

**SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY**

Independent Accountants' Report on Applying Agreed-Upon Procedures  
On the Lake Forest Redevelopment Agency's

And

The Successor Agency to the Lake Forest Redevelopment Agency's  
Low and Moderate Income Housing Fund

Pursuant to California Health and Safety Code Section 34179.5

**SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY  
AGREED-UPON PROCEDURES RELATED TO THE  
LOW AND MODERATE INCOME HOUSING FUND**

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**Independent Accountants' Report on Applying Agreed-Upon Procedures  
Related to the Low and Moderate Income Housing Fund**

Oversight Board of the Successor Agency  
to the Lake Forest Redevelopment Agency  
Lake Forest, California

We have performed the minimum required agreed-upon procedures (AUP) enumerated in Attachment A, which were agreed to by the California Department of Finance, the California State Controller's Office, the Orange County Auditor-Controller, and the Successor Agency to the Lake Forest Redevelopment Agency (Successor Agency), (collectively, the Specified Parties), solely to assist you in meeting the statutory requirements of Health and Safety Code Section 34179.5 related to the Low and Moderate Income Housing Fund of the former Lake Forest Redevelopment Agency and Successor Agency. Management of the Successor Agency is responsible for meeting the statutory requirements of Health and Safety Code Section 34179.5 related to the Low and Moderate Income Housing Fund. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the 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 on whether the Successor Agency has met the statutory requirements of Health and Safety Code Section 34179.5 related to the Low and Moderate Income Housing Fund. 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 Oversight Board and management of the Successor Agency to the Lake Forest Redevelopment Agency, the California Department of Finance, the California State Controller's Office, and the Orange County Auditor-Controller, and is not intended to be, and should not be, used by anyone other than these specified parties.

*White Nelson Diehl Evans LLP*

Irvine, California  
October 4, 2012

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

1. **Procedure:**

Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency's Low and Moderate Income Housing Fund to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

**Finding:**

We agreed the amounts listed on Schedule 1 to the Successor Agency's accounting records without exception. The former redevelopment agency transferred \$4,044,332 in assets to the Successor Agency as shown in Schedule 1.

2A. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund of the former redevelopment agency to the city 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.

**Finding:**

This procedure is not applicable as the former redevelopment agency did not make any transfers from the Low and Moderate Income Housing Fund other than payments for goods and services to the City of Lake Forest during the period from January 1, 2011 through January 31, 2012.

2B. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund of the Successor Agency to the city 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.

**Finding:**

This procedure is not applicable as the Successor Agency did not make any transfers from the Low and Moderate Income Housing Fund to the City of Lake Forest during the period from February 1, 2012 through June 30, 2012.

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

2C. **Procedure:**

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the 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.

**Finding:**

This procedure is not applicable since no transfers were identified as a result of Procedures 2A and 2B.

3A. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund of 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.

**Finding:**

The transfers from the Low and Moderate Income Housing Fund of the former redevelopment agency to the Housing Successor (Lake Forest Housing Authority) are shown in Schedule 2.

3B. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund of the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and described 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.

**Finding:**

The transfers from the Low and Moderate Income Housing Fund of the Successor Agency to the Housing Successor (Lake Forest Housing Authority) are shown in Schedule 2.

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

3C. **Procedure:**

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the 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.

**Finding:**

The enforceable obligation or other legal requirement for each transfer is described in Schedule 2. Additional information is provided in Schedule 2 related to the April 24, 2012 transfers of \$607,317 in encumbered cash. The additional information provides a summary of the existence of contracts and assumptions made in the estimated cost. Attached to the report are Exhibits 1, 2 and 3 as additional information to support the transfers.

4. **Procedure:**

Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency for the fiscal periods ended June 30, 2010, June 30, 2011, January 31, 2012 and June 30, 2012. Ascertain that for each period presented, the total of revenues, expenditures and transfers account fully for the changes in equity from the previous fiscal period. Compare amounts for the fiscal period ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period. Compare the amounts for the other fiscal periods presented to the account balances in the accounting records or other supporting schedules.

**Finding:**

This procedure is required by Section 34179.5(c)(4) for the Successor Agency as a whole and therefore will be addressed in the AUP report associated with all other funds of the Successor Agency due December 15, 2012.

5. **Procedure:**

Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund (excluding assets held by the entity that assumed the housing function previously performed by the former redevelopment agency) as of June 30, 2012. Agree the assets on the listing to the accounting records of the Successor Agency.

**Finding:**

As of June 30, 2012, the Successor Agency's total assets related to the former redevelopment agency's Low and Moderate Income Housing Fund amounted to \$3,435,659 as shown in Schedule 3.

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

6. **Procedure:**

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

- unspent bond proceeds,
- grant proceeds and program income restricted by third parties, and
- Other assets with legal restrictions.

6A. **Procedure - Unspent Bond Proceeds:**

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain the legal document that sets forth the restriction pertaining to these balances.

**Finding:**

This procedure is not applicable as the Successor Agency's assets related to the former redevelopment agency's Low and Moderate Income Housing Fund did not have unspent bond proceeds as of June 30, 2012.

6B. **Procedure - Grant Proceeds and Program Income Restricted by Third Parties:**

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain a copy of the grant agreement that sets forth the restriction pertaining to these balances.

**Finding:**

This procedure is not applicable as the Successor Agency's assets related to the former redevelopment agency's Low and Moderate Income Housing Fund did not have grant proceeds and program income restricted by third parties as of June 30, 2012.

6C. **Procedure - Other Assets Considered to be Legally Restricted:**

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records or other supporting documentation. We obtained the legal document that sets forth the restriction pertaining to these balances.

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

6C. **Finding:**

This procedure is not applicable as the Successor Agency's assets related to the former redevelopment agency's Low and Moderate Income Housing Fund did not have other assets considered to be legally restricted as of June 30, 2012.

7. **Procedure:**

Obtain from the Successor Agency a listing of assets of the former redevelopment agency's Low and Moderate Income Housing Fund as of June 30, 2012 that are not liquid or otherwise available for distribution and ascertain if the values are listed at either purchase cost or market value as recently estimated by the Successor Agency. For assets listed at purchased cost, trace the amount to a previously audited financial statement or other accounting records of the Successor Agency and note any differences. For any differences noted, inspect evidence of asset disposal subsequent to January 31, 2012 and ascertain that the proceeds were deposited into the Successor Agency's trust fund. For assets listed at recently estimated market value, inspect evidence supporting the value and note the methodology used.

