NOTICE AND CALL OF A SPECIAL MEETING
OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
MANTECA REDEVELOPMENT AGENCY

PLEASE TAKE NOTICE THAT THE CHAIRMAN TO THE SUCCESSOR AGENCY HEREBY CALLS A SPECIAL MEETING OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE MANTECA REDEVELOPMENT AGENCY.

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DARYLL QUARESMA, CHAIRMAN
SUCCESOR AGENCY TO THE MANTECA
REDEVELOPEMNT AGENCY

October 1, 2012
2:00 p.m.
MANTECA CITY HALL
City Council Chambers
1001 W. Center Street
Manteca, California

The Oversight Board has been created pursuant to § 34161 through 34190 of the Health and Safety Code for the sole purpose of overseeing the actions of the Successor Agency to the Manteca Redevelopment Agency. In accordance with Health and Safety Code § 34179(h), all Oversight Board Actions shall not be effective for three business days, pending a request for review by the State Department of Finance ("Department"). In the event that the Department requests a review of a given Oversight Board action, it shall have 10 days from the date of its request to approve the Oversight Board action or return it to the Oversight Board for reconsideration, and such Oversight Board action shall not be effective until approved by the Department. In the event that the Department returns the Oversight Board action to the Oversight Board for reconsideration, the Oversight Board shall resubmit the modified action for Department approval, and the modified Oversight Board action shall not become effective until approved by the Department.

Reports and documents relating to each of the following items listed on the agenda, including those received following posting/distribution, are on file in the Office of the Secretary to the Successor Agency to the Manteca Redevelopment Agency/City Clerk and are available for public inspection during normal business hours, Monday – Friday, 7:30 a.m. – 5:30 p.m., closed alternating Fridays, 1001 W. Center Street, Manteca, CA 95337, telephone (209) 456-8017.

Please contact the Office of the Secretary of the Successor Agency to the Manteca Redevelopment Agency, 1001 W. Center Street, Manteca, CA, (209) 456-8017, for assistance with access to any of the agenda, materials, or participation at the meeting.

The purpose of the special meeting of the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency shall be as follows:

1. PUBLIC COMMENT ON ITEMS LISTED BELOW.

2. Approve minutes of the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency of August 28, 2012.

3. Receive and review the Due Diligence Review for the Low and Moderate Income Housing Fund pursuant to Health and Safety Code Section 34179.5 and convene the Public Comment session.

4. Adjournment.

Please note that members of the public will be provided the opportunity to directly address the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency concerning any item described above before the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency considers such items. No other business shall be considered.

In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, please call (209) 456-8017. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

This notice of a special meeting of the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency was posted on the bulletin board at City Hall, 1001 W. Center St., Manteca, California and at the following website **http://www/successoragency/index.html** on September 27, 2012.

JOANN TILTON, MMC
SECRETARY/CITY CLERK

MINUTES OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE MANTECA REDEVELOPMENT AGENCY MEETING HELD AUGUST 28, 2012

The regular meeting of the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency held August 28, 2012, in the City Council Chambers, 1001 W. Center St., Manteca, California, was called to order by Chairman Darryl Quaresma at 2:05 p.m.

Roll Call: Board Members Thomas, Kahn, Madison, Weatherford, Yatooma, Shields (arrived at 2:16 p.m.) and Quaresma. Also present, Alternate Members Harris and Holbrook.

A. STAFF REPORTS

1. Approve Oversight Board of the Successor Agency to the Manteca Redevelopment Agency meeting minutes of June 26, 2012.

ACTION: APPROVE THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE MANTECA REDEVELOPMENT AGENCY MEETING MINUTES OF JUNE 26, 2012. (Yatooma/Weatherford) The motion carried unanimously (7-0).

2. Receive and file summary report on AB X1 26 and AB 1484 relating to the dissolution of redevelopment.

The Executive Director provided an overview of the report on AB X1 26 and AB 1484 relating to the dissolution of redevelopment.

ACTION: RECEIVE AND FILE THE REPORT AS SUBMITTED. (Yatooma/Khan) The motion carried unanimously (7-0).

