CITY OF DEL REY OAKS

650 CANYON DEL REY RD. · DEL REY OAKS, CALIFORNIA 93940
PHONE (831) 394-8511 · FAX (831) 394-6421

# AGENDA
# MEETING OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY FOR DEL REY OAKS
# WEDNESDAY, FEBRUARY 19, 2014 AT 3:30 P.M.
# CHARLIE BENSON MEMORIAL HALL, CITY HALL

1. **3:30 P.M. - ROLL CALL** – *Board Members*

2. **PUBLIC COMMENTS:**
   Anyone wishing to address the Oversight Board on matters not appearing on the Agenda may do so now. The public may comment on any other matter listed on the Agenda at the time the matter is being considered. *There will be a time limit of not more than three minutes for each speaker. No action will be taken on matters brought up under this item and all comments will be referred to staff.*

3. **NEW BUSINESS:**
   **A.** Announce the Opening of Public Comment period regarding Due Diligence Review of Unobligated Balances of the Non-Housing and Housing Funds of the Former Redevelopment Agency Conducted in Accordance with Health and Safety Code Sections 34179.5 and 34179.6(b).

4. **Announce next meeting scheduled for Thursday, February 27, 2014 at 3:30 p.m.**

5. **ADJOURNMENT**

**Information distributed to the Board at the meeting becomes part of the public record. A copy of written material, pictures, etc. must be provided to the secretary for this purpose.**
**All enclosures and materials regarding these agenda items are available for public review at the Del Rey Oaks City Hall, 650 Canyon Del Rey Road, Del Rey Oaks.**

LAVORATO & DARLING, INC
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF AICPA DIVISION FOR CPA FIRMS - PRIVATE COMPANIES PRACTICE SECTION

Department of Finance
915 L. Street
Sacramento Ca. 95814

December 14, 2012

Dear Madam or Sir,

My client, The City of Del Rey Oaks, has requested that we prepare and present a Due Diligence Report for the dissolution of the City of Del Rey Oaks Redevelopment Agency. Enclosed please find a copy of the City of Del Rey Oaks Due Diligence report for your review.

If you have any questions, or are in need of any additional information, please do not hesitate to call.

Very Truly Yours,

Pamela Darling

Pamela E. Darling
Certified Public Accountant

246 CAPITOL STREET • SALINAS, CA 93901 • 831.422.9083 • FAX: 831.422.0717

# City of Del Rey Oaks

# Redevelopment Agency

# Due Diligence Report

December 13, 2012

City of Del Rey Oaks – Redevelopment Agency
Due Diligence Report

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# City of Del Rey Oaks

# Redevelopment Agency

# Due Diligence Report

## Section One

### Summary of Balances Available For Allocation to Affected Taxing Entities

## 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) | $ | 11,479,604 |
| 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) | | - |
| Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7) | | (11,479,192) |
| 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 | | - |
| Amount to be remitted to county for disbursement to taxing entities | $ | 412 |

*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.

| | 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 |
|---|---|---|---|---|
| **Assets (modified accrual basis)** | | | | |
| | $ - | $ - | $ - | $ - |
| Cash & Investments | 50,701 | 412 | 412 | 412 |
| Restricted Cash | 24,659 | - | - | - |
| Interest Receivable | 29 | - | - | - |
| Receivables from Developer | 1,001,646 | 1,077,742 | 107,742 | 107,742 |
| Capital Assets (Non Depreciable) | 11,330,200 | 11,330,200 | 11,330,200 | 11,330,200 |
| Capital Assets (Net of Depreciation | 45,000 | 41,250 | 41,250 | 41,250 |
| | | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| **Total Assets** | $ 12,452,235 | $ 12,449,604 | $ 11,479,604 | $ 11,479,604 |
| **Liabilities (modified accrual basis)** | | | | |
| Accounts Payable | $ 28,405 | $ 102,049 | $ 102,049 | $ 102,049 |
| Due to City | 530,245 | 539,683 | 59,334 | 59,334 |
| Deposit | | | | |
| Deposit from Developer | 50,000 | 50,000 | 50,000 | 50,000 |
| Due from Developer | | 60,220 | | |
| Deferred Revenue Developer | 899,709 | 1,155,732 | 1,155,732 | 1,155,732 |
| Long-Term Liabilities | 908,786 | 951,259 | 1,431,607 | 1,431,607 |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| **Total Liabilities** | $ 2,417,145 | $ 2,858,943 | $ 2,798,723 | $ 2,798,722 |
| | - | - | - | - |
| **Equity** | 10,035,090 | 9,590,661 | 7,249,274 | 7,249,274 |
| **Total Liabilities + Equity** | $ 12,452,235 | $ 12,449,604 | $ 11,479,604 | $ 11,479,603 |
| **Total Revenues:** | $ 638,514 | $ - | $ - | $ - |
| **Total Expenditures:** | $ 638,529 | $ 446,663 | $ - | $ - |
| **Total Transfers:** | $ - | $ - | $ - | $ - |
| **Net change in equity** | $ 638,514 | $ (446,663) | $ - | $ - |
| **Beginning Equity:** | $ 10,673,604 | $ 10,035,090 | $ 9,590,661 | $ 9,590,661 |
| **Prior Period Adjustment** | | $ 2,234 | | |
| **Ending Equity:** | $ 10,035,090 | $ 9,590,661 | $ 9,590,661 | $ 9,590,661 |

**Other Information (show year end balances for all four periods presented):**

| | | | | |
|---|---|---|---|---|
| **Capital assets as of end of year** | $ 11,375,200.00 | $ 11,371,450.00 | $ 11,371,450.00 | $ 11,371,450.00 |
| **Long-term debt as of end of year** | $ 908,786.00 | $ 951,259.00 | $ 1,431,607.00 | $ 1,431,607.00 |

# City of Del Rey Oaks

# Redevelopment Agency

# Due Diligence Report

## Section Two A

State Controller's Office Asset Transfers Assessment
Assembly Bill X1 26

**STATE CONTROLLER'S OFFICE**
**ASSET TRANSFER ASSESSMENT**
**ASSEMBLY BILL X1 26**

FORMER REDEVELOPMENT AGENCY NAME: Del Rey Oaks Redevelopment Agency
11-DIGIT ID #: 13982724600
SUCCESSOR AGENCY: City of Del Rey Oaks
DATE PREPARED: 5/9/2012
CONTACT NAME: Daniel Dawson
PHONE: 831-394-8511
TITLE: City Manager
E-MAIL ADDRESS: citymanager@delreyoaks.org

| A | B | | C | | D | | E |
|---|---|---|---|---|---|---|---|
| | Carrying Value as of | | If the assessment was transferred to a city, county, or other public agency between January 1, 2011, and January 31, 2012 (exclude housing assets), complete the following. | | Was the asset contractually committed or encumbered to a third party after June 29, 2011? | | Was the transfer reversed? |
| Asset Description | December 31, 2010 | January 31, 2012 | Transfer Date | Public Agency | Yes / No | If yes, list date | Yes / No |
| Approx. 360 acre parcel on former Ft. Ord | $11,330,200 | $11,330,200 | 1/31/2012 | City of Del Rey Oaks | No | | No |