**Finding:**

This procedure is not applicable as the former redevelopment agency's Low and Moderate Income Housing Fund did not have any assets that were not liquid or otherwise available for distribution as of June 30, 2012.

8A. **Procedure:**

If the Successor Agency identified that existing asset balances were needed to be retained to satisfy enforceable obligations, obtain an itemized schedule of asset balances (resources) as of June 30, 2012 that were dedicated or restricted for the funding of enforceable obligations. Compare the information on the schedule to the legal documents that formed the basis for the dedication or restriction of the resource balance in question. Compare all current balances which needed to be retained to satisfy enforceable obligations to the amounts reported in the accounting records of the Successor Agency or to an alternative computation. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule (ROPS) approved by the California Department of Finance. If applicable, identify any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

**Finding:**

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
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**8B. Procedure:**

If the Successor Agency identified 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 include a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements. Compare the enforceable obligations to those that were approved by the California Department of Finance for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012. Compare the forecasted annual spending requirements to the legal document supporting the enforceable obligation and obtain the Successor Agency's assumptions relating to the forecasted annual spending requirements. Obtain the Successor Agency's assumptions for the forecasted annual revenues. Disclose the major assumptions for the forecasted annual spending requirements and the forecasted annual revenues in this AUP report.

**Finding:**

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

**8C. Procedure:**

If the Successor Agency identified 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 a schedule demonstrating this insufficiency. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement. Obtain the assumptions for the forecasted property tax revenues and other general purpose revenues and disclose them in this AUP report.

**Finding:**

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

**8D. Procedure:**

If Procedures 8A, 8B and 8C were performed, calculate the amount of unrestricted balances necessary for retention in order to meet enforceable obligations. Combine the amount identified as currently restricted balances and the forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations. Reduce the total resources available by the amount of forecasted annual spending requirements. Include the calculation in this AUP report.

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8D. **Finding:**

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under these procedures.

9. **Procedure:**

If the Successor Agency identified 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 identify (a) any dollar amount of existing cash that was needed to satisfy the obligation, and (b) the Successor Agency's explanation as to why the Successor Agency believes that such balances were needed to satisfy the obligation. Include this schedule as an attachment to this AUP report.

**Finding:**

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

10. **Procedure:**

Present a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Agencies. Amounts included in the calculation should agree to the results of the procedures performed above. Agree any deductions for amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance to evidence of payment.

**Finding:**

The computation of the Balance Available for Allocation to Affected Taxing Agencies shows \$3,435,659 to be remitted to the County for disbursement to taxing agencies as shown in Schedule 4.

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
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11. **Procedure:**

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

**Finding:**

No exceptions were noted as a result of this procedure.

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO THE  
 LOW AND MODERATE INCOME HOUSING FUND

LISTING OF ASSETS TRANSFERRED TO SUCCESSOR AGENCY

As of February 1, 2012

ASSETS	Total Assets as of <u>February 1, 2012</u>
Cash and investments	<u>\$ 4,044,332</u>
 TOTAL ASSETS	 <u><u>\$ 4,044,332</u></u>

NOTE:

(A) For accounting purposes, the following assets recorded in the Low and Moderate Income Housing Fund at January 31, 2012 were transferred to the Housing Successor (Lake Forest Housing Authority) on February 1, 2012 pursuant to Health and Safety Code Section 34176(a)(2).

Loans	\$ 486,380
Housing assets	<u>877,508</u>
	<u><u>\$ 1,363,888</u></u>

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO THE  
 LOW AND MODERATE INCOME HOUSING FUND

TRANSFERS TO THE HOUSING SUCCESSOR (LAKE FOREST HOUSING AUTHORITY)

**FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 2012:**

Date of Transfer	Description of Transfer	Purpose of Transfer	Amount	Enforceable Obligation/Other Legal Requirement Supporting Transfer
3/15/2011	Transfer of Land Held for Resale to the Housing Successor (Lake Forest Housing Authority)	Transfer Housing Assets to the Housing Successor (Lake Forest Housing Authority)	<u>\$ 326,000</u>	Cooperation Agreement between the Lake Forest Housing Authority, the Lake Forest Redevelopment Agency and the City of Lake Forest. The transfer of the property by the Agency to the Housing Authority allows the development of Low and Moderate Income Housing consistent with California Community Redevelopment Law. See Exhibits 1 and 2.
3/15/2011	Transfer of Real Property to the Housing Successor (Lake Forest Housing Authority)	Transfer Housing Assets to the Housing Successor (Lake Forest Housing Authority)	<u>\$ 466,667</u>	Cooperation Agreement between the Lake Forest Housing Authority, the Lake Forest Redevelopment Agency and the City of Lake Forest. The transfer of the property by the Agency to the Housing Authority allows the development of Low and Moderate Income Housing consistent with California Community Redevelopment Law. See Exhibits 1 and 2.

**FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 30, 2012:**

Date of Transfer	Description of Transfer	Purpose of Transfer	Amount	Enforceable Obligation/Other Legal Requirement Supporting Transfer
2/1/2012	Transfer of Loan Receivable of \$486,380 to the Housing Successor (Lake Forest Housing Authority)	Transfer Housing Assets to the Housing Successor (Lake Forest Housing Authority)	<u>\$ 486,380</u>	Health and Safety Code Section 34176(a)(2) Asset transferred and reported on Housing Asset List filed with Department of Finance.
2/1/2012	Transfer of Real Property to the Housing Successor (Lake Forest Housing Authority)	Transfer Housing Assets to the Housing Successor (Lake Forest Housing Authority)	<u>\$ 877,508</u>	Health and Safety Code Section 34176(a)(2) Asset transferred and reported on Housing Asset List filed with Department of Finance
4/24/2012	Transfer of encumbered cash from low and moderate income housing funds of the Successor Agency to the Housing Successor (Lake Forest Housing Authority)	Transfer of encumbered Housing funds (cash) to the Housing Successor (Lake Forest Housing Authority)	<u>\$ 607,317</u> (A)	Health and Safety Code Section 34181(c), the Oversight Board is to direct the Successor Agency to transfer housing responsibilities and all rights, powers, duties, and obligations, along with any amounts on deposit in the Housing Fund, to the appropriate entity pursuant to Health and Safety Code Section 34176. See Exhibit 2. Asset transferred and reported on Housing Asset List filed with Department of Finance

