

CITY OF LOMA LINDA  
CITY COUNCIL AS SUCCESSOR AGENCY  
TO THE LOMA LINDA REDEVELOPMENT AGENCY

AGENDA

REGULAR MEETING OF JANUARY 8, 2013

A regular meeting of the City Council of the City of Loma Linda as successor agency to the Loma Linda Redevelopment Agency is scheduled to be held Tuesday, January 8, 2013 in the City Council Chamber, 25541 Barton Road, Loma Linda, California. *Pursuant to Municipal Code Section 2.08.010, study session or closed session items may begin at 5:30 p.m. or as soon thereafter as possible. The public meeting begins at 7:00 p.m.*

In acting in the limited capacity of Successor Agency as provided in California Health and Safety Code §§ 34173 and 34176, the City Council expressly determines, recognizes, reaffirms, and ratifies the statutory limitation on the City and the City Council's liability with regards to the responsibilities of the former Loma Linda Redevelopment Agency under AB 1X26. Nothing herein shall be construed as an action, commitment, obligation, or debt of the City itself, or a commitment of any resources, funds, or assets of the City to fund the City's limited capacity as the Successor Agency to the Loma Linda Redevelopment Agency. Obligations of the Successor Agency shall be funded solely by those funds or resources provided for that purpose pursuant to AB 1X26 and related statutes.

Reports and Documents relating to each agenda item are on file in the Office of the City Clerk and are available for public inspection during normal business hours. The Loma Linda Branch Library is also provided an agenda packet for your convenience. The agenda and reports are also located on the City's Website at [www.lomalinda-ca.gov](http://www.lomalinda-ca.gov).

*Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, 25541 Barton Road, Loma Linda, CA during normal business hours. Such documents are also available on the City's website at [www.lomalinda-ca.gov](http://www.lomalinda-ca.gov) subject to staff's ability to post the documents before the meeting.*

Persons wishing to speak on an agenda item, including any closed session items, are asked to complete an information card and present it to the City Clerk prior to consideration of the item. When the item is to be considered, please step forward to the podium, the Chair will recognize you and you may offer your comments. The City Council meeting is recorded to assist in the preparation of the Minutes, and you are therefore asked to give your name and address prior to offering testimony.

The Oral Reports/Public Participation portion of the agenda pertains to items NOT on the agenda and is limited to 30 minutes; 3 minutes allotted for each speaker. Pursuant to the Brown Act, no action may be taken by the City Council at this time; however, the City Council may refer your comments/concerns to staff or request that the item be placed on a future agenda.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at (909) 799-2819. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. Later requests will be accommodated to the extent feasible.

**Agenda item requests for the FEBRUARY 12, 2013 meeting must be submitted in writing to the City Clerk no later than NOON, MONDAY, JANUARY 28, 2013.**

**A.**     **Call To Order**

**B.**     **Roll Call**

**C.**     **Items To Be Added Or Deleted**

**D.**     **Oral Reports/Public Participation - Non-Agenda Items** (Limited to 30 minutes; 3 minutes allotted for each speaker)

**E.**     **Conflict of Interest** Disclosure - Note agenda item that may require member abstentions due to possible conflicts of interest

**F.**     **Consent Calendar**

1.     Demands Register
2.     Minutes of December 11, 2012

**G.**     **New Business**

3.     Council Bill #R-2013-03 - Review and approval of Independent Accountant's Report re the Due Diligence Review conducted pursuant to Section 34179.5 for all funds and accounts other than the Low and Moderate Income Housing Fund and authorizing Staff to transmit the Report to the Oversight Board and to the County Auditor-Controller, State Controller's Office, and Department of Finance pursuant to Section 34179.6 of the Dissolution Act [**Finance**]

**H.**     **Adjournment**



# City of Loma Linda Official Report

---

Rhodes Rigsby, Mayor  
Ovidiu Popescu, Mayor pro tempore  
Ronald Dailey, Councilman  
Phillip Dupper, Councilman  
John Lenart, Councilman

SUCCESSOR AGENCY AGENDA: January 8, 2013  
TO: City Council  
VIA: T. Jarb Thaipejr, City Manager  
FROM: Pamela Byrnes-O'Camb, City Clerk  
SUBJECT: Minutes of December 11, 2013

Approved/Continued/Denied By City Council Date _____
--

## **RECOMMENDATION**

It is recommended that the City Council as the Successor Agency to the Redevelopment Agency approve the Minutes of December 11, 2013.

City of Loma Linda

City Council as Successor Agency  
To the Loma Linda Redevelopment Agency

Minutes

Regular Meeting of December 11, 2012

A regular meeting of the City Council as Successor Agency to the Loma Linda Redevelopment Agency was called to order by Chairman Rigsby at 7:17 p.m., Tuesday, December 11, 2012, in the City Council Chamber, 25541 Barton Road, Loma Linda, California.

Councilmen Present:

Mayor Rhodes Rigsby  
Mayor pro tempore Ovidiu Popescu  
Ron Dailey  
Phill Dupper

Councilman Absent:

John Lenart

Others Present:

City Manager T. Jarb Thaipejr  
City Attorney Richard E. Holdaway

No items were added or deleted; no public participation comments were offered upon invitation of the Chairman; and no conflicts of interest were noted.

SA-2012-16 – Consent Calendar

**Motion by Dupper, seconded by Popescu and carried to approve the following items.  
Councilman Lenart absent.**

The Demands Register dated November 27, 2012 with commercial demands totaling \$149.65.

The Minutes of November 13, 2012 as presented.

The meeting adjourned at 7:17 p.m.

Approved at the meeting of

---

City Clerk

**SUCCESSOR AGENCY TO THE LOMA LINDA  
REDEVELOPMENT AGENCY**

**AGENDA REPORT**

**MEETING DATE: January 8, 2013**

**ITEM NUMBER: \_\_\_\_**

**SUBJECT: Independent Accountant's Report of the Due Diligence Review of all funds and accounts other than the Low and Moderate Income Housing Fund Pursuant to Sections 34179.5 and 34179.6 of the Dissolution Act**

**DATE: January 3, 2013**

**FROM: FINANCE DEPARTMENT**

**PRESENTATION BY: DIANA DE ANDA, FINANCE DIRECTOR**

---

**RECOMMENDED ACTION**

Adopt Successor Agency Resolution (Council Bill) No. 2013-03 Approving the Independent Accountant's Report re the Due Diligence Review of All Funds and Accounts other than the Low and Moderate Income Housing Fund Conducted Pursuant to Section 34179.5 (the "Report") and Authorizing Staff to Transmit the Report to the Oversight Board and to the County Auditor-Controller (CAC), State Controller's Office (SCO), and Department of Finance (DOF) Pursuant to Section 34179.6 of the Dissolution Act.

**BACKGROUND AND DISCUSSION**

On August 21, 2012, the Successor Agency to the Loma Linda Redevelopment Agency ("Successor Agency") reviewed, approved, and transmitted to the Oversight Board the third Recognized Obligation Payment Schedule for the period January 1, 2013 to June 30, 2013 ("ROPS III"), which was subsequently approved by the Oversight Board on August 28, 2012 and thereafter submitted to the DOF.

The Dissolution Act, Parts 1.8 and 1.85 of the California Health and Safety Code, as modified by the Supreme Court's opinion in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 and as amended by Assembly Bill 1484 chaptered and effective June 27, 2012, in particular Section 34719.5, require the Successor Agency to retain a licensed accountant for the purposes of determining the unobligated fund balances available for transfer to the taxing agencies, including the City's General Fund. Two due diligence reviews are required, one related to housing assets and obligations and the other related to non-housing assets and obligations. The first accountant's report which was previously approved pertains to the Low and Moderate Income Housing Fund. A second accountant's report (the "Report", as attached) pertains to all funds and accounts other than the Low and Moderate Income Housing Fund ("Non-Housing Funds"). The Successor Agency is to review, approve, and submit the report to the Oversight Board and

Agenda Report  
January 8, 2013 Meeting

to the CAC, SCO and DOF. Under the Dissolution Act, the Oversight Board is, by January 15, 2013, to complete a public comment session, review public comments and consider the results/opinions offered by the CAC, and then review, approve and transmit the report again to the CAC, SCO and DOF.

Licensed Accountant

As presented at the August meeting, the Successor Agency selected and the CAC approved *Marcum LLP* an accounting firm with experience and expertise in local government accounting to conduct the due diligence reviews to determine the unobligated balances available for transfer to taxing entities relating to housing and non-housing assets and obligations in order to ascertain unobligated cash or cash equivalent balances that would be available for transfer to local taxing entities. *Marcum LLP* delayed commencing work on the due diligence review until the review standards were developed and issued by the DOF as below described.

In July and August of this year, members of the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants ("CalCPA"), along with the SCO and the DOF, developed the review standards/agreed upon procedures. On August 30, 2012, the DOF posted the standards/procedures and *Marcum LLP* began work on the housing due diligence review and later commenced work on the Report.

Legal Requirements and Standards for the Due Diligence Review

Under Section 34179.5, the due diligence review requires the independent accountant to reconcile assets, balances and liabilities with previous reports made to the State. Further, this review includes valuation of cash and cash equivalents (such as LAIF deposits), and obligations. "At a minimum, the [due diligence] review required by this section shall include the following: ... '[a]n itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment.' ..."

The review and report occurs as to housing assets between August and November 2012, and as to non-housing assets between November 2012 and April 2013. The review process entails several steps in order to be completed as required, and the penalty for failure to pay or transfer will result in the DOF causing the equivalent amount(s) to be deducted from sales and use taxes and/or property taxes due to the City, as the sponsoring community.

Key dates include the following for both reviews:

<b>DUE DILIGENCE REVIEW SCHEDULE AND DEADLINES</b>		
	<b>Housing Review</b>	<b>Non-housing Review</b>
Due Diligence Review Due from Successor Agency to Oversight Board	October 1, 2012	December 15, 2012
Oversight Board Deadline to Conduct Hearing, Review, Approve and Submit Due Diligence Review	October 15, 2012	January 15, 2013
DOF Deadline to Issue "Finding of Completion"	November 9, 2012	April 1, 2013
Successor Agency Deadline to Request Meet and Confer with DOF about Reviews	Five (5) Days of DOF Action, no Later than November 16, 2012	Five (5) Days of DOF Action, no Later than April 6, 2013
Successor Agency Deadline to Make Transfers to County Auditor-Controller based on DOF Findings	November 28, 2012	April 10, 2013

Findings

Attached to this report and the Resolution is the Report, as described above, regarding Non-Housing Funds. *Marcum LLP* reviewed cash and noncash balances, expenditures, revenues and transfers prior to and following dissolution on February 1, 2012. In general, the activities noted in the report reflect transactions associated with the former Agency in the course of implementation of its official duties other than with respect to affordable housing responsibilities.

