



**AGENDA**  
**OVERSIGHT BOARD**  
OF THE SUCCESSOR AGENCY TO THE NORCO CRA  
REGULAR MEETING  
CITY COUNCIL CHAMBERS  
2820 CLARK AVENUE, NORCO, CA 92860  
Tuesday, December 11, 2012

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CALL TO ORDER: 2:00 p.m.

ROLL CALL:

**Greg Newton, Chairperson**

*Member Appointed by the Riverside County Board of Supervisors*

**Patrick Malone, Vice-Chairperson**

*Member of the Public Appointed by the Riverside County Board of Supervisors*

**Kevin Bash**

*Member Representing the Former Norco CRA*

**Sherry Mata**

*Member Representing the Riverside County Superintendent of Schools*

**Aaron Brown**

*Member Representing the Riverside Community College District*

**Andy Okoro**

*Member Representing the Employees of the Agency*

1. BUSINESS ITEMS:

- A. Approval of the October 4, 2012 Special Meeting Minutes and the October 11, 2012 Regular Meeting Minutes. **Recommended Action: Adopt OB Resolution No. 2012-06 approving the October 4, 2012 and October 11, 2012 Oversight Board Meeting Minutes.**
- B. Public Comment Session for the Due Diligence Review of the Other Fund and Account Balances of the Former Norco Community Redevelopment Agency Pursuant to California Health and Safety Code Section 34179.5. **Recommended Action: Hear public comments and consider any opinions offered by the County Auditor-Controller on the Review Results Submitted by the Successor Agency.**

2. FUTURE AGENDA ITEMS:

3. NEXT REGULAR MEETING DATE AND TIME:

4. ADJOURNMENT:

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's office, (951) 270-5623. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).*

*All supporting documents are on file in the Office of the City Clerk. Any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda will be available for public inspection at the City Clerk's Counter in City Hall located at 2870 Clark Avenue.*

## OB RESOLUTION NO. 2012-06

### A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE NORCO COMMUNITY REDEVELOPMENT AGENCY, APPROVING THE OVERSIGHT BOARD SPECIAL MEETING MINUTES OF OCTOBER 4, 2012 AND THE REGULAR MEETING MINUTES OF OCTOBER 11, 2012

WHEREAS, on October 4, 2012, the Oversight Board of the Successor Agency to the Norco Community Redevelopment Agency (the "Oversight Board") held a special meeting; and

WHEREAS, on October 11, 2012, the Oversight Board of the Successor Agency to the Norco Community Redevelopment Agency (the "Oversight Board") held a regular meeting; and

WHEREAS, the Minutes of the October 4, 2012 special meeting have been submitted for the Oversight Board's approval; and

WHEREAS, the Minutes of the October 11, 2012 regular meeting have been submitted for the Oversight Board's approval.

NOW, THEREFORE, BE IT RESOLVED, ordered, and determined by the Oversight Board as follows:

SECTION 1. Approval of October 4, 2012 Minutes. The Minutes of the Oversight Board special meeting of October 4, 2012 are hereby approved.

SECTION 2. Approval of October 11, 2012 Minutes. The Minutes of the Oversight Board regular meeting of October 11, 2012 are hereby approved.

PASSED AND ADOPTED by the Oversight Board at a regular meeting held on December 11, 2012.

\_\_\_\_\_  
Chairperson, Oversight Board

ATTEST:

\_\_\_\_\_  
Brenda K. Jacobs, CMC, City Clerk  
Oversight Board Secretary

I, BRENDA K. JACOBS, City Clerk of the City of Norco, California and Oversight Board Secretary do hereby certify that the foregoing Resolution was introduced and adopted by the Oversight Board at a regular meeting held on December 11, 2012 by the following votes of the Oversight Board:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California on December 11, 2012.