3. Adopt a resolution approving a proposed administrative budget for the six-month period from January 1, 2013 through June 30, 2013 and taking certain related actions.

The Executive Director provided an overview of the proposed administrative budget for January 1- June 30, 2013. The Finance Director responded to clarifying questions of the Board.

Board Member Shields arrived at 2:16 p.m. Alternate Board Member Holbrook stepped down at that time.

ACTION: ADOPT RESOLUTION APPROVING THE ADMINISTRATIVE BUDGET FOR THE SIX-MONTH PERIOD FROM JANUARY 1, 2013 THROUGH JUNE 30, 2013 AND TAKING CERTAIN RELATED ACTIONS.(Thomas/Shields) The motion carried unanimously (7-0).

4. Adopt a resolution approving the Recognized Obligation Payment Schedule (ROPS) for the six-month fiscal period from January 1, 2013 through June 30, 2013, and taking certain related actions.

The Finance Director overviewed the proposed Recognized Obligation Payment Schedule and responded to questions of the Board.

ACTION: ADOPT A RESOLUTION APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE SIX-MONTH FISCAL PERIOD FROM JANUARY 1, 2013 THROUGH JUNE 30, 2013 AND TAKE CERTAIN RELATED ACTIONS. (Yatooma/Khan) The motion carried unanimously (7-0).

5. Approve the concept of retaining legal counsel for the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency.

The Executive Director reported to the Board on the concept of retaining legal counsel for the Oversight Board.

ACTION: AUTHORIZE SIGNING AUTHORITY TO THE EXECUTIVE DIRECTOR OF THE OVERSIGHT BOARD UP TO $10,000 TO RETAIN LEGAL COUNSEL AS NEEDED. (Thomas/Khan) The motion carried unanimously (7-0).

B. ORAL COMMUNICATIONS

The Chairman requested earlier delivery of Oversight Board agenda packets. Following discussion, the Board requested receipt of agenda packets in hard copy.

No one appeared to speak to the Oversight Board.

C. ADJOURNMENT

With nothing further to come before the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency, the meeting adjourned at 3:52 p.m., to the next regular meeting of the Oversight Board of the Successor Agency to the Manteca Redevelopment Agency to be held on Tuesday, **September 25, 2012, at 2:00 p.m**., in the City Council Chambers, 1001 W. Center Street, Manteca, California.

JOANN TILTON, MMC	**DARYLL QUARESMA**
AGENCY SECRETARY	**CHAIRMAN**

OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY
TO THE MANTECA REDEVELOPMENT AGENCY

To: Members of the Oversight Board

From: Karen L. McLaughlin, Successor Agency Executive Director
Suzanne Mallory, Finance Director

Date: September 26, 2012

Subject: Receive and Review the Due Diligence Review for the Low And Moderate Income Housing Fund in Accordance With Health and Safety Code Section 34179.5 and Convene the Public Comment Session

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Recommendation:

1) Receive and review the Due Diligence Review for the Low and Moderate Income Housing Fund pursuant to Health and Safety Code Section 34179.5; and

2) Convene the Public Comment Session.

Background:

Pursuant to Health and Safety Code Section 34179.5, each Successor Agency must employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities.

Each review must determine the net balance of the Low and Moderate Income Housing Fund (the "LMIHF") and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities as of June 30, 2012 (the "Due Diligence Review"). In summary, such amount is determined by determining the total value of assets and cash and cash equivalents in the LMIHF, and subtracting the following ("Restricted Assets"): (1) restricted funds, (2) assets that are not cash or cash equivalents, (3) amounts that are legally or contractually dedicated or restricted for the funding of an enforceable obligation, and (4) amounts that are needed to satisfy obligations that will be put on the Recognized Obligation Payment Schedule ("ROPS") for the current fiscal year. Also, the amount determined to be available for allocation to taxing entities includes the value of assets, cash and cash equivalents transferred after January 1, 2011 through June 30, 2012 by the former Redevelopment Agency or the Successor Agency to the city, another public agency or private person if an enforceable obligation to make that transfer did not exist. The Due Diligence Review documents the Restricted Assets and provides the respective amounts, sources and purposes for which the Restricted Assets should be retained.