(A) The transfer of encumbered Housing funds to the Housing Successor (Lake Forest Housing Authority) consisted of the following items on the ROPS I:

ROPS Line	Description	Assumptions	Amount	Contract
Line 8	Housing rehabilitation loan fees	Estimated \$100/mo. x 12 mos. x 25 yrs. for loan management, including loan payments and payoffs. 25 yrs is the estimated average remaining life of the rehabilitation loans. \$100 estimate is based on invoices received for prior months.	\$ 30,000	Utilized City of Lake Forest contract with Amerinational signed on 5/17/11 for the term of 7/1/07 - 6/30/12. Utilized City of Lake Forest contract with Amerinational signed on 8/7/12 for the term of 7/1/12 - 6/30/15.
Line 9	Transfer fees for mobile homes	Estimated 29 mobile home loans x \$106 average transfer fee to move loans from the former Redevelopment Agency to the Housing Authority rounded down.	3,000	No official contract. Fees are required in order for the Housing Authority to take over the housing function regarding the mobile home loans.
Line 11	Rehab loan services	Estimated \$78/hr x 13 hrs/mo. x 18 mos. for review of loan portfolios, implementation of payoff requests and transfer of loans to the Housing Authority. \$78/hr is based on the current hourly rate. 13 hrs/mo. and a term of 18 mos. is based on an estimate of over 7 hrs per loan for 32 loans. Estimate has been rounded down.	18,000	Utilized City of Lake Forest contract with Housing Rehabilitation Consulting Services signed on 5/17/11 for the term of 7/1/07 - 6/30/12. Utilized City of Lake Forest contract with Housing Rehabilitation Consulting Services signed on 6/19/12 for the term of 7/1/12 - 6/30/15.

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO THE  
 LOW AND MODERATE INCOME HOUSING FUND  
 (CONTINUED)

TRANSFERS TO THE HOUSING SUCCESSOR (LAKE FOREST HOUSING AUTHORITY)

ROPS Line	Description	Assumptions	Amount	Contract
Line 16	Homeowner's association dues for the Madrid condos	Ranging from \$280/mo. to \$587/mo. x 12 mos. x 25 years for homeowner's association dues required of the owner of the Madrid condos, the Lake Forest Housing Authority. \$280/mo. up to \$587/mo. based on current monthly charges and projected increases. Lease agreements are for 25 years and result in reimbursement to the Housing Authority; however, if the lessee cannot honor the lease agreement or the lease terminates, these dues are required of the owner, the Lake Forest Housing Authority.	\$ 252,000	The Declaration of covenants, conditions and restrictions of the Rancho Viejo II Homeowner's Association, Inc. of the Madrid condos requires each owner (Lake Forest Housing Authority) to pay assessments levied in equal monthly installments. Lease agreement with Families Forward signed on 2/2/10 for 22702 Madrid Drive for the term of 20 years with a 5 year extension whereby the non-profit reimburses the former Redevelopment Agency for the homeowners association dues. Lease agreement with Families Forward signed on 2/2/10 for 22706 Madrid Drive for the term of 20 years with a 5 year extension whereby the non-profit reimburses the former Redevelopment Agency for the homeowners association dues.
Line 17	Saguaro relocation	Calculation made according to the health and safety code for relocation costs of four tenants at 23201 Saguaro Street purchased on January 18, 2011 for the purpose of increasing, improving and preserving the community's supply of affordable housing.	223,317	No official contract. This refers to State Government Code Sections 7260 - 7277.
Line 18	Saguaro utilities	\$800/mo. x 12 mos. for utilities at 23201 Saguaro Street owned by the Lake Forest Housing Authority. \$800/mo. based on prior monthly payments for utilities.	9,600	Leases with various tenants and the former Redevelopment Agency to pay utilities entered into on July 1, 2011 on a month-to-month basis.
Line 19	Saguaro maintenance	\$4,055/mo. x 12 months for maintenance at 23201 Saguaro Street owned by the Lake Forest Housing Authority. \$4,055/mo. based on prior monthly expenses.	48,600	Utilized City of Lake Forest contract with Jamey Clark, Inc. signed on 6/7/10 for the term of 5/1/10 - 4/30/11. Utilized City of Lake Forest contract with Jamey Clark, Inc. signed on 11/15/11 for the term of 11/1/11 - 10/31/12.
Line 20	Madrid condo maintenance	Estimate of interior repairs and maintenance required for the duration of the Madrid condos owned by the Lake Forest Housing Authority.	15,000	Utilized City of Lake Forest contract with Jamey Clark, Inc. signed on 6/7/10 for the term of 5/1/10 - 4/30/11. Utilized City of Lake Forest contract with Jamey Clark, Inc. signed on 11/15/11 for the term of 11/1/11 - 10/31/12.
Line 21	Maintenance of authority parcel	Estimate of \$600/mo. x 12 mos. for weed abatement, mowing and other maintenance of a lot owned by the Lake Forest Housing Authority until an interested purchaser is available.	7,200	Utilized City of Lake Forest contract with County of Orange signed on 6/21/11 for the term of 7/1/11 - 6/30/16.
Line 22	Saguaro landscaping	\$55/mo. x 11 mos. for landscaping maintenance of 23201 Saguaro Street. \$55 based on current monthly fee.	600	Utilized City of Lake Forest contract with SpectrumCare Landscape Inc. signed on 12/21/10 for the term of 12/21/10 - 12/20/11. Utilized City of Lake Forest contract with Spectrum Care Landscape, Inc. signed on 11/15/11 for the term of 12/21/10 - 12/20/12.
			<u>\$ 607,317</u>	

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO THE  
 LOW AND MODERATE INCOME HOUSING FUND

LISTING OF ASSETS

As of June 30, 2012

		Total Assets as of <u>June 30, 2012</u>
	ASSETS	
Cash and investments		<u>\$ 3,435,659</u>
	TOTAL ASSETS	<u><u>\$ 3,435,659</u></u>

SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO THE  
 LOW AND MODERATE INCOME HOUSING FUND

SUMMARY OF BALANCE AVAILABLE FOR ALLOCATION TO AFFECTED TAXING AGENCIES

As of June 30, 2012

Total amount of assets held by the Successor Agency as of June 30, 2012 - (Procedure 5)	\$ 3,435,659
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments - (Procedure 6)	-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (Procedure 7)	-
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (Procedure 8)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year - (Procedure 9)	-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-
Add the amount of any assets transferred to the City 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)	-
Amount to be remitted to County for disbursement to affected taxing agencies	\$ 3,435,659

**EXHIBIT 1**

**COOPERATION AGREEMENT  
BY AND BETWEEN  
THE LAKE FOREST HOUSING AUTHORITY,  
THE LAKE FOREST REDEVELOPMENT AGENCY  
AND THE CITY OF LAKE FOREST**

**COOPERATION AGREEMENT**

**by and between**

**THE LAKE FOREST HOUSING AUTHORITY,  
a public body corporate and politic**

**and**

**THE LAKE FOREST REDEVELOPMENT AGENCY,  
a public body corporate and politic**

**and**

**THE CITY OF LAKE FOREST  
a California Municipal Corporation**

**1. PARTIES AND DATE.**

This Cooperation Agreement ("Agreement") is made this 21st day of June, 2011, for reference purposes only by and among the Lake Forest Housing Authority, a public body, corporate and politic ("Authority"), the Lake Forest Redevelopment Agency, a public body, corporate and politic ("Agency") and the City of Lake Forest, a California municipal corporation ("City"). The Authority, Agency and the City each may be referred to as "Party" or collectively as the "Parties" in this Agreement. This Agreement will not become effective until (i) the date on which it has been approved by the Agency's governing body, the Authority's governing body, and the City Council, and executed by the appropriate authorities of the Agency, the Authority, and the City ("Effective Date").

**2. RECITALS.**

2.1 Pursuant to authority granted to it by the Housing Authorities Law (Health & Saf. Code, § 34200 *et seq.*), the Authority is beginning the process of assembling real property for the development of affordable housing for families of low and moderate income within the City of Lake Forest, operating, rehabilitating and providing affordable housing for families of low and moderate income within the City of Lake Forest and using funds for programs or projects that are consistent with the CRL (as defined below), the Housing Element and the Housing Authority's statutory purposes, the Agency Implementation Plan, and the CDBG Consolidated Plan ("Project").

2.2 Under the provisions of the California Community Redevelopment Law (Health and Saf. Code, § 33000 *et seq.*) ("CRL"), the Agency is required to set aside 20% of its general property tax increment allocation to be used for the purposes of increasing, providing and preserving the community supply of low and moderate income housing available at affordable housing costs to persons and families of low and moderate income.

2.3 Pursuant to the provisions of California Health and Safety Code section 33334.3, such funds that must be set aside by the Agency for the purposes of increasing, providing and preserving the supply of low and moderate income housing shall be held in a separate low and moderate income housing fund until used ("Low and Moderate Income Housing Fund").

2.4 Additionally, City may have or will have funds set aside for the purposes of increasing, providing and preserving the supply of low and moderate income housing, including but not limited to in-lieu fees collected by developers ("City Fund").

2.5 Pursuant to section 33220 of the Health and Safety Code, contained in the CRL, the Agency is authorized to enter into cooperative agreements for the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of redevelopment projects located within the area in which it is authorized to act. Such projects include, but are not limited to, the Project.

2.6 The City is attempting to provide affordable housing within its boundaries in accordance with its Regional Housing Needs Assessment obligation imposed by the California Department of Housing and Community Development. Both the Agency and the Authority are

instrumental in assisting the City in meeting these affordable housing obligations. Thus, the City desires to provide all necessary assistance, including all or a portion of the City Fund in accordance with the terms of this Agreement, to the Authority in meeting its goals and obligations with the Project.

2.7 The Agency, Authority and City desire to provide to the Parties and the Agency, Authority and City desire to provide the ability to receive from the Parties financial assistance and cooperation for the purposes of the Project in exchange for the mutual covenants and conditions as set forth herein.

Now, therefore, in consideration of the mutual promises set forth herein and the foregoing recitals which are hereby made a part of this Agreement, the Agency, the Authority, and the City hereby agree as follows:

### **3. FINANCIAL ASSISTANCE; PLEDGE.**

3.1 Financial Assistance. The Parties shall provide financial assistance (“Financial Assistance”) to each other Party for the purposes of the planning, undertaking, construction, or operation of the Project, provided an activity implementing the Project receives appropriation from the Party controlling the funds in question, as set forth further in subsection (x) and Section 3.3 below. Such Financial Assistance may include, but shall not be limited to, the following:

- (i) reimbursement to the Authority for any of the Authority’s actual costs and expenses of the planning, undertaking, construction, or operation of the Project; and
- (ii) direct payment to the Authority for costs and expenses of the planning, undertaking, construction, or operation of the Project; and
- (iii) direct payment to third parties on behalf of the Authority for any costs and expenses of the planning, undertaking, construction, or operation of the Project; and
- (iv) reimbursement to the Agency for any of the Agency’s actual costs and expenses of the planning, undertaking, construction, or operation of the Project; and
- (v) direct payment to the Agency for costs and expenses of the planning, undertaking, construction or operation of the Project; and
- (vi) direct payment to third parties on behalf of the Agency for any costs and expenses of the planning, undertaking, construction or operation of the Project; and
- (vii) reimbursement to the City for any of the City’s actual costs and expenses of the planning, undertaking, construction, or operation of the Project; and
- (viii) direct payment to the City for costs and expenses of the planning, undertaking, construction or operation of the Project; and
- (ix) direct payment to third parties on behalf of the City for any costs and expenses of the planning, undertaking, construction or operation of the Project; and
- (x) the commitment of existing funds within the Agency’s Low and Moderate Income Housing Fund, the Authority’s fund and City Fund and those future

funds authorized under the law to be received for housing purposes (collectively, the "Funds"). The Authority's funds, Agency's Low and Moderate Income Housing Funds and City Funds may be committed to the Parties to implement the Project only through the annual budget process, or on a project basis, in accordance with the Parties adopted budgetary appropriations, carryover, and interfund transfer policies.