The primary finding is that the summary of balances available for allocation to affected taxing entities is a negative number (which means that zero would be remitted to taxing entities per Exhibit 10-01). Members of the Board are invited to review the Report in its entirety.

Pursuant to the Dissolution Act, the resolution directs staff to submit the due diligence review report to the Oversight Board, CAC, the SCO, and DOF. Once approved and submitted by the Successor Agency, the Oversight Board would conduct two meetings on this due diligence review of the Low and Moderate Income Housing Funds. At the first meeting the Oversight Board would receive the report from the Successor Agency and

Agenda Report  
January 8, 2013 Meeting

direct that the report be available for public review and comment; then, the Oversight Board would convene to receive and review public comments and comments from the CAC before approving the report and directing transmittal to the DOF. During its review, the Oversight Board may adjust the amounts and request supporting materials to facilitate its determinations. Following the Oversight Board's second meeting, but no later than January 15, the due diligence review report is to be submitted to the CAC and DOF for review and final determination.

**CONCLUSION**

Staff recommends adoption of the attached resolution approving and submitting to the Oversight Board and to the CAC, SCO and DOF the housing due diligence review report.

---

T. Jarb Thaipejr  
Chief Executive Officer/City Manager

---

Diana de Anda  
Finance Director

---

Attachments:

1. Due Diligence Review Report
2. Successor Agency Resolution (Council Bill) No. 2013-03

**ATTACHMENT 1**  
**Due Diligence Review Report**  
**(attached)**

**ATTACHMENT 2**

**Successor Agency Resolution (Council Bill) No. 2013-03**

**(attached)**

**SUCCESSOR AGENCY RESOLUTION NO. \_\_\_\_**

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY APPROVING THE INDEPENDENT ACCOUNTANT'S REPORT RE THE DUE DILIGENCE REVIEW CONDUCTED PURSUANT TO SECTION 34179.5 FOR ALL FUNDS AND ACCOUNTS OTHER THAN THE LOW AND MODERATE INCOME HOUSING FUND AND AUTHORIZING STAFF TO TRANSMIT THE REPORT TO THE OVERSIGHT BOARD AND TO THE COUNTY AUDITOR-CONTROLLER, STATE CONTROLLER'S OFFICE, AND DEPARTMENT OF FINANCE PURSUANT TO SECTION 34179.6 OF THE DISSOLUTION ACT**

**WHEREAS**, the Loma Linda 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.* ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Loma Linda ("City"); and

**WHEREAS**, Assembly Bill x1 26 chaptered and effective on June 27, 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 as a separate legal entity the City serves as the Successor Agency to the Loma Linda 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 (the "Oversight Board"); and

**WHEREAS**, Section 34179.5 requires the Successor Agency to employ a licensed accountant approved by the San Bernardino County Auditor-Controller to perform a due diligence review and report on the amount of funds transferred from the former Loma Linda Redevelopment Agency; and

**WHEREAS**, on July 5, 2012, the San Bernardino County Auditor-Controller provided written approval to Successor Agency staff of their selection of *Marcum LLP* as the licensed accountant to perform the due diligence review for the Successor Agency with regard to housing funds and accounts ("Housing Funds") and a separate such report with respect to all funds and accounts other than Housing Funds ("Non-Housing Funds"); and

**WHEREAS**, on August 30, 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, *Marcum LLP* has previously completed the due diligence

review and report with respect to Housing Funds, a copy of which was submitted to the Oversight Board, and which was subsequently approved by the Oversight Board on October 9, 2012 by its Resolution No. 2012-013 and was thereafter transmitted to the Department of Finance and as otherwise provided by law; and

WHEREAS, in accordance with the provisions of the agreed-upon procedures and provisions of Section 34179.5 *Lance Soll & Lunghard, LLP*, has completed the due diligence review and report concerning Non-Housing Funds (the "Report"), a copy of which is attached hereto and incorporated by this reference.

**NOW, THEREFORE, BE IT RESOLVED BY THE SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY:**

1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.
2. Pursuant to the Dissolution Act, the Successor Agency approves the Report as submitted herewith as Attachment 1.
3. The Successor Agency authorizes transmittal of the Report to the Oversight Board for its review and approval and also directs staff to send such report to the County Auditor-Controller, State Controller's Office and Department of Finance, pursuant to Section 34179.6.
4. The Finance Director of the Successor Agency or her authorized agent is directed to post this Resolution on the Successor Agency website pursuant to the Dissolution Act.
5. The City Clerk shall certify to the adoption of this Resolution.

**APPROVED AND ADOPTED** this 8<sup>th</sup> day of January, 2013 by the following vote:

Ayes:  
Noes:  
Absent:

---

Rhodes Rigsby, Chair  
Successor Agency to the Loma Linda  
Redevelopment Agency

(SEAL)

ATTEST:

---

Pamela Byrnes-O'Camb, City Clerk/Secretary  
Successor Agency to the Loma Linda Redevelopment Agency

**ATTACHMENT 1**  
**to Successor Agency Resolution No. \_\_\_\_\_**  
**Due Diligence Review Report**

**(attached)**

**City of Loma Linda  
(Successor Agency)**

**All Other Funds Combined (Excluding Low  
and Moderate Income Housing Fund)**

*Independent Accountants' Report  
on Applying Agreed-Upon Procedures  
with respect to AB 1484*

**CITY OF LOMA LINDA (SUCCESSOR AGENCY)  
ALL OTHER FUNDS COMBINED  
(EXCLUDING LOW AND MODERATE INCOME HOUSING FUND)**

**CONTENTS**

---

	<u>Page</u>
<b>Independent Accountants' Report on Applying Agreed-Upon Procedures .....</b>	<b>1</b>
<b>Attachment A – Procedures and Findings .....</b>	<b>2</b>
<b>Exhibits</b>	
Exhibit 2A-01: Listing of transfers 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.	
Exhibit 3A-01: Listing of transfers 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.	
Exhibit 4-01: Summary of the financial transactions of the Redevelopment Agency and the Successor Agency.	
Exhibit 5-01: Listing of all assets of all other funds of the Successor Agency as of June 30, 2012.	
Exhibit 6A-01: Listing of asset balances held on June 30, 2012 that are restricted for unspent bond proceeds.	
Exhibit 6C-01: Listing of asset balances held on June 30, 2012 that are considered to be legally restricted.	
Exhibit 7A-01: Listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution.	
Exhibit 8A-01: Listing of asset balances as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations.	
Exhibit 10-01: Summary of balances available for allocation to affected taxing entities.	



**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

County of San Bernardino  
San Bernardino County Auditor-Controller/  
Treasurer/Tax Collector  
San Bernardino, California

Oversight Board  
City of Loma Linda  
(Successor Agency)  
Loma Linda, California

We have performed the agreed-upon procedures enumerated in Attachment A, which were agreed to by the California State Controller's Office and the Department of State of California Department of Finance ("State Agencies") and City of Loma Linda (Successor Agency) solely to assist you in ensuring that all other funds (excluding the Low and Moderate Income Housing Fund) of the City of Loma Linda are complying with the statutory requirements with respect to AB 1484. Management of the City of Loma Linda 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 identified 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 agreed-upon procedures as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

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 City of Loma Linda 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.

*Marcum LLP*

Marcum LLP  
Irvine, California  
December 21, 2012



**City of Loma Linda (Successor Agency)  
All Other Funds Combined  
(Excluding Low and Moderate Income Housing Fund)  
Agreed-Upon Procedures with Respect to AB 1484  
Attachment A**

---

**CITATION:**

*Section 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.*

**Procedure 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 assets transferred to the Successor Agency as of that date.

**Results/Findings:**

No exception noted. The total amount of assets transferred to the Successor Agency as of February 1, 2012 was \$20,751,803.89.

**CITATION:**

*Section 34179.5(c)(2)-The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.*

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

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

- 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.

**Results/Findings:**

Procedure 2A

See Exhibit 2A-01 for the listing of transfers (excluding payments for goods and services) from the former redevelopment agency to the City of Loma Linda for the period from January 1, 2011 through January 31, 2012.

Procedure 2B

Based on the representation of the Successor Agency, there were no transfers (excluding payments for goods and services) from the Successor Agency to the City of Loma Linda for the period from February 1, 2012 through June 30, 2012.

Procedure 2C

For the transfers made for the period from January 1, 2011 through January 31, 2012, we were provided with the following legal documents except for item 2 which, in the opinion of the Successor Agency, formed the basis for the enforceable obligations that required the transfers:

- 1) Transfer to the City of Loma Linda-\$2,100,000: We were provided with the executed cooperative agreement that was amended on March 8, 2011, which sets forth that the Loma Linda Redevelopment Agency ("LLRA") remit the repayments of the indebtedness to the City of Loma Linda in the amount of \$19,462,868 based upon agreements entered into prior to the date of this agreement. We were also provided with a signed copy of Loma Linda City Council Resolution no. 2647 which authorized the loan to LLRA in the amount of \$1,800,000 plus \$934,000 of deferred interest. Resolution no. 2647 was passed, approved and adopted on May 25, 2010. We were also provided with the RDA resolution no. 331 that was passed, approved, and adopted on May 25, 2010, accepting the loan from the City of Loma Linda in the amount of \$2,734,400. The transfer of \$2,100,000 represents a partial payment of this loan.
  
- 2) Land transfer to the City of Loma Linda-\$6,381,958.21: Based on the representation of the Successor Agency, the transfer was approved by the Loma Linda City Council in a closed door session and no written documentation was prepared for the authorization of this transfer. However, this property was transferred back to the Successor Agency by June 30, 2012.