Health and Safety Code Section 34179.6 requires each Successor Agency to submit the Due Diligence Review to the Oversight Board for the board's review and approval.

Upon receipt of the Due Diligence Review, the Oversight Board must convene a public comment session to take place at least five business days before the Oversight Board holds the approval vote. The Oversight Board also must consider any opinions offered by the county auditor-controller on the review results submitted by the Successor Agency.

By October 15, 2012, the Oversight Board must review, approve, and transmit the Due Diligence Review to the state department of finance ("DOF") and the county auditor-controller. The Oversight Board may adjust any amount provided in the review to reflect additional information and analysis. The review and approval must occur in public sessions. The Oversight Board may request from the Successor Agency any materials it deems necessary to assist in its review and approval of the determination.

Section 34179.6 empowers the Oversight Board to authorize a Successor Agency to retain the Restricted Assets.

The DOF must complete its review of the Due Diligence Review no later than November 9, 2012, and must notify the Oversight Board and the Successor Agency of its decision to overturn any decision of the Oversight Board to authorize a Successor Agency to retain Restricted Assets. The DOF must provide the Oversight Board and the Successor Agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the Oversight Board. The Successor Agency then has the option to meet and confer with DOF to discuss any modifications.

By December 1, 2012, the county auditor-controller must provide DOF a report specifying the amount submitted by each Successor Agency from the LMIHF, and specifically noting any Successor Agency that failed to remit the full required amount.

Section 34179.5 also requires a similar review of all other funds and accounts held by the Successor Agency to determine unobligated balances available for transfer to taxing entities. The review for all other funds and accounts must be completed by December 15, 2012 and the county auditor-controller has an April 20, 2013 deadline to provide DOF the report specifying the amount submitted by each Successor Agency from all other funds and accounts, and specifically noting any Successor Agency that failed to remit the full required amount.

Upon full payment of the amounts determined in the Due Diligence Review and the subsequent review conducted for all other funds and accounts, payment of the "surplus" tax revenues due on July 12, 2012, and any unpaid or underpaid pass through payments owed for fiscal year 2011-12, DOF will issue to the Successor Agency, within five business days, a finding of completion of the requirements of Section 34179.6.

Moss, Levy, & Hartzheim, LLP, were retained by the Successor Agency to conduct this Due Diligence Review.

Fiscal Impact:

Approval of the Recognized Obligation Payment Schedules are in furtherance of allowing the Successor Agency to pay enforceable obligations of the former Redevelopment Agency.

RESOLUTION NO. _______

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE MANTECA REDEVELOPMENT AGENCY ACKNOWLEDGING THE RECEIPT OF THE REVIEW OF THE LOW AND MODERATE INCOME HOUSING FUND CONDUCTED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5

RECITALS:

A. Pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), on February 1, 2012, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Manteca Redevelopment Agency transferred to the control of the Successor Agency to the Manteca Redevelopment Agency (the "Successor Agency") by operation of law.

B. Health and Safety Code Section 34179.5 requires the Successor Agency to employ a licensed accountant, approved by the county auditor-controller, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities.

C. Health and Safety Code Section 34179.6 requires the Successor Agency to submit the results of the review conducted pursuant to Section 34179.5 for the Low and Moderate Income Housing Fund (the "LMIHF") and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities (the "Due Diligence Review") to the Successor Agency's Oversight Board (the "Oversight Board") for the Oversight Board's review and approval.

D. Pursuant to Health and Safety Code Sections 34179.6 and 34180(j), the Successor Agency submitted to the Oversight Board, the county administrative officer, the county auditor-controller, the State Controller and the Department of Finance ("DOF") the Due Diligence Review and a copy of the Recognized Obligation Payment Schedule ("ROPS").

E. Pursuant to Health and Safety Code Section 34179.6(b), upon receipt of the Due Diligence Review, and at least five business days before the Oversight Board considers the approval of the Due Diligence Review, the Oversight Board must hold a public comment session (the "Public Comment Session") at which time the public has an opportunity to hear and be heard on the results of the Due Diligence Review and at which time the Oversight Board considers the opinions, if any, offered by the county auditor-controller on the results of the Due Diligence Review.