# City of Del Rey Oaks

# Redevelopment Agency

# Due Diligence Report

## Section Two B

### Enforceable Obligation Schedule
### Pursuant to AB1X 26

**RESOLUTION NO. 2011-03 (N.C.S.)**

**A RESOLUTION OF THE DEL REY OAKS REDEVELOPMENT AGENCY APPROVING AND ADOPTING AN ENFORCEABLE OBLIGATION SCHEDULE PURSUANT TO AB1X 26**

WHEREAS, pursuant to the California Redevelopment Law (Health and Safety Code Section 33000 et seq.; the "Redevelopment Law"), the City Council (the "City Council") of the City of Del Rey Oaks (the "City") adopted Ordinance No. 250 on January 26, 1999 declaring the need for the Redevelopment Agency of the City of Del Rey Oaks (the "Agency") to function in the City; and

WHEREAS, also in accordance with the Redevelopment Law the City Council adopted Ordinance No. 257 on July 22, 2003 adopting the Redevelopment Plan for the Del Rey Oaks Redevelopment Project (the "Redevelopment Plan"), and the Agency is responsible for implementing the Redevelopment Plan pursuant to the Redevelopment Law; and

WHEREAS, ABX1 26 (the "Dissolution Act") became effective on June 29, 2011, and among other requirements the Dissolution Act requires the Agency to adopt an Enforceable Obligation Payment Schedule (the "EOPS") within sixty (60) days after June 29, 2011; and

WHEREAS, the EOPS is to list certain information about the enforceable debts and obligations of the Agency and the adoption of the EOPS would allow the Agency to make payments on the debts and obligations listed on the EOPS; and

WHEREAS, the Agency and City staff have reviewed the status of the Agency and have determined that the Agency currently has no enforceable debts or obligations as defined in the Dissolution Act, and have prepared the EOPS attached hereto as "Exhibit A" to reflect the fact that the Agency currently has no enforceable debts or obligations.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Del Rey Oaks that the above recitals are true and correct and are incorporated herein by reference; and

BE IT FURTHER RESOLVED, that the Agency hereby approves and adopted the Enforceable Obligation Payment Schedule which is attached hereto as "Exhibit A"; and

BE IT FURTHER RESOLVED, that the City Manager of the City is hereby authorized as the Agency's designated representative to whom all questions related to the Enforceable Obligation Payment Schedule; and

BE IT FURTHER RESOLVED, that the City Manager of the City is hereby authorized and directed

1. to post the Enforceable Obligation Payment Schedule on the City's website;

2. to notify by mail or electronic means the County Auditor-Controller, the Department of Finance, and the State Controller of the Agency's action to adopt the Enforceable Obligation Payment

Schedule and to provide those persons with the internet website location of the posted schedule and of the contact information for the Agency's designated contact; and

3. to take such other actions and to execute such other documents as are appropriate to effectuate the intent of this Resolution.

BE IT FURTHER RESOLVED, that nothing contained herein shall prohibit the Authority from making other lawful payments which do not appear on the attached Enforceable Obligation Payment Schedule.

The above and foregoing resolution was duly and regularly passed and adopted at a meeting by the Redevelopment Agency of the City of Del Rey Oaks on the 23rd day of August 2011, by the following vote:

AYES: AGENCY MEMBERS: Zuccaro, Cecilio, Allion and Agency Chair Edelen

NOES:

ABSENT: Agency Member Clark

ABSTAIN:

APPROVED:

Jerry B. Edelen, Agency Chairperson

ATTEST:

Daniel Dawson, Agency Secretary

## EXHIBIT A

Name of Redevelopment Agency: Redevelopment Agency of the City of Del Rey Oaks
Project Area(s): Del Rey Oaks Redevelopment Project



## ENFORCEABLE OBLIGATION PAYMENT SCHEDULE
### Per AB 26—Section 34167 and 34169 (*)

| | Project Name/Debt Obligation | Payee | Description | Total Outstanding Debt or Obligation | Total Due During Fiscal Year | Payments by Month | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Aug** | Sept | Oct | Nov | Dec | Total |
| 1) | None | None | None | None | None | $0 | $0 | $0 | $0 | $0 | $0 |
| 2) | | | | | | | | | | | |
| 3) | | | | | | | | | | | |
| 4) | | | | | | | | | | | |
| 5) | | | | | | | | | | | |
| 6) | | | | | | | | | | | |
| 7) | | | | | | | | | | | |
| 8) | | | | | | | | | | | |
| 9) | | | | | | | | | | | |
| 10) | | | | | | | | | | | |
| 11) | | | | | | | | | | | |
| 12) | | | | | | | | | | | |
| 13) | | | | | | | | | | | |
| 14) | | | | | | | | | | | |
| 15) | | | | | | | | | | | |
| 16) | | | | | | | | | | | |
| 17) | | | | | | | | | | | |
| 18) | | | | | | | | | | | |
| 19) | | | | | | | | | | | |
| 20) | | | | | | | | | | | |
| 21) | | | | | | | | | | | |
| 22) | | | | | | | | | | | |
| 23) | | | | | | | | | | | |
| | | | | | | | | | | | |
| Totals – This Page | | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Totals – Other Obligations | | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Grand Total – All Pages | | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |

* This Enforceable Obligation Payment Schedule (EOPS) is to be adopted by the redevelopment agency no later than August. It is valid through 12/31/11. It is the basis for the Preliminary Draft Recognized Obligation Payment Schedule (ROPS), which must be prepared by the dissolving Agency by 9/30/11. (The draft ROPS must be prepared by the Successor Agency by 11/30/11.) If an agency adopted a continuation ordinance per ABX1 27, this EOPS will not be valid and there is no need to prepare a ROPS.
** Include only payments to be made after the adoption of the EOPS.