**City of Loma Linda (Successor Agency)  
All Other Funds Combined  
(Excluding Low and Moderate Income Housing Fund)  
Agreed-Upon Procedures with Respect to AB 1484  
Attachment A**

---

- 3) Transfer to City of Loma Linda-\$173,000: We were provided with the executed cooperative agreement that was amended on March 8, 2011, which sets forth that LLRA remit the repayments of the indebtedness to the City of Loma Linda in the amount of \$19,462,868 based upon agreements entered into prior to the date of this agreement. We were also provided with a signed copy of Loma Linda City Council Resolution no. 2647 which authorized the loan to LLRA in the amount of \$1,800,000 plus \$934,000 of deferred interest. Resolution no. 2647 was passed, approved and adopted on May 25, 2010. We were also provided with the RDA resolution no. 331 that was passed, approved, and adopted on May 25, 2010, accepting the loan from the City of Loma Linda in the amount of \$2,734,400. The transfer of \$173,000 represents a partial payment of this loan.
  
- 4) Transfer to City of Loma Linda-\$77,974.27: This transfer is for pass-through payments to various taxing entities in accordance with AB 1290. We were provided with a calculation prepared by Rosenow Spevacek Group Inc., a third party property tax consultant. The Successor Agency represents that such document provides the legal basis for enforceable obligations that required the transfer.

**CITATION:**

*Section 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.*

**Procedure 3:**

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

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
  
- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

- 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.

**Results/Findings:**

Procedure 3A

See Exhibit 3A-01 for the listing of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012.

Procedure 3B

Based on the representation by the Successor Agency, there were no transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012.

Procedure 3C

For the transfers made for the period from January 1, 2011 through January 31, 2012, we were provided with the following legal documents, which in the opinion of the Successor Agency, formed the bases for the enforceable obligations that required the transfers:

- 1) County of San Bernardino-SERAF Payment FY 2010-2011: We were provided with a letter from the California Department of Finance requesting the remittance of the payment and a copy of check#606715 in the amount of \$595,193.
- 2) U.S. Bank-Debt Service for Subordinate 2005A Tax Allocation Bonds: We were provided with the official statement of the LLRA Subordinate 2005A Tax Allocation Bonds and amortization schedule. This amount is for a debt service payment due on July 1, 2011 in the amount of \$429,459.
- 3) U.S. Bank-Debt Service for Subordinate 2005B Tax Allocation Bonds: We were provided with the official statement of the LLRA Subordinate 2005B Tax Allocation Bonds and amortization schedule. This amount is for a debt service payment due on July 1, 2011 in the amount of \$620,330.
- 4) U.S. Bank-Debt Service for 2003 Tax Allocation Bonds refunding: We were provided with the official statement of LLRA 2003 Tax Allocation Refunding Bonds and amortization schedule. This amount is for debt service payment due on July 1, 2011 in the amount of \$753,356.
- 5) Riverside County Treasurer-Property Taxes: We were provided with copies of the property tax bills for the period July 1, 2011 through June 30, 2012 for various parcels of land.

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

- 6) San Bernardino County-Property Taxes: We were provided with property tax bills for period July 1, 2011 through June 30, 2012 for various parcels of land.
- 7) Loma Linda Chamber of Commerce-Quarterly Disbursements: We were provided with the agreement dated July 1, 1988 wherein LLRA agreed to pay for the promotional activities of the Loma Linda Chamber of Commerce for a total amount of \$14,875 of quarterly payments.
- 8) Loma Linda Chamber of Commerce-Quarterly Disbursements: We were provided with the agreement dated July 1, 1988 wherein LLRA agreed to pay for the promotional activities of the Loma Linda Chamber of Commerce for a total amount of \$14,875 of quarterly payments.
- 9) Anixter 2nd Quarter 2011 RDA Participation Agreement: Anixter, Inc. is a worldwide company that is a supplier of communications equipment and other goods. In order to induce Anixter to move its Southern California operations to the City of Loma Linda project area, Anixter and LLRA entered into a participation agreement. We were provided with the participation agreement dated November 3, 2006 wherein LLRA agreed to pay Agency assistance in an amount equal to 50% of additional sales taxes generated from Anixter's moving into project area 2 for a period of 10 years and up to a cumulative maximum amount of \$1,500,000.
- 10) Anixter-3rd Quarter 2011 RDA Participation Agreement: Anixter, Inc. is a worldwide company that is a supplier of communications equipment and other goods. In order to induce Anixter to move its Southern California operations to the City of Loma Linda project area, Anixter and LLRA entered into a participation agreement. We were provided with the participation agreement dated November 3, 2006 wherein LLRA agreed to pay Agency assistance in an amount equal to 50% of additional sales taxes generated from Anixter's moving into project area 2 for a period of 10 years and up to a cumulative maximum amount of \$1,500,000.
- 11) County of San Bernardino Pass thru Payment-collected by the County: Based on the representation of the Successor Agency, this is the administered pass-through obligation of the Successor Agency on tax increment revenue of LLRA collected and distributed by the County of San Bernardino. This portion was never transferred to LLRA from the County, thus, no actual payment was made to the County upon dissolution of LLRA. The Successor Agency included the item in the listing as the gross amount of tax increment revenue that was recorded on the City of Loma Linda's books. We were provided with the demand Letter received by the City of Loma Linda from the County of San Bernardino (letter dated July 10, 2012) indicating that the amount of ATC Administered Pass-Through of \$159,779, was subtracted from the computation of total pass through payments due.
- 12) U.S. Bank-Interest 2005A Tax Allocation Bonds: We were provided with the official statement of LLRA Subordinate 2005A Tax Allocation Bonds and amortization schedule. This amount is for debt service payment that is due on January 1, 2012.

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

- 13) U.S. Bank- Interest 2005B Tax Allocation Bonds: We were provided with the official statement of LLRA Subordinate 2005B Tax Allocation Bonds and amortization schedule. This amount is for debt service payment that is due on January 1, 2012.
- 14) U.S. Bank-Interest 2003 Tax Allocation Bonds Refunding: We were provided with the official statement of LLRA 2003 Tax Allocation Refunding Bonds and amortization schedule. This amount is for the debt service payment that is due on January 1, 2012.
- 15) U.S. Bank-2008 Taxable Housing Tax Allocation Bonds: We were provided with the official statement of LLRA Taxable Housing Tax Allocation Bonds and amortization schedule. This amount is for debt service payment that is due on January 1, 2012.

**CITATION:**

*Section 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.*

**Procedure 4:**

Perform the following procedures:

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

**City of Loma Linda (Successor Agency)  
All Other Funds Combined  
(Excluding Low and Moderate Income Housing Fund)  
Agreed-Upon Procedures with Respect to AB 1484  
Attachment A**

---

**Results/Findings:**

Procedure 4A

See Exhibit 4-01 for a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the suggested format.

Procedure 4B

We ascertained that the total of revenues, expenditures, and transfers account fully for the changes in equity from the previous fiscal year period except for the 5 months ended June 30, 2012. This is due to the fact that the Successor Agency is a new entity formed on February 1, 2012 and does not have a beginning fund balance. The fund balance at January 31, 2012 of the former redevelopment agency in the amount of \$24,080,323 was transferred to the following entities:

Fund balance transferred to Other funds-Successor Agency	\$ 7,035,517
Fund balance transferred to Low and Moderate Income Housing Fund-Successor Agency	863,921
Fund balance transferred to Loma Linda Housing Authority	<u>16,180,885</u>
 Total	 <u>\$24,080,323</u>

The fund balance that was transferred to the Successor Agency is recorded as an extraordinary gain in the accounting records of the Successor Agency. A reconciliation of the extraordinary gain is as follows:

Fund balance transferred to Successor Agency	\$ 7,899,438
Adjustment on calculation of accrued interest on Advances from City of Loma Linda in accordance with Health and Safety Code Section 34191.4(b)(2):	
From Water Acquisition Fund (Fund 38)	2,476,359
From Special Projects Fund (Fund 43)	<u>5,377,014</u>
 Total	 <u>\$15,752,811</u>

Procedure 4C

We compared the amounts in Exhibit 4-01 relevant to the fiscal year ended June 30, 2010 to the state controller's report filed and noted the following differences:

Account Description	State Controller's Report	Exhibit 4-01	Difference
Ending equity	\$41,723,069	\$21,066,878	\$20,656,191
Total expenditures	15,378,197	14,287,097	1,091,100
Total transfers	3,227,779	131,905	3,095,874
Beginning equity	45,286,216	26,634,799	18,651,417

**City of Loma Linda (Successor Agency)  
All Other Funds Combined  
(Excluding Low and Moderate Income Housing Fund)  
Agreed-Upon Procedures with Respect to AB 1484  
Attachment A**

---

We did note that the amounts in Exhibit 4-01 agreed with the audited financial statements of LLRA for the year ended June 30, 2010. The differences are due to the advances from City of Loma Linda. The advances from City of Loma Linda were treated as general long term debt in the State Controller's Report and thus, the outstanding balance is not included in the liabilities reported in the State Controller's Report. Also, the loan activity during the year ended June 30, 2010 was treated as revenue/expenditure in the State Controller's Report, but in Exhibit 4-01, the activity is recorded in the liability account.

**Procedure 4D**

No exceptions noted. For the year ended June 30, 2011, the audited financial statement of LLRA was the support provided. For the seven months ended January 31, 2012 and for the five months ended June 30, 2012, we were provided with the general ledger trial balance reports and revenue and expenditure reports by funds. For the long term debt, we were provided with the debt roll forward schedules.

**CITATION:**

*Section 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 5:**

Obtain from the Successor Agency a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding all previously reported assets 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/Findings:**

See Exhibit 5-01 for a listing of all assets of all other Funds as of June 30, 2012. No exceptions noted.

**CITATION:**

*Section 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.*

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

**Procedure 6:**

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

A. Unspent bond proceeds:

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

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.

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 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.

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

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

**Results/Findings:**

**Procedure 6A**

See Exhibit 6A-01 for the schedule of the restricted balance attributable to unspent bond proceeds. We traced to individual components of this computation to the bond proceeds tracking schedule, expenditure detail report from July 1, 2006 through June 30, 2012 and the official statement of Loma Linda Redevelopment Agency Subordinate 2005A Tax Allocation Bonds. No exception noted. The bond document states that the bond proceeds are to be applied to (i) further finance undertakings of the Agency for the Loma Linda Redevelopment Project and purposes related thereto and (ii) pay costs of issuance of the 2005 Bonds. In the opinion of the Successor Agency, the bond documents formed the basis for the restriction of the balances.