3.2 Planning and Undertaking. For purposes of this Agreement, the term "the planning, undertaking, construction, or operation" shall include, but not be limited to, the following:

- (i) the acquisition and assemblage of real property, the provision of relocation assistance and payments or settlements in lieu thereof pursuant to California Relocation Assistance Law (Gov. Code, § 7260 *et seq*) and its implementing state regulations (25 Cal. Code Regs., § 6000 *et seq*) and the federal Uniform Relocation Assistance and Real Property Acquisition Act (42 U.S.C., § 4601-4655) and its implementing federal guidelines (49 C.F.R., Part 24);
- (ii) any financial assistance that might legally be provided to developers, owners, tenants, business owners, any public agency, or any other third parties by the Parties in order to accomplish the development of the Project, including, without limitation, any loan, subsidy, fee-offset or other similar assistance;
- (iii) the planning, construction or installation, of any on-site or off-site improvements required for the development of the Project;
- (iv) the design of the Project;
- (v) insuring the Project site or any portion thereof;
- (vi) initiating or defending any litigation or administrative proceeding regarding the Project;
- (vii) maintenance and repair of Party-owned or leased property; and
- (viii) administrative expenses including costs directly associated with planning, undertaking, construction or operation of the Project.

### 3.3 Method of Financial Assistance Allocation.

3.3.1 Provided the requesting Party is not in default under this Agreement, a Party requesting Financial Assistance from the other Party's Funds shall, prior to approval of an activity implementing the Project or commitment to incur costs, obtain approval of the Financial Assistance and commitment from the Party controlling the applicable Funds that the requesting Party may proceed with the activity implementing the Project. Such approval and commitment shall be accomplished through an annual budget adopting process, or on a project basis, in accordance with the Parties adopted budgetary appropriations, carryover, and interfund transfer policies. Upon receiving such approval and commitment, the requesting Party may proceed with approving the activity implementing the Project and incurring costs to implement the Project consistent with the appropriation. The amount of Financial Assistance shall only be limited by current law.

3.3.2 Prior to the close of the Fiscal Year, or from time to time as deemed necessary or convenient by the appropriating Party, the Parties may request the following information to determine the unused amount, if any, of an appropriation:

- (i) A complete description of the work performed or to be performed, material supplied or to be supplied or the cost incurred or due;
- (ii) Any bills, invoices, vouchers, statements, contracts and any other documents, evidencing the amount paid or due to be paid hereunder;
- (iii) Conditional waivers and releases of mechanics' liens, stop notice claims or other lien claim rights; and
- (iv) Any other document, requirement, evidence or information that the appropriating Party may reasonably request.

The unused amount, if any, may be returned to the appropriating Party, applied to remaining or future aspects of the activity implementing the Project or applied to a separate activity implementing the Project, provided the appropriating Party consents to application of funds to such separate activity through the annual budget process or, on a project basis, in accordance with the Parties adopted budgetary appropriations, carryover, and interfund transfer policies. The Parties may cause an inspection of the activities implementing the Project and a verification of the work completed.

3.3.4 Pledge of Funds. The Parties, by their execution of this Agreement, pledge the payment of the Financial Assistance as appropriated or allocated hereunder of such funds, including but not limited to appropriations or allocations from Agency's Low and Moderate Income Housing Fund in accordance with Health and Safety Code section 33671.5 to secure to the City and Authority the payment of the appropriated or allocated Financial Assistance; such pledge being subordinate to any pledge previously made by Agency to secure repayment of any existing Agency bonds, or the pledge to secure any bond refunding or defeasing repayment of any existing Agency bonds, or the pledge of Agency's Low and Moderate Income Housing Fund to satisfy any other prior obligation of the Agency; or any administrative expense or salaries of the Agency directly relating to the administration of the Low and Moderate Income Housing Fund. The obligations of Agency under this section 3 constitute an indebtedness of Agency for the purposes of carrying out its Redevelopment Plan, which indebtedness is payable out of taxes that are levied by or for the benefit of taxing agencies in the Project Area and which are allocated to the Agency pursuant to Health and Safety Code section 33670(b). Agency's obligations under this section 3 are prior and senior to any Agency bonded indebtedness or other indebtedness or form of obligation incurred after the Effective Date of this Agreement (other than any indebtedness incurred to refund or defease any existing Agency bonds); provided, however, that Agency's obligations under this section 3 may, with the written consent of the Authority, through its Executive Director, be subordinated to future Agency bonded indebtedness. Authority may not unreasonably withhold, delay, or condition its consent to any such request for subordination.

3.4 Discharge of Obligations. A Party's obligation to provide Financial Assistance to another Party pursuant to this Agreement shall be forgiven, discharged and excused upon the occurrence of the latter Party's default of this Agreement.

3.5 Limitation on Monetary Liability. The Agency's obligation to pay any monetary damages arising from the Agency's default under this Agreement shall be strictly limited to monies

available in the Agency's Low and Moderate Income Housing Fund. Under no set of circumstances shall the Authority's, Agency's or City's general fund or other accounts become liable for damages in the event of the breach of Authority's, Agency's or City's obligations under this Agreement or in the event of any injury, loss or damage to any person or property relating to the Project. All of Agency's obligations under this Agreement shall be funded only out of the Agency's Low and Moderate Income Housing Fund. All of City's obligations under this Agreement shall be funded only out of the City Fund.

#### **4. INDEMNIFICATION**

##### **4.1 Indemnification.**

4.1.1 Authority shall defend, indemnify and hold Agency, City, their elected officials, officers, employees, and agents free and harmless from any and all liability from loss, damage, or injury to or death of persons or property in any manner arising out of or incident to Authority's performance of this Agreement, including without limitation all consequential damages, attorneys' fees and court costs resulting from the negligence of Authority or Authority's agents in the performance of this Agreement. Authority's obligations pursuant to this section 4.1.1 shall not extend to any liability to the extent such liability arises from the willful misconduct or negligence of the Agency, City, their elected officials, officers, employees and/or agents.

4.1.2 The Agency shall defend, indemnify and hold Authority, City and their elected officials, officers, employees, and agents free and harmless from any and all liability from loss, damage, or injury to or death of persons or property in any manner arising out of or incident to the Agency's performance of this Agreement, including without limitation all consequential damages, attorneys' fees and court costs, including without limitation all consequential damages, attorneys' fees and court costs resulting from the negligence of the Agency or the Agency's agents in the performance of this Agreement. The Agency's obligations pursuant to this section 4.1.2 shall not extend to any liability to the extent such liability arises from the willful misconduct or negligence of Authority, City, their elected officials, officers, employees and/or agents.