## EXHIBIT A

Name of Redevelopment Agency: Redevelopment Agency of the City of Del Rey Oaks

Project Area(s): Del Rey Oaks Redevelopment Project



### OTHER OBLIGATION PAYMENT SCHEDULE
### Per AB 26—Section 34167 and 34169 (*)

| | Project Name/Debt Obligation | Payee | Description | Total Outstanding Debt or Obligation | Total Due During Fiscal Year | Payments by Month | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Aug** | Sept | Oct | Nov | Dec | Total |
| 1) | None | None | None | None | None | $0 | $0 | $0 | $0 | $0 | $0 |
| 2) | | | | | | | | | | | |
| 3) | | | | | | | | | | | |
| 4) | | | | | | | | | | | |
| 5) | | | | | | | | | | | |
| 6) | | | | | | | | | | | |
| 7) | | | | | | | | | | | |
| 8) | | | | | | | | | | | |
| 9) | | | | | | | | | | | |
| 10) | | | | | | | | | | | |
| 11) | | | | | | | | | | | |
| 12) | | | | | | | | | | | |
| 13) | | | | | | | | | | | |
| 14) | | | | | | | | | | | |
| 15) | | | | | | | | | | | |
| 16) | | | | | | | | | | | |
| 17) | | | | | | | | | | | |
| 18) | | | | | | | | | | | |
| 19) | | | | | | | | | | | |
| 20) | | | | | | | | | | | |
| 21) | | | | | | | | | | | |
| 22) | | | | | | | | | | | |
| 23) | | | | | | | | | | | |
| | | | | | | | | | | | |
| Totals – Other Obligations | | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |

* This Enforceable Obligation Payment Schedule (EOPS) is to be adopted by the redevelopment agency no later than August. It is valid through 12/31/11. It is the basis for the Preliminary Draft Recognized Obligation Payment Schedule (ROPS), which must be prepared by the dissolving Agency by 9/30/11. (The draft ROPS must be prepared by the Successor Agency by 11/30/11.) If an agency adopted a continuation ordinance per ABX1 27, this EOPS will not be valid and there is no need to prepare a ROPS.

** Include only payments to be made after the adoption of the EOPS.

# City of Del Rey Oaks

# Redevelopment Agency

# Due Diligence Report

## Section Three

### RDA Asset Transfer Review Exit Conference

January 1, 2011 through January 31. 2012

S13-RDA-921

AGENCY: CITY OF DEL REY OAKS
RDA ASSET TRANSFER REVIEW
EXIT CONFERENCE
JANUARY 1, 2011 THROUGH JANUARY 31, 2012
S13-RDA-921

W/P NO.
PREPARED BY: KL, EP
DATE: NOV. 8, 2012

OBJECTIVE: The objective of the review was to determine the community's legislative body and the dissolved redevelopment agency's compliance with Assembly Bill X1 26 regarding the disposition of the former redevelopment agency's assets.

Health and Safety Code section 34167.5 states, in part:

> Commencing on the effective date of the act adding this part, the Controller shall review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency. If such an asset transfer did occur during that period and the government agency that received the assets is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the extent not prohibited by state and federal law, the Controller shall order the available assets to be returned to the redevelopment agency or, on or after October 1, 2011, to the successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170). Upon receiving such an order from the Controller, an affected local agency shall, as soon as practicable, reverse the transfer and return the applicable assets to the redevelopment agency or, on or after October 1, 2011, to the successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170).

SCOPE: The scope of the review generally covered the period January 1, 2011, through January 31, 2012. We reviewed plans, minutes, agreements, loans, and other documents, etc. outside this time period to help us ascertain the validity of any asset transfers.

FINDINGS:

- The Fort Ord property, APN# 031-191-011 was transferred on 1/31/2011 to the City of Del Rey Oaks. The deed of this property will need to be transferred to the Del Rey Oaks Successor Agency.

ACKNOWLEDGEMENT OF DISCUSSION

The above items were discussed and are understood. Signing **does not** indicate concurrence.

SUCCESSOR AGENCY REPRESENTATIVE

11/8/12
DATE

# City of Del Rey Oaks

# Redevelopment Agency

# Due Diligence Report

## Section Four

Financial Statements
With
Independent Auditor's Report
Year Ended June 30, 2011

CITY OF DEL REY OAKS, CALIFORNIA

# REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2011

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS

(A Component Unit of the City of Del Rey Oaks, California)

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# INDEPENDENT AUDITORS' REPORT

Honorable Mayor
and Members of the City Council
of the Redevelopment Agency of the City of Del Rey Oaks
Del Rey Oaks, California

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units and major fund of the Redevelopment Agency of the City of Del Rey Oaks, (the Agency), a component unit of the City of Del Rey Oaks, California as of and for the year ended June 30, 2011, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Redevelopment Agency of the City of Del Rey Oaks, California, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management has omitted the management's discussion and analysis comparison schedule that accounting principles generally accepted in the United States of America require to be presented as a supplement to the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Lavorato & Darling, Inc.
Lavorato & Darling, Inc.
Certified Public Accountants
Salinas, California 93901

Date: 2-17-2012

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
(A Component Unit of the City of Del Rey Oaks, California)
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
JUNE 30, 2011

See Independent Auditors' Report

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Current assets: | |
| Cash and investments | $ 412 |
| Total Current Assets: | 412 |
| Noncurrent assets: | |
| Receivable from developer | 1,077,742 |
| Capital assets not being depreciated | 11,330,200 |
| Capital assets, net of depreciation | 41,250 |
| | 12,449,192 |
| | $ 12,449,604 |
| **LIABILITIES & NET ASSETS** | |
| Current liabilities: | |
| Accounts payable | $ 102,049 |
| Deposit | 539,683 |
| Total Current Liabilities: | 641,732 |
| Noncurrent liabilities: | |
| Deposits from developer | 50,000 |
| Due from Developer | 60,220 |
| Deferred revenue, developer | 1,155,732 |
| Long-term liabilities | 951,259 |
| | 2,217,211 |
| NET ASSETS | |
| Invested in capital assets | 11,378,950 |
| Unreserved (deficit) | (1,788,289) |
| Total Net Assets | 9,590,661 |
| | $ 12,449,604 |

The accompanying notes are an integral part of these financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
(A Component Unit of the City of Del Rey Oaks, California)
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

| | Operating Expense | Program Revenue | Net (Expenses) Revenues |
|---|---|---|---|
| FUNCTIONS/PROGRAMS | | | |
| Governmental activities: | | | |
| Community Development | $ 118,989 | $ - | $ (118,989) |
| Interest on long-term liabilities | 313,857 | - | (313,857) |
| Pollution and liability insurance | 13,817 | - | (13,817) |
| Total governmental activities | $ 446,663 | $ - | $ (446,663) |

| | |
|---|---|
| CHANGE IN NET ASSETS | (446,663) |
| NET ASSETS, BEGINNING OF YEAR | 10,035,090 |
| Prior period adjustments | 2,234 |
| NET ASSETS END OF YEAR | $ 9,590,661 |