**Procedure 6B**

Based on the representation of the Successor Agency, there were no asset balances held on June 30, 2012 that are restricted because the assets were grant proceeds or program income that are restricted by third parties.

**Procedure 6C**

See Exhibit 6C-01 for the schedule of other assets that are considered legally restricted. The restricted amount of \$175,181 is a distribution received by the Successor Agency from Inland Valley Development Agency ("IVDA"), a Joint Powers Authority ("JPA") in which LLRA is a member. We traced the restricted amount of \$175,181 to a copy of the check received by the Successor Agency and to the letter from the Department of Finance ("DOF") to IVDA dated November 6, 2012 with regards to DOF's review of IVDA's AB 1484 due diligence review report of its Low and Moderate Income Housing Fund. DOF disallowed the set aside payments made by IVDA to its members. Based on the representation of the Successor Agency, IVDA disagreed with DOF's finding and had met and conferred with DOF officials. However, IVDA is still waiting to hear back from DOF regarding its final determination as of the date of this report. We traced the restricted amount of \$1,857,668.63 for July 1, 2012 debt service payments to the debt service payment schedules for the 2003 and 2005 tax allocation bonds and agreed the restricted amounts to the debt service payments that are due on July 1, 2012. No exceptions noted. We were provided with the official statements of LLRA's 2003 Tax Allocation Refunding Bonds, Subordinate 2005A and 2005B Tax Allocation Bonds. In the opinion of the Successor Agency, these documents formed the bases for the restrictions of these balances.

**City of Loma Linda (Successor Agency)  
All Other Funds Combined  
(Excluding Low and Moderate Income Housing Fund)  
Agreed-Upon Procedures with Respect to AB 1484  
Attachment A**

---

**Procedure 6D**

See Exhibits 6A-01 and 6C-01 for the schedules prepared by the Successor Agency for procedures 6A and 6C, respectively. Per the Successor Agency, the restriction on the unspent bond proceeds continues to be in effect until the asset has been expended for its intended purpose. Per the Successor Agency, the restriction on the payment received from IVDA continues to be in effect until the final determination has been made by DOF on whether the set aside payments made by IVDA to its JPA members are valid transfers or not. The restriction on the debt service payment funding continues to be in effect until the debt service payment is made on July 1, 2012.

**CITATION:**

*Section 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.*

**Procedure 7:**

Perform the following procedures:

- A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution (such as capital assets, land held for resale, long term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.
- B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
- 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.
- 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.

**City of Loma Linda (Successor Agency)  
All Other Funds Combined  
(Excluding Low and Moderate Income Housing Fund)  
Agreed-Upon Procedures with Respect to AB 1484  
Attachment A**

---

**Results/Findings:**

Procedure 7A

See Exhibit 7A-01 for a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution. Based on the representation of the Successor Agency, the values are listed at purchase cost or book value.

Procedure 7B

No exceptions noted.

Procedure 7C

This procedure is not applicable. There is no difference noted in Procedure 7B.

Procedure 7D

This procedure is not applicable. The asset listing on Exhibit 7A-01 is listed at purchase cost or book value and not at recently estimated market value.

**CITATION:**

*Section 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 balances are insufficient to fund future obligations and thus retention of current balance 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.*

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

**Procedure 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 balance 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.
- 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.

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

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

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

**Results/Findings:**

Procedure 8A

See Exhibit 8A-01 for an itemized schedule of asset balances as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations obtained from the Successor Agency. We were provided with the following legal documents, which, in the opinion of the Successor Agency, form the basis for the dedication or restriction of the asset balances:

- 1) Cash-\$2,490,962.58: We were provided with the Recognized Obligation Payment Schedule (“ROPS”) for the period from July 1, 2012 through December 31, 2012 that was approved by the Department of Finance. The funding for this ROPS was received in June 2012 but will be used to pay for enforceable obligations during the period from July 1, 2012 through December 31, 2012. We compared the total approved amount on the ROPS to the amount in Exhibit 8A-01 and noted no exceptions.
  
- 2) Cash-\$54,445.53: This amount is dedicated to pay for enforceable obligations that were not yet paid as of June 30, 2012 but were included in ROPS for the period from January 1, 2012 through June 30, 2012 for which funding has been received by the Successor Agency. The following are the enforceable obligations that are the bases of this restriction:
  - a. Willdan-\$1,980: We were provided with invoice#002-12357 dated June 21, 2012 for code enforcement services for May 2012. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
  
  - b. Anixter, Inc.-\$36,583: We were provided with the participation agreement dated November 3, 2006 wherein LLRA agreed to refund 50% of additional sales tax generated from Anixter, Inc. moving into project area for a period of 10 years up to a maximum amount of \$1,500,000. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
  
  - c. Robbins & Holdaway, a Prof Corp-\$125: We were provided with invoice# 24163 dated June 30, 2012 for professional legal services on June 12, 2012. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

- d. So California Edison-\$77: We were provided with the statement dated July 6, 2012 for usage from June 5, 2012 through July 5, 2012 for account#2-24-685-8666. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by the DOF. Based on the representation of the Successor Agency, this expenditure was disallowed as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
  
- e. Amelia Ramirez, JJ Ramirez Citrus Management- \$813: We were provided with an invoice dated 7/9/12 for weed abate services on May 30, 2012 through June 2, 2012, in the amount of \$212.50 (parcel 0281-162-33,34) and \$600 (parcel 092-461-04). We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by DOF. Based on the representation of the Successor Agency, this expenditure was disallowed as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
  
- f. Straddling, Yocca, Carlson-\$3,328: We were provided with the invoice dated July 13, 2012 for professional legal services provided to Successor Agency during the period ended June 30, 2012. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
  
- g. Marcum LLP-\$1,391: We were provided with the invoice# 10417922 dated June 30, 2012 for interim financial statement audit work for fiscal year ended June 30, 2012. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 under the name "Caporrici and Larson", a wholly-owned subsidiary of Marcum LLP. The ROPS was approved by the Oversight Board and DOF.
  
- h. Straddling, Yocca, Carlson-\$7,114: We were provided with the invoice dated April 17, 2012 for professional legal services provided to Successor Agency during period ended March 31, 2012. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

- i. Xerox-\$154: We were provided with invoice# 061704749 dated May 29, 2012 in the amount of \$550.62 for copier lease-shared cost for the period from March 30, 2012 to May 16, 2012. The amount of \$154 was allocated to the Successor Agency. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by the DOF. Based on the representation of the Successor Agency, this expenditure was disallowed as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
  
- j. Xerox-\$169: We were provided with invoice# 060582492 dated March 23, 2012 in the amount of \$602.71 for copier lease-shared cost. The amount of \$169 was allocated to the Successor Agency. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by the DOF. Based on the representation of the Successor Agency, this expenditure was disallowed as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
  
- k. Xerox-\$104: We were provided with the invoice# 062233059 dated June 26, 2012 in the amount of \$372.78 for copier lease-shared cost for the period from May 16, 2012 to May 30, 2012. The amount of \$104 was allocated to the Successor Agency. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by the DOF. Based on the representation of the Successor Agency, this expenditure was disallowed by the DOF as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
  
- l. Xerox-\$134: We were provided with the invoice# 062791747 dated July 27, 2012 in the amount of \$478.08 for copier lease-shared cost for the period from June 1, 2012 to June 30, 2012. The amount of \$134 was allocated to the Successor Agency. We noted that this obligation was included in ROPS for the period January 1, 2012 through June 30, 2012 but was disallowed by the DOF. Based on the representation of the Successor Agency, this expenditure was disallowed by the DOF as it was considered as an administrative expense and will not be paid as a separate line item in ROPS but rather, it will be paid out

**City of Loma Linda (Successor Agency)**  
**All Other Funds Combined**  
**(Excluding Low and Moderate Income Housing Fund)**  
**Agreed-Upon Procedures with Respect to AB 1484**  
**Attachment A**

---

of the \$125,000 administrative allowance that is also included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.

- m. Data Quick Information Systems-\$15: We were provided with the invoice# B1-2954434 dated July 2, 2012 in the amount of \$150 for the title search service for the period from June 1, 2012 to June 30, 2012. The restricted amount is the portion allocated to the Successor Agency. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
  - n. Willdan-\$2,460: We were provided with the invoice# 002-12452 dated July 23, 2012 for code enforcement services for June 2012. We noted that this obligation was included in the ROPS for the period January 1, 2012 through June 30, 2012 that was approved by the Oversight Board and DOF.
- 3) Cash-\$2,300: This amount is restricted for miscellaneous deposits payable at June 30, 2012 that will be refunded in the future. We were provided with the participation agreements for various participants which account for only \$440 of the restricted balance. In the opinion of the Successor Agency, these documents form the legal basis of the obligation. However, we noted that the participation agreements do not state that the amounts paid by the participants are considered deposits and that the amounts will be refunded in the future. For the remaining restricted amount of \$1,860, the Successor Agency cannot locate the documents that form the legal basis of the obligations. This obligation is not included in ROPS.
- 4) Cash-\$ \$28,686.28: This amount is restricted for deposits payable at June 30, 2012 that will be refunded in the future. The Successor Agency cannot locate the documents that form the legal basis of the obligations. This obligation is not included in ROPS.
- 5) Prepaid expenses-\$495: We were provided with the executed agreement dated September 29, 2011 between LLRA and an individual wherein LLRA agreed to pay for replacement housing of \$495 per month for a maximum period of 42 months. We compared the enforceable obligation to the ROPS for the period from July 1, 2012 through June 30, 2013 and noted that this enforceable obligation is included in the ROPS.

Procedure 8B

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 retention of current balances is required. However, per the Successor Agency, the Successor Agency does not have any remaining current balances that can be retained. Therefore, this procedure was not deemed necessary to be performed.

**City of Loma Linda (Successor Agency)  
All Other Funds Combined  
(Excluding Low and Moderate Income Housing Fund)  
Agreed-Upon Procedures with Respect to AB 1484  
Attachment A**

---

Procedure 8C

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). However, per the Successor Agency, the Successor Agency does not have any remaining current balances that can be retained. Therefore, this procedure was not deemed necessary to be performed.