4.1.3 The City shall defend, indemnify and hold Authority, Agency and their elected officials, officers, employees, and agents free and harmless from any and all liability from loss, damage, or injury to or death of persons or property in any manner arising out of or incident to the City's performance of this Agreement, including without limitation all consequential damages, attorneys' fees and court costs, including without limitation all consequential damages, attorneys' fees and court costs resulting from the negligence of the City or the City's agents in the performance of this Agreement. The City's obligations pursuant to this section 4.1.3 shall not extend to any liability to the extent such liability arises from the willful misconduct or negligence of Authority, Agency, their elected officials, officers, employees and/or agents.

#### **5. MISCELLANEOUS PROVISIONS**

5.1 Defaults - General. Subject to the extensions of time set forth herein, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must immediately commence to cure, correct or remedy

such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, and during any period of curing shall not be in default. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such right or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

5.2 Attorneys' Fees. In the event any action is commenced to enforce or interpret any term or condition of this Agreement, in addition to costs and any other relief, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

5.3 Notice. Any notice or other delivery required or desired to be sent pursuant to this Agreement shall be addressed as follows:

Agency

Lake Forest Redevelopment Agency  
25550 Commercentre Dr., Ste. 100  
Lake Forest, CA 92630  
Attention: Executive Director

Authority

Lake Forest Housing Authority  
25550 Commercentre Dr., Ste. 100  
Lake Forest, CA 92630  
Attention: Executive Director

City

City of Lake Forest  
25550 Commercentre Dr. Ste. 100  
Lake Forest, CA 92630  
Attention: City Manager

Any party may change its address by written notice to the other party.

5.4 Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the matters contained herein.

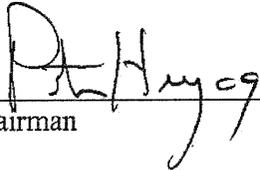
5.5 Assignment. This Agreement shall not be assigned without the written consent of the parties hereto, any assignment without such written consent shall be void and ineffective.

5.6 Time of Essence. Time is of the essence for this Agreement.

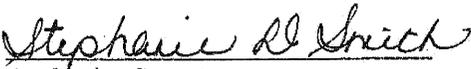
5.7 Applicable Law; Venue. The laws of the State of California shall govern the interpretation and enforcement of this Agreement without regard to conflicts of laws principles. Any legal action or proceeding concerning this Agreement shall be filed and prosecuted in the

**SIGNATURE PAGE TO  
FINANCIAL ASSISTANCE AND COOPERATION AGREEMENT**

LAKE FOREST HOUSING AUTHORITY,  
a public body, corporate and politic

By:   
Chairman

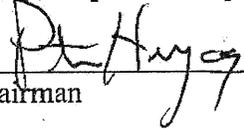
ATTEST:

  
Authority Secretary

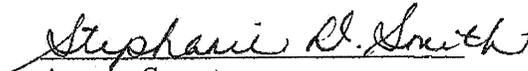
APPROVED AS TO LEGAL FORM  
BEST, BEST & KRIEGER, LLP

By:   
Authority Counsel

LAKE FOREST REDEVELOPMENT  
AGENCY,  
a public body, corporate and politic

By:   
Chairman

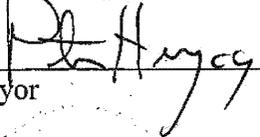
ATTEST:

  
Agency Secretary

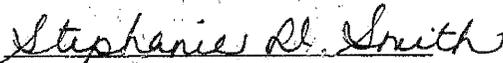
APPROVED AS TO LEGAL FORM  
BEST, BEST & KRIEGER, LLP

By:   
Agency Counsel

CITY OF LAKE FOREST,  
a California municipal corporation

By:   
Mayor

ATTEST:

  
City Clerk

APPROVED AS TO LEGAL FORM  
BEST, BEST & KRIEGER, LLP

By:   
City Attorney

**EXHIBIT 2**

**RESOLUTION NO. R2011-08**

**A RESOLUTION OF THE REDEVELOPMENT  
AGENCY OF THE CITY OF LAKE FOREST, CALIFORNIA,  
TRANSFERRING INTERESTS IN REAL PROPERTY  
AND RELATED AGREEMENTS TO THE  
LAKE FOREST HOUSING AUTHORITY**

**RESOLUTION NO. R2011-08**

**A RESOLUTION OF THE REDEVELOPMENT  
AGENCY OF THE CITY OF LAKE FOREST,  
CALIFORNIA, TRANSFERRING INTERESTS IN  
REAL PROPERTY AND RELATED AGREEMENTS  
TO THE LAKE FOREST HOUSING AUTHORITY**

WHEREAS, pursuant to the California Community Redevelopment Law (Health & Safety Code Sections 33000, *et seq.*) ("CRL"), the City Council of the City of Lake Forest ("City") approved and adopted a Redevelopment Plan ("Redevelopment Plan") for the redevelopment Project Area known as the El Toro Project Area ("Project Area"); and

WHEREAS, the Governing Board ("Board") of the Redevelopment Agency of the City of Lake Forest ("Agency") is engaged in activities to implement the Redevelopment Plan for the Project Area pursuant to the provisions of the CRL; and

WHEREAS, pursuant to the Housing Authority Law (Health and Safety Code Sections 34200, *et seq.*) ("Law"), the City declared the need for a housing authority and formed the Lake Forest Housing Authority ("Authority") on February 1, 2011; and

WHEREAS, the Agency currently owns real properties located at 22702 and 22706 Madrid Drive, the Families Forward properties, and Assessor Parcel Number 614-024-01, the "Agency Parcel", and Assessor Parcel Number 614-021-31, a tax defaulted parcel purchased from the County of Orange known as the "Mamie Thomas Parcel" in the City of Lake Forest ("Properties"); and

WHEREAS, the Agency has entered into agreements governing the real properties located at 22702 and 22706 Madrid Drive to promote the goals and objectives of the City and Agency including but not limited to the Affordable Housing Agreement with Families Forward, a California nonprofit public benefit corporation; and

WHEREAS, the Agency is contemplating agreements governing the Agency Parcel and the Mamie Thomas Parcel to promote the goals and objectives of the City and Agency; and

WHEREAS, the State of California is moving forward with eliminating redevelopment agencies statewide, causing significant financial hardship to communities; and

WHEREAS, the Agency desires to transfer the Properties and interest in agreements, and the Authority desires to accept the Properties and interest in agreements, to ensure the assets remain a community benefit, which is in the best interests of the City; and

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF LAKE FOREST, CALIFORNIA DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein and made an operative part of this Resolution.