The accompanying notes are an integral part of these financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
(A Component Unit of the City of Del Rey Oaks, California)
GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2011

See Independent Auditors' Report

| | Capital Projects Fund |
|---|---|
| **ASSETS** | |
| Cash and investments | 412 |
| Total assets | $ 412 |
| **LIABILITIES AND FUND BALANCE (DEFICIT)** | |
| LIABILITIES | |
| Accounts payable | 102,049 |
| Due to City | 539,683 |
| Total liabilities | 641,732 |
| FUND BALANCE (DEFICIT) | |
| Unreserved | (641,320) |
| Total fund balance (deficit) | (641,320) |
| Total liabilities and fund balance (deficit) | $ 412 |

The accompanying notes are an integral part of these financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
(A Component Unit of the City of Del Rey Oaks, California)
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT - WIDE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

| | |
|---|---|
| Total Fund Balances - Total Governmental Funds (page 4) | $ (641,320) |
| Reconciliation from Statement of Net Assets: | |
| RECEIVABLES | |
| Amounts due from developer are not available to pay for current period expenditure and, therefore, are not reported in the Governmental Funds fund balance | |
| Receivable from developer | 1,077,742 |
| CAPITAL ASSETS | |
| Capital assets used in governmental funds are not current financial resources and, therefore, are not reported in the Governmental Funds | |
| Capital assets not being depreciated | 11,330,200 |
| Capital assets, net of depreciation | 41,250 |
| LONG-TERM LIABILITIES | |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet | |
| Deposits from developer | (50,000) |
| Due from developer | (60,220) |
| Deferred revenue, developer | (1,155,732) |
| Long-term liabilities | (951,259) |
| NET ASSETS | $ 9,590,661 |

The accompanying notes are an integral part of these financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
(A Component Unit of the City of Del Rey Oaks, California)
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT) - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

| | Capital Projects |
|---|---|
| EXPENDITURES: | |
| Current: | |
| Community development | 118,989 |
| Interest and fiscal charges | 15,361 |
| Pollution & liability insurance | 13,817 |
| Total expenditures | 148,167 |
| NET CHANGE IN FUND BALANCE (DEFICIT) | (148,167) |
| Prior Period Adjustment | (9,892) |
| FUND BALANCE, BEGINNING OF YEAR | (483,261) |
| FUND BALANCE (DEFICIT), END OF YEAR | $ (641,320) |

The accompanying notes are an integral part of these financial statements.

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
(A Component Unit of the City of Del Rey Oaks, California)
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

See Independent Auditors' Report

| | |
|---|---|
| NET CHANGE IN FUND BALANCE (page 6) | $ (148,167) |

Reconciliation from the Statement of Activities are different because:

Interest expense on long-term debt is reported in the Government-Wide Statement of Activities but does not require the use of current financial resources. Therefore, this interest expense is not recorded as an expenditure in Governmental Funds. The following amount represents net (increase)/decrease in accrued interest payable.

| | |
|---|---|
| Accrued interest on Federal/JER Associates I | (42,473) |
| Accrued interest on Pollution Insurance | (256,023) |
| CHANGE IN NET ASSETS (page 3) | $ (446,663) |

The accompanying notes are an integral part of these financial statements.

## NOTE 1 Financial Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the Redevelopment Agency of the City of Del Rey Oaks (Agency) are in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Agency are described below.

### Reporting Entity

The Redevelopment Agency of the City of Del Rey Oaks was established on January 26, 1999 by the City of Del Rey Oaks pursuant to the Community Redevelopment Law of California (Health and Safety Code Section 33000 et. seq.). The Agency, which is a component unit of the City, was established to carry out various redevelopment projects within the City.

The Agency is an integral part of the City and, accordingly, financial statements are a component unit of the basic financial statements of the City. A component unit is a separate governmental unit, agency or nonprofit corporation which, when combined with all other component units, constitutes the reporting entity as defined in the City's basic financial statements. The Agency is governed by a board consisting of the City's Council members, and although it is legally separate from the City, it is considered to be a component unit because of the significance of its operational and financial relationship with the City.

### Basis of Presentation and Accounting

The basic financial statements include both government-wide and fund financial statements.

### Government-Wide Statements

The government - wide financial statements include the statement of net assets and the statement of net activities and report information on all of the activities of the Agency.

The Statement of Net Assets presents the Agency's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

* *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

* *Restricted fund balances* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The Agency has no restricted net assets.

* *Unrestricted fund balance* consist of net assets that are not subject to donor imposed stipulations. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

## NOTE 1 Financial Reporting Entity and Summary of Significant Accounting Policies - Continued

***Fund Financial Statements***

In the governmental fund financial statements, reserves and designations segregate portions of fund balances. Restrictions of fund balances are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose.

As a result, the Agency has no restricted assets at June 30, 2011.

Separate fund based financial statements are provided for governmental funds. The Agency has no proprietary or fiduciary funds. Major individual governmental funds are reported separately in the fund financial statements. Any nonmajor funds are combined in the fund financial statements. The Agency has no nonmajor funds.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred. However, debt service, expenditures, and claims and judgments, are recognized in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Charges for services, contributions and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial.

The Agency reports the following major governmental fund:

*Capital Projects Fund* accounts for financial resources to be used for administrative expenditures related to redevelopment projects and for the acquisition or construction of major capital facilities and infrastructure improvements.

**Cash, Cash Equivalents and Investments**

The Agency considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments consist of deposits with the Local Agency Investment Fund and are accounted for at fair market value.

## NOTE 1 Financial Reporting Entity and Summary of Significant Accounting Policies - Continued

### Receivables

The Agency utilizes the allowance method with respect to doubtful accounts. The allowance at June 30, 2011 was zero.

### Capital Assets

Property, facilities, equipment and infrastructure purchased or acquired is carried at historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Capital assets are defined by the Agency as assets with an initial cost of more that $5,000 for equipment, $25,000 for facilities and improvements, $150,000 for infrastructure and all land and an estimated useful life in excess of one year.

Property, facilities, equipment and infrastructure of the Agency are depreciated using the straight-line method over a useful life of 20 years.

### Deferred Revenue - Developer

Deferred revenue is recorded for assets recognized in connection with a transaction before the earnings process is completed. Due to the option agreement default, the deferred revenue is a contra account to the receivable from the developer.