Procedure 8D

The calculation of the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations is as follows:

Identified current dedicated or restricted balances	\$	(2,576,889)
Forecasted annual revenues		_____ --
Total resources available to fund enforceable obligations		(2,576,889)
Forecasted annual spending requirements		_____ --
Amount of current unrestricted balances necessary for retention	\$	<u>(2,576,889)</u>

**CITATION:**

*Section 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.*

**Procedure 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.

**Results/Findings:**

The amounts needed to fund ROPS for the period July 1, 2012 through December 31, 2012 have been included under procedures 8A and 8D above. See Exhibit 8A-01. Per the Successor Agency, the Successor Agency does not have any remaining cash balances that can be retained to satisfy obligations on the ROPS for the period January 1, 2013 through June 30, 2013.

**City of Loma Linda (Successor Agency)  
All Other Funds Combined  
(Excluding Low and Moderate Income Housing Fund)  
Agreed-Upon Procedures with Respect to AB 1484  
Attachment A**

---

**CITATION:**

*Section 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 authorities 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.*

**Procedure 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).

**Results/Findings:**

See attached Exhibit 10-01 for the schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities.

**Procedure 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 acknowledgement 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 period from January 1, 2011 through June 30, 2012 that may not have 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/Findings:**

Said management representation letter was received. No exceptions noted.

**City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)  
Transfers to City, County, or City and County  
For the period of January 1, 2011 through January 31, 2012**

<b>Date</b>	<b>Transfer To</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
3/14/2011	City of Loma Linda (Fund 43)	Repay Accrued Interest on Outstanding Loans from Special Project Fund 43	\$ 2,100,000.00	Annual payment of interest and/or principal on loans to RDA
6/30/2011	City of Loma Linda (Fund 43)	Transfer Land held for resale as repayment of outstanding loan balances	6,381,958.21	Land was transferred back into Successor Agency and Loans & Accrued Interest were re-established in Fund 43-FYE 6/30/12
6/30/2011	City of Loma Linda (Fund 43)	Repay Outstanding Loan from Special Project Fund 43	173,000.00	Annual payment of interest and/or principal on loans to RDA
6/30/2011	City of Loma Linda (General Fund)	Pass thru Payment	<u>77,974.27</u>	Pass thru for FY 2010
			<u>\$ 8,732,932.48</u>	

**City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)**  
**Transfers to Public Agency or Private Parties**  
**For the period of January 1, 2011 through January 31, 2012**

<u>Date</u>	<u>Transfer To</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
4/26/2011	County of San Bernardino	SERAF Payment FY 2010-2011	\$ 595,193.00	RD A SERAF Shift HSC section 33690.5
6/22/2011	U.S. Bank	Debt Service for Subordinate 2005A TAB	429,458.75	July 1, 2011 Debt Service Payment
6/22/2011	U.S. Bank	Debt Service for Subordinate 2005B TAB	620,330.00	July 1, 2011 Debt Service Payment
6/22/2011	U.S. Bank	Debt Service for 2003 TAB refunding	753,356.25	July 1, 2011 Debt Service Payment
10/19/2011	Riverside County Treasurer	Property Taxes	2,983.48	Property Taxes
10/20/2011	San Bernardino County	Property Taxes	10,571.98	Property Taxes
10/5/2011	Loma Linda Chamber of Commerce	Quarterly Disbursements	14,875.00	Promotional Activities Agreement
12/7/2011	Loma Linda Chamber of Commerce	Quarterly Disbursements	14,875.00	Promotional Activities Agreement
1/18/2012	Anixter	2nd Quarter 2011 RDA Participation Agr	60,702.50	Participation Agreement - Quarterly Payment
1/18/2012	Anixter	3rd Quarter 2011 RDA Participation Agr	66,092.50	Participation Agreement - Quarterly Payment
7/1/11-1/31/12	County of San Bernardino	Pass thru Payment-collected by the County	159,778.13	Collected and distributed by SB County
12/20/2011	U.S. Bank	Interest - 2005A	353,146.25	January 1, 2012 Debt Service Payment
12/20/2011	U.S. Bank	Interest - 2005B	225,223.75	January 1, 2012 Debt Service Payment
12/20/2011	U.S. Bank	Interest - 2003	208,993.75	January 1, 2012 Debt Service Payment
12/20/2011	U.S. Bank	Interest - 2008 Housing	369,345.00	January 1, 2012 Debt Service Payment
			<u>\$ 3,884,925.34</u>	

Summary of Financial Transactions of The Redevelopment Agency and Successor Agency

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor* Agency 5 Months Ended 6/30/2012
<b>Assets (modified accrual basis)</b>				
Cash and Investments	\$ 7,970,983	\$ 5,549,169	\$ 7,381,511	\$ 7,505,389
Receivables:				
Accounts	21,478	930	285	-
Taxes	286,821	102,784	67,978	-
Interest	17,940	11,884	2,982	6,467
Contracts and Loans	10,890,429	12,669,031	12,536,194	8,584
Due from other governments	271,043	175,181	175,181	-
Due from other funds	50,848	-	-	-
Due from City of Loma Linda	32,510	32,630	-	-
Prepaid Items	66,913	75,253	-	495
Land held for resale	9,591,184	3,525,797	3,762,754	6,494,374 (1)
Advances to City of Loma Linda	12,665,407	13,264,185	13,622,136	13,873,025
Restricted assets:				
Cash and investments with fiscal agent	3,119,471	3,299,137	890,002	3,342,832
<b>Total Assets</b>	<b>\$ 44,985,027</b>	<b>\$ 38,705,981</b>	<b>\$ 38,439,023</b>	<b>\$ 31,231,165</b>
<b>Liabilities (modified accrual basis)</b>				
Accounts payable	\$ 599,117	\$ 783,460	\$ 653,622	\$ 633,117
Accrued liabilities	23,092	24,604	-	-
Due to other funds	50,848	-	-	-
Due to City of Loma Linda	77,974	77,974	-	-
Deposits payable	52,164	46,084	31,480	30,986
Deferred revenue	2,458,763	2,961,679	3,305,218	3,380,925
Advances from City of Loma Linda	20,656,191	10,368,380	10,368,380	9,240,619 (2)
<b>Total Liabilities</b>	<b>\$ 23,918,149</b>	<b>\$ 14,262,181</b>	<b>\$ 14,358,700</b>	<b>\$ 13,285,647</b>
<b>Equity</b>	<b>21,066,878</b>	<b>24,443,800</b>	<b>24,080,323</b>	<b>17,945,518</b>
<b>Total Liabilities + Equity</b>	<b>\$ 44,985,027</b>	<b>\$ 38,705,981</b>	<b>\$ 38,439,023</b>	<b>\$ 31,231,165</b>
<b>Total Revenues:</b>	<b>\$ 8,587,271</b>	<b>\$ 8,168,797</b>	<b>\$ 4,299,940</b>	<b>\$ 23,229,321</b>
<b>Total Expenditures:</b>	<b>\$ 14,287,097</b>	<b>\$ 9,419,398</b>	<b>\$ 4,963,027</b>	<b>\$ 5,283,803</b>
<b>Total Transfers:</b>	<b>\$ 131,905</b>	<b>\$ 4,627,523</b>	<b>\$ 299,610</b>	<b>\$ -</b>
<b>Net change in equity</b>	<b>\$ (5,567,921)</b>	<b>\$ 3,376,922</b>	<b>\$ (363,477)</b>	<b>\$ 17,945,518</b>
<b>Beginning Equity:</b>	<b>\$ 26,634,799</b>	<b>\$ 21,066,878</b>	<b>\$ 24,443,800</b>	<b>\$ -</b>
<b>Ending Equity:</b>	<b>\$ 21,066,878</b>	<b>\$ 24,443,800</b>	<b>\$ 24,080,323</b>	<b>\$ 17,945,518</b>
Extraordinary Gains			\$ 6,340,624	\$ 20,533,961
Extraordinary Losses			(30,420,947)	(4,781,151)
<b>Total Net Change - Extraordinary items</b>			<b>\$ (24,080,323)</b>	<b>\$ 15,752,811</b>
<b>Other Information (show year end balances for all three years presented):</b>				
<b>Capital assets as of end of year</b>	-	-	-	-
<b>Long-term debt as of end of year</b>	\$ 42,149,234	\$ 41,139,694	\$ 39,914,962	\$ 39,915,154

\* includes LMIHF amount transferred to Successor Agency but excludes assets approved for transfer to the Loma Linda Housing Authority

Notes:

- (1) Net of land transferred to Loma Linda Housing Authority and includes land transferred back from the City of Loma Linda.  
(2) In accordance with Health and Safety Code Section 34191.4(b)(2) accumulated interest on the remaining principal amount of the loans (Advances from the City) were recalculated from the loan origination at the interest rate earned by funds deposited into the Local Agency Investment Fund.

**City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)**  
**Listing of All Assets of All Other Funds**  
**As of June 30, 2012**

<u>Assets</u>	<u>Successor Agency - Non- Housing</u>
56-1001 CASH	\$ 3,205,388.90
56-1005 INVESTMENTS - TAX EXEMPT BONDS	4,300,000.00
56-1024 INTEREST RECEIVABLE	6,466.56
56-1027 LOAN RECEIVABLE	13,873,024.56
56-1028 LOANS RECEIVABLE (CHAMBER)	8,584.24
56-1046 CASH WITH FISCAL AGENT	1,857,668.63
56-1070 PREPAID EXPENSES	495.00
56-1078 SEWER CAPACITY RIGHTS	79,862.00
56-1081 LAND HELD FOR RESALE	<u>6,414,511.70</u>
<b>Total Assets</b>	<b><u>\$29,746,001.59</u></b>

**City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)**  
**Restricted Assets-Unspent Bond Proceeds**  
**As of June 30, 2012**

<u>Assets</u>	<u>Balance</u>	<u>Legally Restricted Purpose</u>
56-1001 CASH	\$ 283,332.47	Unspent Bond Proceeds
56-1024 INTEREST RECEIVABLE	3,813.07	Unspent Bond Proceeds-Accrued Interest @ 6/30/12
56-1005 INVESTMENTS - TAX EXEMPT BONDS	4,300,000.00	Unspent Bond Proceeds
<b>Total Restricted Assets</b>	<b>\$ 4,587,145.54</b>	

**City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)**  
**Other Assets that are Legally Restricted**  
**As of June 30, 2012**