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Brenda K. Jacobs, CMC, City Clerk  
Oversight Board Secretary



**MINUTES**  
**OVERSIGHT BOARD**  
OF THE SUCCESSOR AGENCY TO THE NORCO CRA  
SPECIAL MEETING  
NORCO CITY HALL – 2870 CLARK AVENUE  
CONFERENCE ROOMS A & B  
Thursday, October 4, 2012

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1. CALL TO ORDER: Chairperson Newton called the meeting to order at 2:12 p.m.
  
2. ROLL CALL:  
**Oversight Board Members Present**  
Greg Newton, Chairperson  
Sherry Mata  
Kevin Bash  
Andy Okoro  
  
**Oversight Board Members Absent**  
Aaron Brown  
Patrick Malone, Vice-Chairperson
  
3. BUSINESS ITEM:  
  
A. Public Comment Session for the Low and Moderate Income Housing Fund Due Diligence Review Pursuant to California Health and Safety Code Section 34179.5. **Recommended Action: Hear public comments and consider any opinions offered by the County Auditor-Controller on the Review Results Submitted by the Successor Agency.**
  

With no public comments heard, Successor Agency Finance Officer Andy Okoro provided a brief overview of the Due Diligence Review to the Oversight Board Members present.

4. ADJOURNMENT: There being no further business to come before the Oversight Board, Chairperson Newton adjourned the meeting at 2:30 p.m.



**MINUTES**  
**OVERSIGHT BOARD**  
OF THE SUCCESSOR AGENCY TO THE NORCO CRA  
REGULAR MEETING  
CITY COUNCIL CHAMBERS – 2820 CLARK AVENUE  
NORCO, CA 92860  
Thursday, October 11, 2012

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1. CALL TO ORDER: Chairperson Newton called the meeting to order at 2:00 p.m.
2. ROLL CALL:  
**Oversight Board Members Present**  
Greg Newton, Chairperson  
Patrick Malone, Vice-Chairperson  
Aaron Brown  
Sherry Mata  
Andy Okoro  
  
**Oversight Board Members Absent**  
Kevin Bash
3. PLEDGE OF ALLEGIANCE: Beth Groves, Successor Agency Executive Director
4. BUSINESS ITEM (Section 34179(e) of Assembly Bill 1484 requires all actions by the Oversight Board to be taken by resolution.):
  - A. Approval of the August 14, 2012 Regular Meeting Minutes. **Recommended Action: Adopt OB Resolution No. 2012-04 approving the August 14, 2012 Regular Meeting Minutes.**

**Sherry Mata** requested that the minutes be corrected to reflect that she was present.

**M/S Newton/Mata to adopt OB Resolution No. 2012-04 approving the Corrected August 14, 2012 Regular Meeting Minutes. The motion was carried by the following roll call vote:**

**AYES: MALONE, MATA, NEWTON, OKORO**  
**NOES: NONE**  
**ABSENT: BASH**  
**ABSTAIN: BROWN**

5. PUBLIC COMMENTS: No public comments received.
6. ADMINISTRATIVE ACTION (Section 34179(e) of Assembly Bill 1484 requires all actions by the Oversight Board to be taken by resolution.):
  - A. Approval of the Low and Moderate Income Housing Fund Due Diligence Review Report. **Recommended Action: Adopt OB Resolution No. 2012-05 approving the Due Diligence Review Report of the Low and Moderate Income Housing Fund.** (Successor Agency Finance Officer Andy Okoro)

**M/S Malone/Mata to Adopt OB Resolution No. 2012-05 approving the Due Diligence Review Report of the Low and Moderate Income Housing Fund. The motion was carried by the following roll call vote:**

**AYES: BROWN, MALONE, MATA, OKORO**  
**NOES: NEWTON**  
**ABSENT: BASH**  
**ABSTAIN: NONE**

7. STAFF UPDATES/REPORTS:

- A. Verbal Update Regarding the ROPS III Letter of Determination Received from the California Department of Finance. (Successor Agency Finance Officer Andy Okoro)

**Successor Agency Finance Officer Andy Okoro** provided an update on the letter received from the California Department of Finance regarding the ROPS III submitted. The Oversight Board Members unanimously agreed to receive and file the ROPS III Letter of Determination Received from the California Department of Finance.