### Long-Term Liabilities

In the government-wide financial statements, long-term liabilities and other long-term obligations are reported as liabilities in the applicable governmental activities.

### Personnel

The Agency has no employees. All personnel services are provided by the City of Del Rey Oaks and reimbursed by the Agency.

### Compensated Absences

The Agency does not record a liability for accrued annual leave, vacation and sick leave benefits for personnel services, since this is a liability of the City of Del Rey Oaks.

### Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

### Taxes and Assessments

The Agency has the authority to levy tax, but receives tax increment directly from the County of Monterey. Tax increment is the additional property tax created in a redevelopment project area, which exceeds the base year (year of plan adoption) value due to improvements and reassessments. Property tax revenue is recognized when measurable and collectible. The Agency has not realized taxable improvements or reassessments within the project area and therefore, has not generated any tax increment from its activities.

## NOTE 1 Financial Reporting Entity and Summary of Significant Accounting Policies - Continued

### Inter-fund Transactions

Interfund loans on the Governmental Funds Balance Sheet include loans from the City to finance projects whose related revenues occur subsequent to the expenditures. Interfund loans will be repaid as cash flow permits.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## Note 2 Cash and Investments

Cash and investments as of June 30, 2011 are comprised of the following:

| | | |
|---|---|---|
| Investment in Local Agency Investment Fund | $ | 412 |
| Total cash and investments | $ | 412 |

### Investments

The Agency's investments consist of the State Treasurer's Local Agency Investment Fund. All investments are recorded at fair market value. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market of the pledged securities in the collateral pool must equal 100% of the total amount deposited by the public agencies. The investment of state pooled funds is governed by state law, by policies adopted by the Pooled Money Investment Board and by accepted ranges of interest bearing securities, such as Treasury Notes, prime commercial paper, certain California municipal and agency obligations, highly rated corporate bonds, obligations or such agencies as Fannie Mae, and negotiable certificates of deposit. Also allowed are time deposits in California banks, savings and loans, and credit unions that have not less than a satisfactory Community Reinvestment Act rating. The value of each participating dollar equals the fair value divided by the amortization costs. The Agency's fair value of the position in the pool is the same as the value of the pool shares.

### Interest Rate and Credit Risk

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that reflects the maturity date of each investment:

## Note 2 Cash and Investments - Continued

| | | Investment Maturities | | |
|---|---|---|---|---|
| Investment Type | Fair Value | 0-6 months | 6-12 months | 1-5 years |
| State of California Local Agency Investment Fund | $ 412 | $ 412 | $ 0 | $ 0 |

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the Agency's policy to purchase investments with the minimum ratings required by the California Government Code. The Local Agency Investment Fund is not rated.

**Concentration of Credit Risk**

The Agency's investment policy does not include limitations on amounts that can be invested in any one issuer. A majority of the Agency's funds are invested in LAIF.

**Custodial Credit Risk**

Custodial credit risk generally applies only to direct investments in marketable securities and not to indirect investments in securities through the use of mutual funds or governmental investment pools, such as LAIF.

## Note 3 Restricted Cash

As of June 30, 2011, there was no restricted cash held by the Agency.

## Note 4 Receivable from Developer

In July 2003, the City/Agency entered into an Agreement to Negotiate Exclusively with Federal/JER Associates I, LLC for the development of the Agency's owned land. As part of that agreement, the developer agreed to deposit funds to reimburse the City/Agency for all legal and consulting fees, and staff overhead costs incurred as part of the negotiation process. In February 2007, the Agency entered into agreements with the developer to deposit funds for the Agency for the costs of environmental and permit approval consulting services. The agreements were amended to revise time schedules, repayment and loan provisions. In February 2009, the Agency notified the developer of default. Due to the default and economic conditions, the Agency may not be able to collect the loan receivable of $1,077,742 due from the developer, of which $1,077,742 is included as deferred revenue as stated in the government-wide statement of net assets. The Agency is currently in a lawsuit with Federal/JER Associates I, LLC.

## Note 5 Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

| | Beginning | Additions | Ending Balance |
|---|---|---|---|
| Non-depreciable assets | | | |
| Land | $ 11,330,200 | - | $ 11,330,200 |
| Depreciable assets | | | |
| Well | 75,000 | - | $ 75,000 |
| Less accumulated depreciatio | (30,000) | (3,750) | $ (33,750) |
| Depreciable assets, net | 45,000 | (3,750) | $ 41,250 |
| Total capital assets, net | $ 11,375,200 | $ (3,750) | $ 11,371,450 |

Depreciation expense was charged to functions/programs of the primary government as follows:

The non-depreciable asset consists of one donated parcel of raw land consisting of approximately 324 acres within the former Fort Ord Army Base. Valuation used when received in 2005 was $75,000/acre based upon an informal estimate of comparable values of raw land. Since that time, land values of similar parcels declined to an estimated value between $25,000 - $50,000/acre based upon a professional opinion of a California licensed real estate broker. As a result, the Agency board approved to mark down to market value the per acre value of the land to $35,000/acre as of June 30, 2009.

## Note 6 Due to City

The Agency received loans from the City to pay expenditures in furtherance of the redevelopment program. The advances accrue interest based on the Local Agency Investment Fund rate at June 30 of the applicable fiscal year the funds were advanced, ranging from 1.44% to 6.18%. The Agency intends to repay the City in future years with tax increment revenue, when the land within the Redevelopment Agency project area is developed. At June 30, 2011, the combined principal and interest balance due to the City was $539,683.

## Note 7 Long-term Liabilities

### Long-term Payables

Long-term payable include $539,683 advanced by creditor consultants to finance planning costs incurred with the formation of the Agency. The consultants agree to defer payment for their fees until such time as the Agency received payment for sale of Agency-owned property or receipt of tax increment revenue.

### Long-term Payables - Developer Agreement

The Agency has incurred expenses for the fiscal year ended June 30, 2011. They have incurred them under the assumption that a new developer will pay those bills once they receive the contract to proceed with the Ford Ord project. The current balance is $60,220.

## Note 7 Long-term Liabilities - Continued

### Note Payable - Federal/JER Associates I, LLC

The Agency and Federal/JER Associates I, LLC entered into a promissory note on March 3, 2006 in the amount of $350,000. The note bears interest at the rate of 5% per annum, compounded annually, until the entire outstanding amount is repaid in full or forgiven in accordance with the terms of the note. The note is to be paid back in future years with available tax increment revenue.