SECTION 2. Transfer of Properties. The Agency hereby approves the transfer of the Properties to the Authority. The Executive Director, or his or her designee, is authorized and directed to execute such documents and instruments as may be necessary to memorialize the obligations between the Authority and the Agency, including the obligations required to finalize a transfer of the Properties, and shall take all other actions necessary or convenient in the furtherance of the actions authorized by this Resolution.

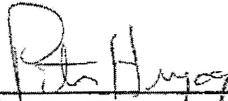
SECTION 3. Agreements. The Executive Director, or his or her designee, is authorized and directed to take any actions necessary to assign the rights and obligations for any Agency agreements relating to the Properties, including the Affordable Housing Agreement and Leases with Families Forward, a California nonprofit public benefit corporation, in consultation with Authority Counsel.

SECTION 4. CEQA. The Agency has determined that the transfer of land is exempt from the requirements of the California Environmental Quality Act ("CEQA"), pursuant to State CEQA Guidelines Section 15061(b)(3), because it can be seen with certainty that the mere transfer of title from the Agency to the Authority will not have a significant effect on the environment. The Agency hereby directs Agency staff to file a Notice of Exemption with the Clerk of Orange County within five (5) calendar days following approval of this Resolution.

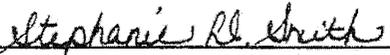
SECTION 5. Severability. If any provision of this Resolution is held invalid, the remainder of this Resolution shall not be affected by such invalidity, and the provisions of this Resolution are severable.

SECTION 6. Effective Date. This Resolution shall become effective immediately upon its adoption.

PASSED AND ADOPTED by the Governing Board of the Lake Forest Redevelopment Agency at a regular meeting thereof held on the 15<sup>th</sup> day of March 2011 by the following vote:

  
\_\_\_\_\_  
PETER HERZOG  
CHAIR

ATTEST:

  
\_\_\_\_\_  
STEPHANIE D. SMITH, CMC  
AGENCY SECRETARY

APPROVED AS TO FORM:

  
\_\_\_\_\_  
SCOTT C. SMITH  
AGENCY COUNSEL

STATE OF CALIFORNIA        )  
COUNTY OF ORANGE        ) SS  
CITY OF LAKE FOREST        )

I, Stephanie D. Smith, Agency Secretary of the Redevelopment Agency of the City of Lake Forest, California, do hereby certify that the foregoing Resolution No. 2011-08 was duly passed and adopted at a regular meeting of the Redevelopment Agency on the 15<sup>th</sup> day of March 2011 by the following vote, to wit:

AYES:	AGENCY MEMBERS:	MCCULLOUGH, RUDOLPH, VOIGTS
NOES:	AGENCY MEMBERS:	NONE
ABSENT:	AGENCY MEMBERS:	HERZOG, TETTEMER
ABSTAIN:	AGENCY MEMBERS:	NONE

  
\_\_\_\_\_  
STEPHANIE D. SMITH, CMC  
AGENCY SECRETARY

**EXHIBIT 3**

**RESOLUTION NO. OB2012-08**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
SUCCESSOR AGENCY TO THE LAKE FOREST  
REDEVELOPMENT AGENCY, DIRECTING THE TRANSFER OF  
REDEVELOPMENT AGENCY HOUSING ASSETS AND  
FUNCTIONS TO THE LAKE FOREST HOUSING AUTHORITY  
PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 34177  
AND 34181 AND ENCUMBERED LOW AND MODERATE  
INCOME HOUSING FUNDS DESIGNATED FOR HOUSING  
PROJECTS TO THE LAKE FOREST HOUSING AUTHORITY  
PURSUANT TO HEALTH AND SAFETY CODE SECTION 34181**

**RESOLUTION NO. OB2012-08**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY, DIRECTING THE TRANSFER OF REDEVELOPMENT AGENCY HOUSING ASSETS AND FUNCTIONS TO THE LAKE FOREST HOUSING AUTHORITY PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 34177 AND 34181 AND ENCUMBERED LOW AND MODERATE INCOME HOUSING FUNDS DESIGNATED FOR HOUSING PROJECTS TO THE LAKE FOREST HOUSING AUTHORITY PURSUANT TO HEALTH AND SAFETY CODE SECTION 34181**

WHEREAS, pursuant to Health and Safety Code Section 34173(d), the City of Lake Forest ("Successor Agency") elected to act as the successor agency on January 3, 2012; and

WHEREAS, pursuant to Health and Safety Code Section 34179(a), the Oversight Board is the oversight board to the Successor Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34176, the City of Lake Forest, as the entity that authorized the creation of the Agency, elected not to retain the housing assets and functions previously performed by the Agency, and instead elected to transfer all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the Agency, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, to the City of Lake Forest Housing Authority ("Authority"), as provided in Resolution No. 2012-06, on January 17, 2012; and

WHEREAS, pursuant to Health and Safety Code Section 34177(g), the Successor Agency is required to effectuate the transfer of housing functions and assets to the appropriate entity designated pursuant to Health and Safety Code Section 34176; and

WHEREAS, a list of all Agency housing assets to be transferred by the Successor Agency to the Authority is attached to this Resolution as Exhibit A; and

WHEREAS, prior to the effectiveness of Health and Safety Code Section 34176, and prior to the dissolution of the Agency, the Agency transferred all of its interests in real property and related agreements to the Authority, as provided in Resolution Nos. R2011-08 and R2011-09, both adopted on March 15, 2011, and

the Authority accepted such interests in real property and related agreements; and

WHEREAS, pursuant to Health and Safety Code Section 34177(d), the Successor Agency is required to remit only the unencumbered balances of Agency funds to the Orange County Auditor-Controller, including the unencumbered balance of the Low and Moderate Income Housing Fund ("Housing Fund"); and

WHEREAS, pursuant to Health and Safety Code Section 34177(l), the Successor Agency has submitted, for Oversight Board approval, a Recognized Obligation Payment Schedule ("ROPS") setting forth the debts and obligations of the dissolved Agency which need to be paid, including debts and obligations related to housing projects to be paid from the Housing Fund; and

WHEREAS, the Successor Agency desires to transfer funds from the Housing Fund encumbered for housing projects set forth in the ROPS to the Authority for the Authority to be able to carry out such housing projects, which are provided in Exhibit B attached to this Resolution; and

WHEREAS, pursuant to Health and Safety Code Section 34181(c), the Oversight Board is to direct the Successor Agency to transfer housing responsibilities and all rights, powers, duties, and obligations, along with any amounts on deposit in the Housing Fund, to the appropriate entity pursuant to Health and Safety Code section 34176;

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE LAKE FOREST REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The transfer of housing assets and functions and encumbered funds through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act. The Oversight Board Secretary is authorized and directed to file a Notice of Exemption with the appropriate official of the County of Orange, California, within five (5) days following the date of adoption of this Resolution.