- 8. Oversight Board Secretary Jacobs requested that the August 14, 2012 Regular Meeting Minutes be reconsidered as she recalled that Board Member Mata was absent.

**M/S Newton/Malone to reconsider the approval of the August 14, 2012 Regular Meeting Minutes. The motion was carried by the following roll call vote:**

**AYES: BROWN, MALONE, MATA, NEWTON, OKORO**  
**NOES: NONE**  
**ABSENT: BASH**  
**ABSTAIN: NONE**

**M/S Newton/Malone to adopt OB Resolution No. 2012-04 approving the August 14, 2012 Regular Meeting Minutes. The motion was carried by the following roll call vote:**

**AYES: MALONE, NEWTON, OKORO**  
**NOES: NONE**  
**ABSENT: BASH**  
**ABSTAIN: BROWN, MATA**

9. FUTURE AGENDA ITEMS: NONE

10. NEXT REGULAR MEETING DATE AND TIME: December 11, 2012

- 11. ADJOURNMENT: There being no further business to come before the Oversight Board, Chairperson Newton adjourned the meeting at 2:25 p.m.

**OVERSIGHT BOARD OF THE  
SUCCESSOR AGENCY TO THE  
NORCO COMMUNITY REDEVELOPMENT AGENCY  
STAFF REPORT**

TO: Chairperson and Members of the Oversight Board

FROM: Beth Groves, Executive Director 

DATE: December 11, 2012

SUBJECT: Public Comment Session on Due Diligence Review for All Other Funds Except the Low and Moderate Income Housing Fund and Consideration of any Opinions Offered by the County Auditor-Controller on the Review Results Submitted by the Successor Agency

RECOMMENDATION: Hear public comments and consider any opinions offered by the County Auditor-Controller on the Review Results Submitted by the Successor Agency.

SUMMARY: Pursuant to the State of California Health and Safety Code Section 34179.5, each Successor Agency is to employ a licensed accountant, approved by the County Auditor-Controller and with experience and expertise in local government accounting, to conduct a due diligence review for the purpose of determining the amount of unobligated balances available for transfer to taxing entities. Results of the due diligence review of the Low and Moderate Income Housing Fund were approved by the Oversight Board on October 11, 2012. The State Department of Finance (DOF) subsequently reviewed that report and approved it without comments. This second Due Diligence Review (DDR II) covers all the other funds of the former RDA except the Low and Moderate Income Housing Fund. Results of the DDR II must be submitted to the Oversight Board, the County Auditor-Controller, the State Controller's Office and the DOF by December 15, 2012. The Oversight Board has until January 15, 2013 to review, approve, and transmit to the Department of Finance and County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities.

The City's independent accounting firm of Rogers, Anderson, Malody & Scott (RAMS), LLP which is approved by the County Auditor-Controller to conduct the due diligence reviews, has completed the minimum Agreed-Upon Procedures (AUP) as determined by the DOF in consultation with the California Society of Certified Public Accountants and have issued their report dated December 3, 2012. While the results of the review show cash balance of \$1,731,935 that could be available for transfer to the auditor-controller for re-distribution to taxing entities, Successor Agency staff believes that this balance should be retained to fund future eligible obligations not covered due to shortfall in tax increment allocation from the county. The results of their review are subject to confirmation by the DOF, State Controller's Office (SCO) and County Auditor-Controller (CAC).