<u>Assets</u>	<u>Amount</u>	<u>Purpose</u>
56-1001 CASH	\$ 175,181.21	Letter from Department of Finance to Inland Valley Development Successor Agency (JPA) requiring the Return of funds disbursed.
56-1046 CASH WITH FISCAL AGENT	<u>1,857,668.63</u>	July 1, 2012 Debt Service Payments funding required to be deposited in June of 2012.
Total	<u>\$ 2,032,849.84</u>	

**City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)**  
**Listing of Non-Liquid Assets**  
**As of June 30, 2012**

<u>Asset</u>	<u>Balance</u>	<u>Description - Value</u>
56-1027 LOAN RECEIVABLE	\$ 13,873,024.56	Connected Communities Program (Enterprise Fund)
56-1028 LOANS RECEIVABLE (CHAMBER)	8,584.24	Value is principal plus accrued interest to repay loan.
56-1078 SEWER CAPACITY RIGHTS	79,862.00	Intangible asset-valued at book value.
56-1081 LAND HELD FOR RESALE	<u>6,414,511.70</u>	Properties Land Held for resale - booked value.
<b>Total Assets</b>	<b><u>\$ 20,375,982.50</u></b>	

**City of Loma Linda (Successor Agency of Loma Linda Redevelopment Agency)**  
**Listing of Asset Balances that are Dedicated or Restricted for the Funding of Enforceable Obligations**  
**As of June 30, 2012**

<u>Assets</u>	<u>Funding Required for Enforceable Obligations</u>	<u>Description</u>
56-1001 CASH	\$ 2,490,962.58	ROPS II (July 1, 2012 thru December 31, 2012) funding received
56-1001 CASH	54,445.53	Accounts Payable at 6/30/12 - Enforceable Obligations
56-1001 CASH	2,300.00	Miscellaneous Deposits
56-1001 CASH	28,686.28	Deposits Payable
56-1070 PREPAID EXPENSES	495.00	Paredes housing replacement due to relocation.
<b>Total Assets</b>	<b>\$ 2,576,889.39</b>	

**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) (Exhibit 5-01)	\$	29,746,002
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) (Exhibit 6A-01 and 6C-01)		(6,619,995)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7) (Exhibit 7A-01)		(20,375,983)
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) (Exhibit 8A-01)		(2,576,889)
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		<u>(1,286,110)</u> *
Amount to be remitted to county for disbursement to taxing entities	\$	<u>(1,112,975)</u>

*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.

\* We agreed this amount to the letter dated July 9, 2012 from the County of San Bernardino Auditor-Controller/Treasurer/Tax Collector demanding the payment and the copy of the check payment.

EXHIBIT 10-01

# DHA Consulting, LLC

## MEMORANDUM

DATE: January 3, 2013  
TO: Diana DeAnda, City of Loma Linda  
FROM: Diane Hadland, DHA Consulting  
RE: **CITY LOAN REPAYMENT**

Per your request, we have prepared a cash flow that compares annual revenues to annual expenditures over the remaining term of the former redevelopment project areas. Revenues were estimated by DHA Consulting based on Project Area 2012-13 actual assessed values, as reported by the County of San Bernardino. Expenditures are based on amounts approved for the ROPS, extrapolated forward to future fiscal years, plus estimated amounts due as repayment for City loans. The amounts due for repayment of City loans have been estimated based upon the various requirements under AB 26 and AB 1484. The dissolution law (AB 26 and AB 1484) remains in its infancy. As such, the actual repayment amounts will vary depending on how the dissolution law is interpreted, as well as actual growth in former tax increment revenue, now referred to as RPTTF (Redevelopment Property Tax Trust Fund) revenue. A discussion of the repayment terms for City loans under AB 1484 is included as Attachment A.

The following attachments are included:

Attachment A	Repayment Terms for City Loans Under AB 1484
Table 1	Semi-Annual RPTTF Revenue Estimates with Moderate Growth
Table 2	Semi-Annual "ROPS" Cash Flow through End of Former Project

As shown in the enclosed tables, the Successor Agency is anticipated to be eligible to receive enough RPTTF revenue to cover estimated costs commencing with the January 2, 2013 payment. The current deficit balance, as indicated in the Due Diligence Review report, is the result of a shortage which occurred prior to June 30, 2012. The problem is that AB 26 and AB 1484 were adopted under the assumption that redevelopment agencies could/would cover expenditures from July 1, 2011 to December 31, 2011 with revenues that they received prior to June 30, 2012. This was not the case with Loma Linda, hence the negative ending balance for 2011-12 even though annual revenues are estimated to exceed annual expenditures in future fiscal years. The deficit ending balance is assumed corrected with an additional loan from the City. This is assumed to be a separate loan subject to different repayment terms than the monies borrowed prior to the adoption of AB 26 in June 2011.

A long-term cash flow of the type enclosed is very helpful for identifying potential cash flow problems and getting an overall indication if revenues will be sufficient to cover obligations. The enclosed tables, however, should not be relied upon to provide an accurate estimate of the amount of revenue available for distribution to the taxing entities or the amount that will be available for the repayment of

# DHA Consulting

---

Page 2

City loans pursuant to the formula in AB 1484. The reasons that these payments amounts cannot be accurately projected at the present time is primarily because of the uncertainty regarding RPTTF revenue under AB 1484 and the vagaries of the City repayment formula under AB 1484. The issues connected with the repayment of City loans are included in Attachment A. The factors that make RPTTF collections uncertain at the present time include the following:

1. Tax increment revenue in the former Project Area was subject to a 1.16 percent tax rate prior to the adoption of AB 1484. It is unclear whether or not the County will continue to use this tax rate or use a 1.0 percent tax rate as seemingly specified under AB 1484. County staff members in the auditor's office advise that they have referred the matter to County Counsel but do not yet know how they will calculate it for future payments, although the January 1, 2013 payment included the override revenue. The enclosed tables are based on the assumption that the tax rate is reduced to 1.0 percent in 2013-14 and thereafter.
2. Collection trends under AB 1484 have not yet been established. Previously, redevelopment agencies were paid monthly; under AB 1484, payments will occur only twice a year. Since the Successor Agency has only received one payment as of the date this analysis was prepared, the percentage of revenue that can be anticipated to be collected has not yet been established.
3. The County's calculation of pass through revenues has not been consistent and varies from the Successor Agency's calculations. As a result, the amount of pass through payments the County will deduct cannot be predicted with any accuracy at the present time.

Once several RPTTF payments have been received under the new AB 1484 procedures, preparing more precise estimates of both gross and available revenues for each payment will be possible.

Additional specific assumptions include the following.

- **Debt Service:** All Bonds currently outstanding are assumed to remain outstanding. Debt service assumed included in each six month period on the ROPS is assumed to average annual debt service. If it is found later that the January payment tends to be larger than the June payment, the debt service amount entered on each ROPS can be adjusted to reflect that fact. It is assumed that debt service on the lease revenue bonds continues as an approved enforceable obligation, as approved in ROPS 3.
- **Revenue Projections:** Assessed values reported by the County for 2012-13 represent a 0.8 percent increase over 2011-12 levels. Future year revenues have been projected based on assumed future growth trends in assessed values. No attempt was made to evaluate appeals, property sales/new development or tax delinquencies. Revenues are assumed to experience a 1.0 percent increase for 2013-14, and then increase by 2.0 percent per year for the following two years. Commencing in 2016-17 assessed values are assumed to increase by 3.0 percent per year until the Project Areas are no longer eligible to receive tax increment. Year by year assessed value change assumptions are outlined on Table 1 under "Estimated Growth Percentage".
- **Revenue Receipts:** As discussed above, it is uncertain whether the County will continue allocating to the Successor Agency revenues derived from the debt service levy, which primarily included a \$0.16 per \$100 levy by the San Bernardino County Municipal Water

Department. The enclosed tables are based on the assumption that the County pays based on a 1.16 per \$100 levy for 2013-14, with the Successor Agency receiving 55% of total estimated property tax revenues in January 2013 and 45% in June 2013. For subsequent years (2014-15 and thereafter), a 1.0 percent tax rate has been assumed with collections equaling 50 percent for each payment. While this assumption may be too simplistic, it is too early to determine when revenues will actually be collected in future fiscal years. Once a better pattern of collections in the Project Area has been established, these revenue receipt percentages can be adjusted. Likewise, the amount included for semi-annual debt service on future ROPS can be adjusted as necessary.

- **City Loan for 6/30/12 Fund Balance Deficit:** The ending balance for June 30, 2012 is a negative balance of \$1.1 million. This is essentially a loan from the City. For the purpose of this analysis, this loan amount is assumed approved by the Oversight Board and DOF as an enforceable obligation that is not contingent upon a finding of completion or the repayment formula specified in AB 1484. The loan is assumed repaid over slightly more than 2 ½ years with payments equaling \$250,000 each six month period. Interest is assumed to accrue on the unpaid balance at an estimated LAIF rate.
- **City Loan Balances Subject to Finding of Completion:** AB 1484 requires that any City loans outstanding can be repaid provided the amount of interest outstanding is recalculated using the LAIF rate. The amount due the City is assumed to be equal about \$9.1 million. This is based on the assumption that the Successor Agency will not have to reverse the \$2.5 million City loan repayment made prior to June 2011.
- **City Loan Interest Rate:** AB 1484 requires that the LAIF rate be used to recalculate future interest due on the City loans. While the historical performance of this variable rate investment (LAIF) is known, the allowable rate into the future is an unknown. For the purpose of this analysis, a rate equal to 0.5% is assumed through 2013-14, increasing to 1.0% until 2015-16 and to 2.0% in 2016-17.

We hope this information is useful. Please call with any questions or comments you may have.

## Attachment A Repayment of City Loans under AB 1484

The Legislature passed and the Governor signed AB 1484 on June 27, 2012. AB 1484 is a budget trailer bill that provides numerous changes and revisions to AB 26, the bill that had dissolved redevelopment agencies effective February 1, 2012. AB 1484 affects the repayment of city loans. It requires that before such loans can be repaid, an agency must first receive a finding of completion from the state Department of Finance (DOF). Because of the "due diligence" process set up by AB 1484 to get a finding of completion, the earliest that one could be obtained is the spring of 2013. The finding of completion is tied to the preparation of an audit by a certified public accountant which shows the amount of cash assets that are available for distribution to the taxing entities from a successor agency and housing successor agency.