F. On the date of this Resolution, the Oversight Board will hold the Public Comment Session pursuant to Health and Safety Code Section 34179.6(b).

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE MANTECA REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby acknowledges receipt of the Due Diligence Review.

Section 3. The staff and the Board of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED AND ADOPTED this _______ day of __________________, 2012.

____
Chair

ATTEST:

____
Secretary

Successor Agency of the Redevelopment Agency of the City of Manteca
San Joaquin County, California

Agreed Upon procedures of AB 1484
Low and Moderate Income Housing Fund

June 30, 2012

SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF MANTECA
SAN JOAQUIN COUNTY, CALIFORNIA
AGREED UPON PROCEDURES OF AB 1484
LOW AND MODERATE INCOME HOUSING FUND
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MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
9107 WILSHIRE BLVD. SUITE 500
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES TO THE LOW AND MODERATE INCOME HOUSING FUND

Oversight Board of the Successor Agency
City of Manteca
Manteca, California 95337

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

This agreed-upon procedures engagement was 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 the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Applied

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

   Result:
   The former Redevelopment Agency transferred the total asset amount of $28,152,538 to the Successor Agency on February 1, 2012. See Attachment A for the listing of all assets that were transferred.

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

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

   Result:
   Not applicable. No Low and Moderate Income Housing Fund (LMIHF) assets were transferred to the City of Manteca.

2. (Continued)

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

Result:
No assets were transferred from the Successor Agency to the City, County, or City and County from February 1, 2012 through June 30, 2012 for the LMIHF.

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

Result:
Not applicable. No LMIHF assets were transferred to the City, County, or City and County that formed the Redevelopment Agency.

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

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

Result:
Not applicable. No LMIHF assets were transferred to a public agency or private party.

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

Result:
Not applicable. No LMIHF assets were transferred to a public agency or private party.

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

Result:
Not applicable. No LMIHF assets were transferred to a public agency or private party.

4. Perform the following procedures:

   A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of the accounting. End of year balance for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.

Result:
This procedure is not applicable to the LMIHF. It is required as to the Successor Agency as a whole. It will be addressed in the report associated with all other funds of the Successor Agency (excluding the Low and Moderate Income Housing Fund) that is due on December 15, 2012.

   B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.

Result:
This procedure is not applicable to the LMIHF. It is required as to the Successor Agency as a whole. It will be addressed in the report associated with all other funds of the Successor Agency (excluding the Low and Moderate Income Housing Fund) that is due on December 15, 2012.

   C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the State Controller's Report filed for the Redevelopment Agency for that period.

Result:
This procedure is not applicable to the LMIHF. It is required as to the Successor Agency as a whole. It will be addressed in the report associated with all other funds of the Successor Agency (excluding the Low and Moderate Income Housing Fund) that is due on December 15, 2012.

   D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting

Result:
This procedure are not applicable to the LMIHF. It is required as to the Successor Agency as a whole. It will be addressed in the report associated with all other funds of the Successor Agency (Excluding the Low and Moderate Income Housing Fund) that is due on December 15, 2012.

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

Result:
We found no exceptions as a result of the procedures performed. See Attachment B.

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

   A. Unspent bond proceeds:

      i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less project expenditures, amounts set aside for debt service payments, etc.). Trace individual components of this computation to related account balances in the accounting records,

      ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).

      iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

   Result:
   See Attachment C. While no legal contract was present on file to verify an enforceable obligation, bond covenants indicate that construction funds in the amount of $2,629,231were restricted to housing projects.

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

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

      ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).

      iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

   Result:
   This procedure was not considered required as the Successor Agency did not have proceeds and program income restricted by third parties.

   C. Other assets considered to be legally restricted:

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

      ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation)

      iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

   Result:
   This procedure was not considered required as the Successor Agency did not have other assets restricted by third parties.

6. (Continued)

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

Result:
See Attachment C. We found the following exception as a result of the procedures performed - a legal contract was not maintained on file to verify the restrictions placed on the use of construction funds in the amount of $2,629,231. The restriction is in effect until the related assets are expended for their intended purpose.