The Agency and Federal/JER Associates I, LLC entered into a promissory note on May 31, 2007 in the amount of $358,669. The note bears interest at the rate of 5% per annum, compounded annually, until the entire outstanding amount is repaid in full or forgiven in accordance with the terms of the note. The note is to be paid back in future years with available tax increment revenue.

The loans were part of an option agreement to sell the land the Agency received on the former Ford Ord Army Base to Federal/JER Associates I, LLC.

The balance of the notes payable to Federal/JER Associates I as of June 30, 2011 is $891,925 and includes $42,473 in current year accrued interest. In February 2009, the developer defaulted on the option agreement terms. Due to the option agreement default, the Agency may not be liable to repay the developer. Consequently a future debt repayment schedule cannot be determined.

Long-term liabilities balance and transactions for the year ended June 30, 2011 are as follows:

| | Balance June 30, 2010 | Additions | Balance June 30, 2011 |
|---|---|---|---|
| Long-term liabilities | | | |
| Long-term payables | $ 59,334 | $ - | $ 59,334 |
| L/T-Developer Agreement | 60,220 | - | 60,220 |
| Federal/JER Associates | 849,452 | 42,473 | 891,925 |
| Total | $ 969,006 | $ 42,473 | $ 1,011,479 |

## Note 8 Fund Balance Deficit

The Capital Projects fund had a fund balance deficit of $586,049 at June 30, 2011. The deficit is expected to be eliminated from future tax increment revenues.

## Note 9 Commitments

### Plan Implementation

The Agency is committed to implementation of the Redevelopment Plan. On March 23, 2010, the Agency reviewed the Plan and approved a Five Year Implementation Plan for the fiscal years 2009/10 through 2011/12.

## Note 9 Commitments - Continued

### Commitment to Other Agencies

In 2005, the Fort Ord Reuse Authority financed the purchase of Pollution Legal Liability insurance at a cost of $6 million on behalf of local jurisdictions who will receive a portion of the former Fort Ord Army Base property. The City of Del Rey Oaks' and the Agency's share of the annual loan repayments are $256,023 commencing on July 15, 2005 and ending July 1, 2011.

Federal/JER Associates I, LLC agreed to take over the repayment obligation of the Agency to FORA beginning July 15, 2008. The developer did not make the July 15, 2008 and July 15, 2009 payments and is in default of the agreement. The Agency made both payments.

The Agency entered into an agreement with FORA to make monthly payment of $21,858 for the repayment of the Pollution Legal Liability insurance. However, no payments were made for fiscal year ended June 30, 2011.

## Note 10 Related Party Disclosures

The City of Del Rey Oaks provided personnel, administrative and financial services for the Agency. The Agency incurred $5,187 in service costs for the year ended June 30, 2011.

## Note 11 Contingent Liabilities

The Agency is subject to litigation arising from the normal course of business. Federal Del Rey Associates and Federal/JER Associates have filed a cross-complaint against the Agency, as described in Note 4 - Receivable from Developer. The Agency will continue to incur legal expenses. Future legal costs at this point cannot be determined. According to the Agency's attorneys, discovery in the case has not been completed and it is currently not possible to estimate a potential loss.

## Note 12 Subsequent Events

Effective January 2012 the State of California dissolved all Redevelopment agencies. The City of Del Rey Oaks passed a resolution March 22, 2011 allowing the Agency to transfer title of the property held to the City. On January 24, 2012, the City was appointed the successor trustee of the Agency and all assets were transfered. As of January 31, 2012, the deeds were notarized.

# OTHER REPORTS AND SCHEDULE OF FINDINGS

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
Redevelopment Agency of the City of Del Rey Oaks (the Agency)
Del Rey Oaks, California

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Redevelopment Agency of the City of Del Rey Oaks, California as of and for the year ended June 30, 2011, have issued our report thereon dated February 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*,[f] issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with

those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Agency's. In a separate letter dated February 17, 2012.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lavorato & Darling, Inc.

Lavorato & Darling, Inc.
Certified Public Accountants
Salinas, California 93901

REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS
(A Component Unit of the City of Del Rey Oaks, California)
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Current Year

**Repeat finding number 10-01 - Annual Reports Submission**

Prior Year

**Finding 10-01 - Annual Reports Submission**

The Agency did not file Annual Reports timely leading them to be out of compliance with California Health & Safety Code Section 33080.1

Status of prior year finding: see below

a. Independent auditor's report on financial statements - repeat finding

b. Independent auditor's report on compliance - repeat finding

c. Annual Report of Financial Transactions of Community Redevelopment Agencies, Health & Safety Code Section 33080.5 - implemented

**Finding 10-02 - Annual Report Preparation and Submission**

The Redevelopment Agency did not file Annual Reports timely leading them to be out of compliance with the California Health and Safety Code Section 33080.1

Status of prior year finding: implemented

a. Housing activities report, Health & Safety Code Section 33080.4 and Section 33080.7

b. Blight progress report, Health & Safety Code Section 33080.4

c. Property Report, Health & Safety Code Section 33080.4

**Finding 10-03 & 10-04 - Five-Year Implementation Plan Preparation**

Status of prior year finding: implemented

a. The Agency had not prepared a new five-year Implementation Plan for the period March 26, 2008 through March 25, 2013.

**Finding 10-05 - Adoption of Annual Budget Preparation**

Status of prior year findings: implemented

a. The Agency did not adopt a budget for fiscal years ending 2008-09 and 2009-10.