After receiving the finding of completion, any city loans must be included on the ROPS and if approved, then can begin to be repaid. The payments cannot begin until 2013-14, and repayments go first to repay any SERAF loans to the Housing Fund. There are no outstanding SERAF loans in Loma Linda. In addition, twenty percent of any repayments under the city loans must also be deposited into the Housing Fund established by the Successor Housing Agency.

Section 34191.4 of the Health and Safety Code is the section added by AB 1484 pertaining to City loans. It requires that the outstanding interest on city loans be recalculated based on actual historical LAIF rates and that the repayment of any city loans cannot commence before 2013-14. The amount of the repayment is according to a formula that is based on future estimated tax increment revenues. The formula specifies that the following items should be deducted from former tax increment revenue:

1. Property tax administrative fees owed to the County
2. Pass through payments to the various taxing entities
3. The enforceable obligations of the successor agency, exclusive of any city loans

Whatever RPTTF revenue remains after deducting the above items is the residual balance which is to be distributed to the taxing entities. This calculation for 2012-13 is the "baseline" for the current and future distributions to the taxing entities. Half of any new growth in revenue above the 2012-13 baseline amount must be used for distribution to the taxing entities. The other half can be used first to repay any SERAF loans and second to repay the city loans. Thus, city loans are tied to future growth in a successor agency's revenue stream. Of the payments to be made under city loans, 20 percent of the amount must be deposited to the Housing Fund and can only be used by the Housing Successor Agency for Housing purposes.

Because the repayment of the City loans cannot occur unless RPTTF revenue increases over 2012-13 levels, the enclosed loan repayment schedules are estimates and will vary as tax increment revenues, and to a lesser extent costs, vary. This formula conflicts with the requirement in AB 1484 for a defined payment schedule because, at least typically, a defined repayment schedule for a loan is thought to include specific payment amounts and a defined term, which will be challenging with a formula dependent upon future growth. In this instance, however, perhaps a defined loan repayment schedule can mean a defined formula and other parameters. Otherwise, successor agencies will be left with the needing to adopt a payment schedule that will not be able to be paid in most years.

Another contradiction or anomaly in the statute is that the formula is based on growth, or lack thereof, on a fiscal year basis; however, payments made to successor agencies and distributed to affected taxing entities under AB 26 (and AB 1484) are required to be made semi-annually. Thus, the formula will need to be tweaked in order to make the calculations specified in 34191.4 work with the semi-

# DHA Consulting

---

Page 2

annual payment schedule that is required under AB 26. For the purpose of this analysis, it has been assumed that the payments would be calculated semi-annually based on a 6 month average of the 2012-13 base year.

All payments on the City loans are based on increases in the amount available to distribute to taxing entities above 2012-13 levels. Thus, future increases in tax increment revenue above 2012-13 levels will be required unless expenses drop significantly. As such, the amount of revenue the County allocates for 2012-13 will affect payments in future years. Because the County only allocated a portion of 2011-12 revenues, the amount the County allocates for 2012-13 may be overstated when compared to future fiscal years. Because there is little payment history under AB 26, however, it is hard to project what future allocations will entail. If it turns out to be the case that the 2012-13 base year is overstated, however, the successor agency may want to evaluate methods for reducing the amount of revenue attributable to the 2012-13 base year.

The final challenge related to the payment formula in AB 1484 relates to the definition for base year. For the purpose of this analysis, the 2012-13 base year is assumed to include the January 2, 2013 and June 1, 2013 distributions. DOF (and ultimately the courts) could well determine that the 2012-13 base year actual should include June 1, 2012 and January 2, 2013 distributions because those payments were for expenses incurred during 2012-13. If that is the case, the base year for City loan repayment purposes may well be higher than the amount estimated in the enclosed tables, meaning that the City loan repayments would be lower. It is expected that DOF will issue some guidelines that address these issues in the spring of 2013. Whether and when guidelines will become available as a result of likely litigation is speculative.

**Table 1**  
**Loma Linda Redevelopment Agency**  
**Merged Project Area**  
**Semi-Annual Combined Tax Increment Projection**

Fiscal Year	Gross Tax Revenue (1)	Est. AV (1) Growth %	Payment Date	% Assumed Per Pmt (2)	Gross Semi Annual Rev	Admin Charge (3)	33676 (3) Payments	County (3) Pass Thru (4)	RUSD (3) Pass Thru	AB 1290 (3) Pass Thru	Net Tax Revenue
2012-13	7,244,602	0.8%	2-Jan	55.0%	3,984,531	69,729	15,273	368,329	27,065	146,905	3,357,228
	-		1-Jun	45.0%	3,260,071	57,051	12,496	301,360	22,144	120,195	2,746,823
2013-14	6,317,698	1.0%	2-Jan	50.0%	3,158,949	58,499	14,163	339,634	25,097	139,003	2,582,554
	-		1-Jun	50.0%	3,158,949	58,499	14,163	339,634	25,097	139,003	2,582,554
2014-15	6,484,453	2.0%	2-Jan	50.0%	3,232,227	59,797	14,446	343,634	25,599	156,527	2,632,223
	-		1-Jun	50.0%	3,232,227	59,797	14,446	343,634	25,599	156,527	2,632,223
2015-16	6,613,939	2.0%	2-Jan	50.0%	3,306,970	61,120	14,735	351,715	26,111	174,403	2,678,886
	-		1-Jun	50.0%	3,306,970	61,120	14,735	351,715	26,111	174,403	2,678,886
2016-17	6,842,653	3.0%	2-Jan	50.0%	3,421,326	62,915	15,029	359,957	26,633	201,752	2,755,040
	-		1-Jun	50.0%	3,421,326	62,915	15,029	359,957	26,633	201,752	2,755,040
2017-18	7,078,228	3.0%	2-Jan	50.0%	3,539,114	64,759	15,330	372,568	27,166	234,328	2,824,963
	-		1-Jun	50.0%	3,539,114	64,759	15,330	372,568	27,166	234,328	2,824,963
2018-19	7,320,870	3.0%	2-Jan	50.0%	3,660,435	66,654	15,637	385,557	27,709	267,882	2,896,997
	-		1-Jun	50.0%	3,660,435	66,654	15,637	385,557	27,709	267,882	2,896,997
2019-20	7,570,791	3.0%	2-Jan	50.0%	3,785,396	68,601	15,949	398,935	28,263	302,442	2,971,205
	-		1-Jun	50.0%	3,785,396	68,601	15,949	398,935	28,263	302,442	2,971,205
2020-21	7,828,210	3.0%	2-Jan	50.0%	3,914,105	70,601	16,268	412,715	28,829	338,039	3,047,653
	-		1-Jun	50.0%	3,914,105	70,601	16,268	412,715	28,829	338,039	3,047,653
2021-22	8,083,352	3.0%	2-Jan	50.0%	4,046,676	72,657	16,594	426,909	29,405	374,704	3,126,408
	-		1-Jun	50.0%	4,046,676	72,657	16,594	426,909	29,405	374,704	3,126,408
2022-23	8,366,448	3.0%	2-Jan	50.0%	4,183,224	74,769	16,926	441,528	29,993	412,469	3,207,540
	-		1-Jun	50.0%	4,183,224	74,769	16,926	441,528	29,993	412,469	3,207,540
2023-24	8,647,737	3.0%	2-Jan	50.0%	4,323,868	76,939	17,264	456,585	30,593	451,367	3,291,120
	-		1-Jun	50.0%	4,323,868	76,939	17,264	456,585	30,593	451,367	3,291,120
2024-25	8,937,464	3.0%	2-Jan	50.0%	4,468,732	79,168	17,609	472,095	31,205	491,432	3,377,223
	-		1-Jun	50.0%	4,468,732	79,168	17,609	472,095	31,205	491,432	3,377,223
2025-26	9,235,684	3.0%	2-Jan	50.0%	4,617,942	81,460	17,962	488,070	31,829	532,699	3,465,923
	-		1-Jun	50.0%	4,617,942	81,460	17,962	488,070	31,829	532,699	3,465,923
2026-27	9,543,255	3.0%	2-Jan	50.0%	4,771,628	83,814	18,321	504,524	32,466	575,204	3,557,300
	-		1-Jun	50.0%	4,771,628	83,814	18,321	504,524	32,466	575,204	3,557,300
2027-28	9,859,849	3.0%	2-Jan	50.0%	4,929,924	86,234	18,687	521,471	33,115	618,983	3,651,433
	-		1-Jun	50.0%	4,929,924	86,234	18,687	521,471	33,115	618,983	3,651,433

**Table 1**  
**Loma Linda Redevelopment Agency**  
**Merged Project Area**  
**Semi-Annual Combined Tax Increment Projection**

Fiscal Year	Gross Tax Revenue (1)	Est. AV (1) Growth %	Payment Date	% Assumed Per Pmt (2)	Gross Semi Annual Rev	Admin Charge (3)	33676 (3) Payments	County (3) Pass Thru (4)	RUSD (3) Pass Thru	AB 1290 (3) Pass Thru	Net Tax Revenue
2028-29	10,185,839	3.0%	2-Jan	50.0%	5,092,970	88,721	19,061	538,927	33,777	664,077	3,748,407
	-		1-Jun	50.0%	5,092,970	88,721	19,061	538,927	33,777	664,077	3,748,407
2029-30	10,521,813	3.0%	2-Jan	50.0%	5,260,906	91,276	19,442	556,907	34,453	710,523	3,848,306
	-		1-Jun	50.0%	5,260,906	91,276	19,442	556,907	34,453	710,523	3,848,306
2030-31	10,867,763	3.0%	2-Jan	50.0%	5,433,881	93,902	19,831	575,426	35,142	758,363	3,951,218
	-		1-Jun	50.0%	5,433,881	93,902	19,831	575,426	35,142	758,363	3,951,218
2031-32	11,224,091	3.0%	2-Jan	50.0%	5,612,045	96,600	20,228	594,501	35,845	807,637	4,057,235
	-		1-Jun	50.0%	5,612,045	96,600	20,228	594,501	35,845	807,637	4,057,235
2032-33	11,591,109	3.0%	2-Jan	50.0%	5,795,555	99,374	20,632	614,148	36,562	858,390	4,166,449
	-		1-Jun	50.0%	5,795,555	99,374	20,632	614,148	36,562	858,390	4,166,449
2033-34	4,047,287	3.0%	2-Jan	50.0%	2,023,643	32,908	21,045	-	37,293	232,855	1,699,543
	-		1-Jun	50.0%	2,023,643	32,908	21,045	-	37,293	232,855	1,699,543
2034-35	4,177,094	3.0%	2-Jan	50.0%	2,088,547	33,568	21,466	-	38,039	248,810	1,746,667
	-		1-Jun	50.0%	2,088,547	33,568	21,466	-	38,039	248,810	1,746,667
2035-36	4,310,796	3.0%	2-Jan	50.0%	2,155,398	34,237	21,895	-	38,799	265,244	1,795,223
	-		1-Jun	50.0%	2,155,398	34,237	21,895	-	38,799	265,244	1,795,223
2036-37	4,448,509	3.0%	2-Jan	50.0%	2,224,255	34,922	22,333	-	39,575	282,170	1,845,254
	-		1-Jun	50.0%	2,224,255	34,922	22,333	-	39,575	282,170	1,845,254
2037-38	4,590,354	3.0%	2-Jan	50.0%	2,295,177	35,621	22,780	-	40,367	304,958	1,891,452
	-		1-Jun	50.0%	2,295,177	35,621	22,780	-	40,367	304,958	1,891,452
2038-39	-		2-Jan	50.0%	-	-	-	-	-	-	-
	-		1-Jun	50.0%	-	-	-	-	-	-	-