7. Perform the following procedures:

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

Result:

Not applicable. No non-liquid assets were held by the LMIHF as of June 30, 2012.

B. 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.

Result:

Not applicable. No non-liquid assets were held by the LMIHF as of June 30, 2012.

C. 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.

Result:

This procedure is not considered required as procedure 7(A) did not apply.

D. 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.

Result:
This procedure was not considered required as the assets are not listed at market value.

8. Perform the following procedures:

   A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.

      i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.

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

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

      iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

   Result:
   See Attachment D. The Agency carried a balance of loans payable at June 30, 2012 in the amount of $161,838, (net, after repayments), but only held an amount of $131,010 available for further repayments

   B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:

      i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.

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

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

   Result:
   Procedures not applicable as the Successor Agency does not anticipate future revenues.

8. (Continued)

C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.

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

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

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

Result:
Procedures not applicable to the LMIHF.

D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.

i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.

ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.

iii. Include the calculation in the AUP report.

Result:
See Attachment E. The legally restricted balance for the funding of an enforceable obligation was $131,010. The Successor Agency does not anticipate earning revenues.

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

Result:

The Successor Agency does not need to retain cash balances to satisfy obligations on the Recognized Obligation Payments Schedule (ROPS) for the period July 1, 2012 through June 30, 2013.

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

    Result:
    The procedure was not considered required as the Successor Agency is not required to allocate funds to affected taxing entities. See Attachment E.

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

    Result:
    We found no exceptions as a result of the procedures performed.

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

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

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
September 13, 2012

Attachment A

Successor Agency of the Redevelopment Agency of the City of Manteca
San Joaquin County, California
Asset Transfer Listing - Low and Moderate Income Housing Fund
February 1, 2012

Cash in Bank	$ 1,495,711
Investments - Change in Market Value	26,782
Cash with Fiscal Agents	3,519,862
Notes Receivable - Hope Family Shelter	581,522
Notes Receivable - Habitat for Humanity	10,000
Notes Receivable - Eden Housing Union Court	2,593,742
Notes Receivable - Eden Housing N. Union Road	1,680,932
Notes Receivable - GAP Land program	90,000
Notes Receivable - Residential rehab loans	278,934
Notes Receivable - Downpayment Assistance	1,809,045
Notes Receivable - Senior Rehab Loans	750,000
Notes Receivable - Mid Peninsula Housing	2,500,000
Notes Receivable - Juniper Apartments	12,750,000
Due from Other Funds / RDA Debt Service	66,008
TOTAL ASSETS TRANSFERRED	$ 28,152,538

Successor Agency of the Redevelopment Agency of the City of Manteca
San Joaquin County, California
Asset Listing - Low and Moderate Housing Fund
June 30, 2012

Cash in Bank	$ 104,228
Market Value of Investments	26,782
Cash with Fiscal Agents	2,985,866
TOTAL ASSETS	$ 3,116,876

Successor Agency of the Redevelopment Agency of the City of Manteca
San Joaquin County, California
Low and Moderate Income Housing Fund
List of Assets Legally Restricted for Specified Uses
June 30, 2012

	Market Value at June 30, 2012
CASH HELD WITH FISCAL AGENT:	
Construction Fund	$ 2,629,231
Debt Service Fund	$ 356,635
TOTAL RESTRICTED BALANCS	$ 2,985,866

Successor Agency of the Redevelopment Agency of the City of Manteca
San Joaquin County, California
Low and Moderate Income Housing Fund
Summary of Balances Available for Allocation to Affected Taxing Entities

Total amount of assets held by the successor agency as of June 30, 2012 (Procedure 5)	* $	3,116,876
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (Procedures 2 and 3)		
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (Procedure 6)		(2,985,866)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (Procedure 7)		-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (Procedure 8)		(131,010)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (Procedure 9)		-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance		-
Amount to be remitted to county for disbursement to taxing entities	$	-

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

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

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

* This amount does not include loans receivable in the amount of $23,863,521 and capital assets in the amount of $1,693,929, which were assumed by the City Housing entity.