# City of Del Rey Oaks

# Redevelopment Agency

# Due Diligence Report

## Section Five

### Capital Asset Inventory Listing

# Book Asset Detail 7/01/11 - 6/30/12

FYE: 6/30/2012

| Asset | d t | Property Description | Date In Service | Book Cost | Book Sec 179 Exp c | Book Sal Value | Book Prior Depreciation | Book Current Depreciation | Book End Depr | Book Net Book Value | Book Method | Book Period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group: FURNITURE & EQUIPMENT** | | | | | | | | | | | | |
| 12 | | BACHHOE (MAINT YARD) | 9/01/89 | 6,302.00 | 0.00 | 0.00 | 6,302.00 | 0.00 | 6,302.00 | 0.00 | S/L | 10.0 |
| 13 | | 2 ITT F6010B L.E. POCKET SCOI | 8/07/96 | 5,678.00 | 0.00 | 0.00 | 5,678.00 | 0.00 | 5,678.00 | 0.00 | S/L | 5.0 |
| 14 | | TRACTOR | 9/24/97 | 7,636.00 | 0.00 | 0.00 | 7,636.00 | 0.00 | 7,636.00 | 0.00 | S/L | 10.0 |
| 15 | | 2 CUSTOM SIGNALS VIDEO CA | 8/25/00 | 10,729.00 | 0.00 | 0.00 | 10,729.00 | 0.00 | 10,729.00 | 0.00 | S/L | 10.0 |
| 16 | | LUCENT TECH TELEPHONE SY | 10/01/00 | 9,235.00 | 0.00 | 0.00 | 9,235.00 | 0.00 | 9,235.00 | 0.00 | S/L | 5.0 |
| 17 | | UNIT 68 EQUIPMENT | 10/02/00 | 10,249.00 | 0.00 | 0.00 | 10,249.00 | 0.00 | 10,249.00 | 0.00 | S/L | 5.0 |
| 18 | | NH TC40 TRACTOR (MAINT YA | 3/26/02 | 18,018.00 | 0.00 | 0.00 | 16,666.80 | 1,351.20 | 18,018.00 | 0.00 | S/L | 10.0 |
| 19 | | BANDIT MODEL 200 CHIPPER ( | 10/31/02 | 20,378.00 | 0.00 | 0.00 | 17,660.80 | 2,037.80 | 19,698.60 | 679.40 | S/L | 10.0 |
| 20 | | SIMRAD RIFLE SCOPE | 2/01/04 | 9,000.00 | 0.00 | 0.00 | 9,000.00 | 0.00 | 9,000.00 | 0.00 | S/L | 5.0 |
| 21 | | POLICE TACTICAL ROBOT | 10/03/06 | 6,970.00 | 0.00 | 0.00 | 6,622.00 | 348.00 | 6,970.00 | 0.00 | S/L | 5.0 |
| 22 | | PD UNIT EQUIPMENT | 7/17/07 | 10,594.00 | 0.00 | 0.00 | 5,296.25 | 1,324.25 | 6,620.50 | 3,973.50 | S/L | 8.0 |
| 23 | | PARK PLAYGROUND EQUIPME | 3/14/08 | 35,000.00 | 0.00 | 0.00 | 23,333.00 | 7,000.00 | 30,333.00 | 4,667.00 | S/L | 5.0 |
| 24 | | CHIEF VEHICLE EQUIPMENT | 6/09/10 | 10,513.00 | 0.00 | 0.00 | 1,971.13 | 1,314.13 | 3,285.26 | 7,227.74 | S/L | 8.0 |
| | | **FURNITURE & EQUIPMENT** | | 160,302.00 | 0.00c | 0.00 | 130,378.98 | 13,375.38 | 143,754.36 | 16,547.64 | | |
| **Group: LAND & BUILDINGS - DRO** | | | | | | | | | | | | |
| 1 | | TOWN HALL | 7/01/60 | 16,830.00 | 0.00 | 0.00 | 16,830.00 | 0.00 | 16,830.00 | 0.00 | S/L | 40.0 |
| 2 | | CITY HALL | 7/01/60 | 86,092.00 | 0.00 | 0.00 | 86,092.00 | 0.00 | 86,092.00 | 0.00 | S/L | 40.0 |
| 3 | | EQUIPMENT BUILDING (MAINT | 7/01/60 | 5,319.00 | 0.00 | 0.00 | 5,319.00 | 0.00 | 5,319.00 | 0.00 | S/L | 40.0 |
| 4 | | REST ROOM REMOLDING (PAR | 7/01/60 | 27,806.00 | 0.00 | 0.00 | 27,806.00 | 0.00 | 27,806.00 | 0.00 | S/L | 40.0 |
| 5 | | R.V. STORAGE (MAINT YARD) | 7/01/60 | 45,402.00 | 0.00 | 0.00 | 45,402.00 | 0.00 | 45,402.00 | 0.00 | S/L | 40.0 |
| 6 | | PARKING LOT RESURFACING | 3/01/88 | 10,030.00 | 0.00 | 0.00 | 10,030.00 | 0.00 | 10,030.00 | 0.00 | S/L | 15.0 |
| 7 | | CITY WELL & PUMP | 3/01/88 | 12,080.00 | 0.00 | 0.00 | 12,080.00 | 0.00 | 12,080.00 | 0.00 | S/L | 20.0 |
| 8 | | WELL | 6/01/88 | 6,668.00 | 0.00 | 0.00 | 6,668.00 | 0.00 | 6,668.00 | 0.00 | S/L | 20.0 |
| 9 | | RETAINING WALL | 2/01/95 | 11,070.00 | 0.00 | 0.00 | 11,070.00 | 0.00 | 11,070.00 | 0.00 | S/L | 15.0 |
| 10 | | POLICE LOCKER ROOM (DONA | 7/01/02 | 50,242.00 | 0.00 | 0.00 | 22,609.10 | 2,512.10 | 25,121.20 | 25,120.80 | S/L | 20.0 |
| 11 | | TENNIS COURTS (BY PARK) | 11/01/05 | 124,813.00 | 0.00 | 0.00 | 35,363.65 | 6,240.65 | 41,604.30 | 83,208.70 | S/L | 20.0 |
| 40 | | PARK PROJECT IMPROV 2011 | 4/22/11 | 104,671.49 | 0.00 | 0.00 | 436.13 | 2,616.79 | 3,052.92 | 101,618.57 | S/L | 40.0 |
| | | **LAND & BUILDINGS - DRO** | | 501,023.49 | 0.00c | 0.00 | 279,705.88 | 11,369.54 | 291,075.42 | 209,948.07 | | |
| **Group: LAND - RDA** | | | | | | | | | | | | |
| 38 | | LAND | 6/26/02 | 11,330,200.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,330,200.00 | Land | 0.0 |
| | | **LAND - RDA** | | 11,330,200.00 | 0.00c | 0.00 | 0.00 | 0.00 | 0.00 | 11,330,200.00 | | |
| **Group: STRUCTURE & IMPROV-RDA** | | | | | | | | | | | | |
| 39 | | SHEA WELL | 6/26/02 | 75,000.00 | 0.00 | 0.00 | 33,750.00 | 3,750.00 | 37,500.00 | 37,500.00 | S/L | 20.0 |
| | | **STRUCTURE & IMPROV-RDA** | | 75,000.00 | 0.00c | 0.00 | 33,750.00 | 3,750.00 | 37,500.00 | 37,500.00 | | |
| **Group: VEHICLES - DRO** | | | | | | | | | | | | |
| 25 | | 1994 JACOBSON TRAILER | 10/12/94 | 1,500.00 | 0.00 | 0.00 | 1,500.00 | 0.00 | 1,500.00 | 0.00 | S/L | 10.0 |
| 27 | | PUBLIC WORKS DUMP TRUCK | 7/26/96 | 29,648.00 | 0.00 | 0.00 | 29,648.00 | 0.00 | 29,648.00 | 0.00 | S/L | 8.0 |
| 28 | | 2000 FORD CROWN VIC (68) | 10/02/00 | 24,126.00 | 0.00 | 0.00 | 24,126.00 | 0.00 | 24,126.00 | 0.00 | S/L | 8.0 |

