and adopted by the following vote:

| Board: | CARLSON | DIAZ | ENNIS | HESS | SNAVELY | STEWART | TREE |
|----------|---------|------|-------|------|---------|---------|------|
| AYES: | X | | X | X | | X | X |
| NOES: | | | | | | | |
| ABSTAIN: | | | | | | | |
| ABSENT: | | X | | | X | | |



Patrice Hildreth, Secretary
 Oversight Board to the Successor Agency
 of the Porterville Redevelopment Agency



March 28, 2013

Ms. Maria Bemis, Finance Director
City of Porterville
291 North Main Street
Porterville, CA 93257

Dear Ms. Bemis:

Subject: Other Funds and Accounts Due Diligence Review

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Porterville Successor Agency (Agency) submitted an oversight board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on January 15, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Pursuant to HSC section 34179.6 (d), Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of OFA available for distribution to the taxing entities. Based on our review of your DDR, the following adjustments were made:

- The Agency's request to retain \$1,733,195 in current unencumbered OFA balances to cover future obligations is not allowed. The Agency has not adequately proven there will be insufficient property tax revenues to pay for these obligations. HSC section 34179.5 (c) (5) (D) requires an extensive analysis before retention of current unencumbered balances can be contemplated. This includes but is not limited to, providing a detail of the projected property tax revenues and other general purpose revenues to be received by the Agency, together with both the amount and timing of the bond debt service payments, for the period in which the oversight board anticipates the Agency will have insufficient property tax revenue to pay the specified obligations. It is not evident the thorough analysis required by HSC section 34179.5 (c) (5) (D) was conducted. Further, it is not evident that future property tax revenue will be insufficient or that there is an immediate need to retain these balances.

Should a deficit occur in the future, HSC provides successor agencies with various methods to address short term cash flow issues. These may include requesting a loan from the city pursuant to HSC section 34173 (h), requesting the accumulation of reserves on the ROPS when a future balloon or uneven payment is expected, or subordinating pass-through payments pursuant to HSC section 34183 (b). The Agency should seek counsel from their oversight board to determine the solution most appropriate for their situation if a deficiency were to occur.

ATTACHMENT
ITEM NO. 2

Since the Agency has not met the requirements detailed in HSC section 34179.5 (c) (5) (D) and possesses alternatives to address short term cash flow shortages, Finance deems it is not necessary for Agency to retain \$1,733,195 in OFA unencumbered balances.

If you disagree with Finance's adjusted amount of OFA balances available for distribution to the taxing entities, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's OFA balance available for distribution to the affected taxing entities is \$1,079,106 (see table below).

| OFA Balances Available For Distribution To Taxing Entities | |
|---|---------------------|
| Available Balance per DDR: | \$ (654,089) |
| Finance Adjustments | |
| Unallowed balances retained for future obligations | 1,733,195 |
| Total OFA available to be distributed: | \$ 1,079,106 |

Absent a Meet and Confer request, HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, please provide proof of payment to Finance within five business days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Ms. Maria Bemis
March 28, 2013
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Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a stylized flourish extending from the end.

STEVE SZALAY
Local Government Consultant

cc: Ms. Jenni Byers, Project Manager, City of Porterville
Ms. Rita A. Woodard, Auditor-Controller, Tulare County
California State Controller's Office