## OVERVIEW/ANALYSIS:

### **A. Brief Overview of Due Diligence Review Process**

The statutory requirements for the process and content of the due diligence reviews are set forth in Health & Safety Code Section 34179.5. This provision requires that two separate reviews be conducted; one for the Low and Moderate Income Housing Fund (the "Low/Mod Review") and one for all other funds (the "All Other Funds Review"). For each of the two reviews, the licensed accountant is to perform and report on a broad set of procedures as determined by the DOF in consultation with the California Society of Certified Public Accountants. Attached to this staff report is the accountant's report on the due diligence review including procedures performed, results of each procedure and any applicable schedules for all other funds of the dissolved RDA.

The ultimate goal of each review is to determine the amount of unobligated cash and cash equivalents that is immediately available for distribution to the taxing entities. While the review has identified remaining cash of \$1,731,935 that is potentially available for transfer to the CAC for re-allocation to taxing entities, Successor Agency staff believes that it is prudent to retain this amount to fund future eligible obligations that may not be covered by future tax increment allocation due to insufficient receipts. For example, drop in property values or unforeseen circumstances could create a situation in which current year property tax allocation from the county would not be sufficient to meet eligible obligations. It is also important to note that actual allocation to the Successor Agency for ROPS II were lower than the amount of approved eligible obligations due to insufficient fund in the redevelopment property tax Trust Fund (RPTTF)

Staff is recommending that the Oversight Board acknowledge the results of the DDR II with respect to the all other funds of the dissolved RDA. The DDR II report is required to be provided to the Oversight Board, the CAC, the DOF, and the SCO by December 15, 2012. Staff transmitted the DDR II report to the CAC, DOF and auditor-controller on December 4, 2012. Following this public comments session, a meeting of the Oversight Board will be scheduled in early January to review, approve and transmit this DDR II report. The Oversight Board is to review, approve and transmit the results of the DDR II to the CAC and DOF by January 15, 2013.

The DOF will have until April 1, 2013 to complete its review of the DDR II report findings, balances and any determinations of the Oversight Board to allow retention of Successor Agency assets. Any decision to overturn determinations made by the Oversight Board to authorize a Successor Agency to retain assets or funds will be conveyed to the Oversight Board and Successor Agency via a letter. Successor Agencies have five days from receipt of the decisions to request "meet and confer." The DOF must "meet and confer" within 30 days of Successor Agency request. Once final determination has been made by the DOF, the Successor Agency has five days from the receipt of final determination to transfer to CAC any fund balance of all the other funds determined to be available pursuant to

Section 34179.5. Failure by the Successor Agency to make a timely transfer could result in the state offsetting the amount from the City's sales and use tax revenues.

**B. Role of Oversight Board**

Section 34179.5 requires that the DDR II be delivered to the Oversight Board by December 15, 2012. Upon receipt of each DDR, the Oversight Board must convene a public comment session. No earlier than five business days after the public comment session the Oversight Board can meet to take action on the review. Specifically, the Oversight Board is required to "review, approve and transmit to the DOF and CAC the determination of the amount of cash and cash equivalents that are available to the taxing entities ..." (Section 34179.6(b)). The Oversight Board must make its determination on the DDR II no later than January 15, 2013. In conducting its reviews, the Oversight Board must consider any opinions on the reviews offered by the County Auditor-Controller and the State Controller, and it may request from the Successor Agency any information it deems necessary. The Oversight Board may adjust any amounts provided in the reviews to reflect additional information and analysis. The Oversight Board is also empowered to authorize a Successor Agency to retain assets or funds that are legally restricted as to purpose and which therefore cannot be provided to taxing entities, assets that are not cash or cash equivalents (such as physical assets, land, records and equipment), assets or funds that are legally or contractually dedicated or restricted for the funding of an enforceable obligation and amounts needed to satisfy obligations that will be placed on the ROPS for the current fiscal year.

As in all of its activities, the Oversight Board's analysis of each due diligence review must be conducted with its dual fiduciary duties in mind --- to the taxing entities and to the holders of enforceable obligations.

Attachment: Independent Accountant's Report on Applying Agreed-Upon  
Procedures to All Other Funds Except the Low and Moderate  
Income Housing Fund