- (1) Commencing in 2013-14, gross taxes generated are calculated using a 1.0% tax rate rather than the 1.16% rate the County is currently employing; this causes a substantial drop in the amount of revenue available to the Loma Linda Successor Agency. As of December 3, 2012 the County advised DHA Consulting that the issue of which tax rate the County should be using is an issue that is being reviewed by County Counsel. AB 26 provides that rates in excess of 1.0% used to repay debt are to be diverted away from the Successor Agency and to the taxing entity levying the rate. It is not entirely clear whether or not the rate levied by the water district in the Project Area falls under that definition.
- (2) Sufficient data is not yet available to determine the percentage revenue that the Agency can expect to receive for each 6 month period. The amount estimated for January 2013 is higher than the subsequent years because quite a bit of revenue was uncollected in June 2012 when the County made the June 1st payment.
- (3) Assumes that deductions from tax increment revenue are distributed equally between distributions; this may or may not be the case.
- (4) The estimated amount deducted for the County pass through payment is based on the amount the County deducted from the June 2012 payment; prior period deductions were about 50% less.

**Table 2**  
**Loma Linda Redevelopment Agency**  
**Merged Project Area**  
**Semi-Annual ROPS Cash Flow through End of Project (1)**

Fiscal Year	Pmt Date	Semi-Annual Net Tax Rev.	Avg. Bond Debt Svc. (2)	Lease / Rev (3) Bond Debt Svc	Participation Agreements	Other Costs (4) (5)	Admin Allowance	New City (6) Loan Rprmt	Prior City (7) Loan Rprmt	Total Costs	Available for Distribution (8)
2012-13	Jan-13	3,357,000	1,716,745	174,650	130,000	10,770	125,000	-	-	2,157,165	n/a
	Jun-13	2,747,000	1,795,000	174,650	100,000	15,000	125,000	250,000	-	2,459,650	287,350
2013-14	Jan-14	2,583,000	1,795,000	174,650	100,000	15,000	125,000	250,000	-	2,459,650	123,350
	Jun-14	2,583,000	1,795,000	174,650	100,000	15,000	125,000	250,000	-	2,459,650	123,350
2014-15	Jan-15	2,632,000	1,795,000	174,650	100,000	15,000	125,000	250,000	-	2,459,650	172,350
	Jun-15	2,632,000	1,795,000	174,650	100,000	15,000	125,000	126,333	-	2,335,983	296,017
2015-16	Jan-16	2,679,000	1,795,000	174,650	100,000	15,000	125,000	-	-	2,209,650	469,350
	Jun-16	2,679,000	1,795,000	174,650	100,000	15,000	125,000	-	-	2,209,650	469,350
2016-17	Jan-17	2,755,000	1,795,000	End	100,000	15,000	125,000	-	-	2,035,000	720,000
	Jun-17	2,755,000	1,795,000		100,000	15,000	125,000	-	-	2,035,000	720,000
2017-18	Jan-18	2,825,000	1,795,000				125,000	-	69,954	1,989,954	835,046
	Jun-18	2,825,000	1,795,000				125,000	-	69,954	1,989,954	835,046
2018-19	Jan-19	2,897,000	1,795,000				125,000	-	105,954	2,025,954	871,046
	Jun-19	2,897,000	1,795,000				125,000	-	105,954	2,025,954	871,046
2019-20	Jan-20	2,971,000	1,795,000				125,000	-	142,954	2,062,954	908,046
	Jun-20	2,971,000	1,795,000				125,000	-	142,954	2,062,954	908,046
2020-21	Jan-21	3,048,000	1,795,000				125,000	-	181,454	2,101,454	946,546
	Jun-21	3,048,000	1,795,000				125,000	-	181,454	2,101,454	946,546
2021-22	Jan-22	3,126,000	1,795,000				125,000	-	220,454	2,140,454	985,546
	Jun-22	3,126,000	1,795,000				125,000	-	220,454	2,140,454	985,546
2022-23	Jan-23	3,208,000	1,795,000				125,000	-	261,454	2,181,454	1,026,546
	Jun-23	3,208,000	1,795,000				125,000	-	261,454	2,181,454	1,026,546
2023-24	Jan-24	3,291,000	1,795,000				125,000	-	302,954	2,222,954	1,068,046
	Jun-24	3,291,000	1,795,000				125,000	-	302,954	2,222,954	1,068,046
2024-25	Jan-25	3,377,000	1,795,000				125,000	-	345,954	2,265,954	1,111,046
	Jun-25	3,377,000	1,795,000				125,000	-	345,954	2,265,954	1,111,046
2025-26	Jan-26	3,466,000	1,795,000				125,000	-	390,454	2,310,454	1,155,546
	Jun-26	3,466,000	1,795,000				125,000	-	390,454	2,310,454	1,155,546
2026-27	Jan-27	3,557,000	1,795,000				125,000	-	435,954	2,355,954	1,201,046
	Jun-27	3,557,000	1,795,000				125,000	-	435,954	2,355,954	1,201,046
2027-28	Jan-28	3,651,000	1,795,000				125,000	-	482,954	2,402,954	1,248,046
	Jun-28	3,651,000	1,795,000				125,000	-	482,954	2,402,954	1,248,046

**Table 2**  
**Loma Linda Redevelopment Agency**  
**Merged Project Area**  
**Semi-Annual ROPS Cash Flow through End of Project (1)**

Fiscal Year	Pmt Date	Semi-Annual Net Tax Rev.	Avg. Bond Debt Svc. (2)	Lease / Rev (3) Bond Debt Svc	Participation Agreements	Other Costs (4) (5)	Admin Allowance	New City (6) Loan Rptmt	Prior City (7) Loan Rptmt	Total Costs	Available for Distribution (8)
2028-29	Jan-29	3,748,000	1,795,000				125,000	-	531,454	2,451,454	1,296,546
	Jun-29	3,748,000	1,795,000				125,000	-	531,454	2,451,454	1,296,546
2029-30	Jan-30	3,848,000	1,307,416				125,000	-	825,246	2,257,662	1,590,339
	Jun-30	3,848,000	1,307,416				125,000	-	825,246	2,257,662	1,590,339
2030-31	Jan-31	3,951,000						-	1,592,954	1,592,954	2,358,046
	Jun-31	3,951,000						-	1,438,137	1,438,137	2,512,863
2031-32	Jan-32	4,057,000						-	-	-	4,057,000
	Jun-32	4,057,000						-	-	-	4,057,000
2032-33	Jan-33	4,168,000						-	-	-	4,168,000
	Jun-33	4,168,000						-	-	-	4,168,000
2033-34	Jan-34	1,700,000						-	-	-	1,700,000
	Jun-34	1,700,000						-	-	-	1,700,000
2034-35	Jan-35	1,747,000						-	-	-	1,747,000
	Jun-35	1,747,000						-	-	-	1,747,000
2035-36	Jan-36	1,795,000						-	-	-	1,795,000
	Jun-36	1,795,000						-	-	-	1,795,000
2036-37	Jan-37	1,845,000						-	-	-	1,845,000
	Jun-37	1,845,000						-	-	-	1,845,000
2037-38	Jan-38	1,891,000						-	-	-	1,891,000
	Jun-38	1,891,000						-	-	-	1,891,000
2038-39	Jan-39	-						-	-	-	-
	Jun-39	-						-	-	-	-
<b>Totals</b>		<b>155,776,000</b>	<b>63,666,676</b>	<b>1,397,200</b>	<b>1,030,000</b>	<b>145,770</b>	<b>4,500,000</b>	<b>1,126,333</b>	<b>11,625,473</b>	<b>83,391,382</b>	<b>71,140,813</b>

- (1) Includes basic debt and administrative costs compared to estimated funding available. See Table 1 for assumptions concerning projections of future RPTTF funding from property taxes.
- (2) Annual debt services averaged by 2 to arrive at a semi-annual amount starting in June 2013; Debt service amounts shown through January 2013 amount are as included in the ROPS. Note that actual debt service due July 1 is significantly higher than the interest only payment due in December of each year.
- (3) The lease revenue bond debt service was disallowed by DOF in ROPS 1 and 2 but was approved for ROPS 3. The analysis assumes that the lease revenue debt service will continue to be approved. The final lease payment is due January 1, 2016.
- (4) Additional RPTTF costs per ROPS 3, including bond trustee fees, project related administrative costs for both housing and non-housing close-outs.
- (5) Assumes that the amount of money the Successor Agency paid to the County during the July true-up is sufficient to pay all outstanding pass through payments.
- (6) Repayment of the \$1.1 million the City advanced to the Successor Agency during 2011-12 is assumed to not be subject the the AB 1484 formula and is rather assumed to be repaid over a little over 2 years.
- (7) Repayment of the portion of the loan from the City that was made to the former redevelopment agency is assumed to be repaid per the provisions of AB 1484. Because this formula is subject to multiple interpretations, the amounts shown could vary significantly once DOF prepares more precise directions for this computation.
- (8) Estimated. Amounts actually paid to taxing entities is likely to vary significantly from the estimates shown above.