Section 3. Designation and Direction to Transfer Housing Assets and Functions, Including Authority over Agency Programs. The Oversight Board hereby designates the assets set forth in Exhibit A attached to this Resolution as the housing assets of the dissolved Agency to be transferred to the Authority, and directs the transfer of such housing assets by the Successor Agency, along with the transfer of all rights, powers, liabilities, duties, and obligations associated with the housing activities of the dissolved Agency, to the Authority, pursuant to Health and Safety Code Sections 34176, 34177, and 34181. The Oversight Board also hereby approves the transfer of the Agency's interests in real property to the Authority, pursuant to Resolution Nos. R2011-08 and R2011-09.

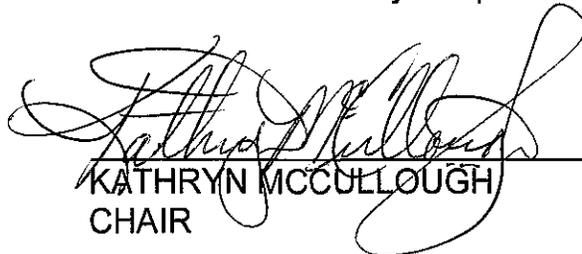
Section 4. Transfer of Encumbered Funds from the Housing Fund for Housing Projects. The Oversight Board hereby directs the Successor Agency to transfer the encumbered funds from the Housing Fund designated for housing projects set forth in the ROPS, all as provided in Exhibit B attached to this Resolution, to the Authority, pursuant to Health and Safety Code, Section 34181.

Section 5. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 6. Certification. The Oversight Board Secretary, acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

Section 7. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for three (3) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED AND ADOPTED this 24<sup>th</sup> day of April 2012.

  
KATHRYN MCCULLOUGH  
CHAIR



## EXHIBIT A

### HOUSING ASSETS OF THE LAKE FOREST REDEVELOPMENT AGENCY

#### Real Property Assets:

NAME	ASSESSOR PARCEL NUMBER	TRANSFER DATE
22702 Madrid Drive	933-43-060	March 15, 2011
22706 Madrid Drive	933-43-058	March 15, 2011
Authority Parcel	614-024-01	March 15, 2011
Mamie Thomas Parcel	614-021-31	March 15, 2011
Saguaro Property	617-091-25	February 1, 2012

#### Agreements, Covenants, and Enforceable Obligations:

AGREEMENT NAME	TYPE OF AGREEMENT
Alexan Bellecour Apartment Covenants	Housing Covenants
Housing Rehabilitation Loans	Private Loan Agreements
Housing Rehabilitation Loan Services – Theresa Dobbs	Consultant Services Contract
Contract with AmeriNational for Housing Fees	Servicing of Housing Loans
Transfer Fees for Mobile Homes (HCD)	Servicing of Housing Loans
Transfer Fees for Mobile Homes (Orange County Tax Assessor)	Servicing of Housing Loans
GRC Associates (CDBG Monitoring)	Consultant Services Contract
Purchase Agreements (Madrid Condominiums)	Purchase and Sale Agreement
Affordable Housing Agreement - (Madrid Condominiums)	Affordable Housing Agreement
Purchase Agreement (Saguaro Property)	Purchase and Sale Agreement
Relocation Plan for Saguaro	Relocation Plan (State Housing Law)
Lease Agreements with Saguaro Tenants	Private Lease Agreements
Spectrum Care Agreement (Authority Parcel-Saguaro)	Maintenance of Property

## EXHIBIT B

### ENCUMBERED FUNDS AND HOUSING PROJECTS SET FORTH IN THE RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE

PROJECT NAME	PAYEE	PROJECT DESCRIPTION	AMOUNT
Housing Rehabilitation Loan Program	Lake Forest Housing Authority	Existing loan balances due from loan recipients for housing loans	\$486,380
Housing Rehabilitation Loan Program	Amerinational	Fees to service existing housing loans	\$30,000
Housing Rehabilitation Loan Program	State Department of Housing and Community Development	Recording fees for mobile-homes	\$3,000
Housing Rehabilitation Loan Program	Housing Rehabilitation Consulting Services ("HRCS") Theresa Dobbs	Ongoing cost to monitor existing low and moderate income housing rehabilitation loans	\$18,000
Madrid Condominiums	Rancho Viejo II Home Owner's Association	Madrid condominiums dues	\$252,000
Saguaro Property	Saguaro Tenants	Relocation of Saguaro Property Tenants as necessary	\$223,317
Saguaro Property	Southern California Edison Southern California Gas Waste Management, Irvine Ranch Water District	Utilities (gas, electric, waste management) - maintenance of housing asset under AB1X 26	\$9,600
Saguaro Property	(Jamey Clark, Inc.) (Bernardo Galvan)	Various maintenance requirements to preserve value of Saguaro Property pursuant to the provisions of AB1X 26	\$48,600
Madrid Condominiums	(Jamey Clark, Inc.) (Bernardo Galvan)	Various maintenance requirements to preserve value of an affordable housing asset pursuant to AB1X 26	\$15,000
Authority Parcel	County of Orange	Various maintenance requirements to preserve value of an affordable housing asset pursuant AB1X 26	\$ 7,200
Saguaro Property	Spectrum Care	Landscape Maintenance	\$600
		<b>CASH TRANSFER</b>	<b>\$607,317</b>
		<b>LOAN BALANCES RECEIVABLE</b>	<b>\$486,380</b>
		<b>TOTAL</b>	<b>\$1,093,697</b>