# Book Asset Detail 7/01/11 - 6/30/12

FYE: 6/30/2012

| Asset | d t | Property Description | Date In Service | Book Cost | Book Sec 179 Exp c | Book Sal Value | Book Prior Depreciation | Book Current Depreciation | Book End Depr | Book Net Book Value | Book Method | Book Period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group: VEHICLES - DRO (continued)** | | | | | | | | | | | | |
| 29 | | FORD F3S50 (7932) | 11/20/01 | 33,993.00 | 0.00 | 0.00 | 33,993.00 | 0.00 | 33,993.00 | 0.00 | S/L | 8.0 |
| 30 | | 2003 FORD CROWN VIC (60) | 10/10/03 | 15,305.00 | 0.00 | 0.00 | 14,348.13 | 956.87 | 15,305.00 | 0.00 | S/L | 8.0 |
| 31 | | 2003 FORD CROWN VIC (61) | 10/10/03 | 14,200.00 | 0.00 | 0.00 | 13,313.00 | 887.00 | 14,200.00 | 0.00 | S/L | 8.0 |
| 32 | | 1993 FORD CROWN VIC (70) | 11/04/03 | 15,000.00 | 0.00 | 0.00 | 14,063.00 | 937.00 | 15,000.00 | 0.00 | S/L | 8.0 |
| 33 | | 2007 FORD CROWN VIC (7062) | 3/13/07 | 24,305.00 | 0.00 | 0.00 | 13,038.13 | 3,038.13 | 16,076.26 | 8,228.74 | S/L | 8.0 |
| 34 | | 2007 FORD CROWN VIC (7036) | 3/13/07 | 24,305.00 | 0.00 | 0.00 | 13,038.13 | 3,038.13 | 16,076.26 | 8,228.74 | S/L | 8.0 |
| 35 | | 2007 FORD F150 (7933) CAPITAI | 10/23/07 | 28,517.00 | 0.00 | 0.00 | 13,070.63 | 3,564.63 | 16,635.26 | 11,881.74 | S/L | 8.0 |
| 36 | | 2010 FORD (7080) (CAPITAL LE/ | 11/30/09 | 36,746.00 | 0.00 | 0.00 | 6,890.25 | 4,593.25 | 11,483.50 | 25,262.50 | S/L | 8.0 |
| 37 | | 2000 FORD CROWN VIC(67) | 10/02/00 | 24,009.00 | 0.00 | 0.00 | 24,009.00 | 0.00 | 24,009.00 | 0.00 | S/L | 8.0 |
| | | **VEHICLES - DRO** | | 271,654.00 | 0.00c | 0.00 | 201,037.27 | 17,015.01 | 218,052.28 | 53,601.72 | | |
| | | **Grand Total** | | 12,338,179.49 | 0.00c | 0.00 | 644,872.13 | 45,509.93 | 690,382.06 | 11,647,797.43 | | |

Please Note: Assets associated with the RDA of the City of Del Rey Oaks are highlighted, all other assets are for of the City of Del Rey Oaks

# City of Del Rey Oaks

# Redevelopment Agency

# Due Diligence Report

## Section Six

Quitclaim Deed
Parcels-E29a, E29b.1, E31b, E31c, and E36
Buildings – TR2961,TR9242,TR9251,TR9260

WHEN RECORDED RETURN TO:

Attn: Kim Carvalho
City of Del Rey Oaks
650 Canyon Del Rey Rd.
Del Rey Oaks CA 93940

RECORDER STAMP

**QUITCLAIM DEED FOR PARCELS E29a, E29b.1, E31a, E31b, E31c, and E36, AND BUILDINGS TR2961, TR9242, TR9251, and TR9260**
**FORMER FORT ORD, MONTEREY, CALIFORNIA**
**(Fort Ord Reuse Authority to the Redevelopment Agency of the City of Del Rey Oaks)**

THIS QUITCLAIM DEED ("Deed") is made as of the 31st day of January, 2012, among the **REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS,** a public body, corporate and politic **(the "Grantor"),** , and the **CITY OF DEL REY OAKS (the "Grantee").**

**WHEREAS**, The United States of America ("Government") was the owner of certain real property, improvements and other rights appurtenant thereto together with all personal property thereon, located on the former Fort Ord, Monterey County, California, which was utilized as a military installation;

**WHEREAS**, The military installation at Fort Ord was closed pursuant to and in accordance with the Defense Base Closure and Realignment Act of 1990, as amended (Public Law 101-510; 10 U.S.C. § 2687 note);

**WHEREAS**, section 2859 of the National Defense Authorization Act for Fiscal Year 1996, (Public Law 104-106), authorized the Government to sell portions of the former Fort Ord to the **Grantor** as surplus property;

**WHEREAS**, the Fort Ord Reuse Authority and the Government entered into the Memorandum of Agreement Between the United States of America Acting By and Through the Secretary of the Army, United States Department of the Army and the Fort Ord Reuse Authority For the Sale of Portions of the former Fort Ord, California, dated the 20th day of June 2000, ("MOA") and MOA Amendment No. 1, dated the 23rd day of October 2001, which sets forth the specific terms and conditions of the sale of portions of the former Fort Ord located in Monterey County, California;

**QUITCLAIM DEED FOR PARCELS E29a, E29b.1, E31a, E31b, E31c, AND E36, AND BUILDINGS ON THE FORMER FORT ORD**

**WHEREAS**, pursuant to the MOA, the Government conveyed the property known as portions of Parcels E29a, E29b.1, E31a, E31b, E31c, and E36, and Buildings Nos. TR2961, TR9242, TR9251, and TR9260 ("DRO Early Transfer Property"), on the former Fort Ord by quitclaim deed to the Fort Ord Reuse Authority on December , 2005 ("Government Deed") and the Fort Ord Reuse Authority conveyed the DRO Early Transfer Property to the Grantor on March 6, 2006;

WITNESSETH

The **Grantor**, for and in consideration of the sum of one dollar ($1.00) plus other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, releases and quitclaims to the **Grantee**, its successors and assigns forever, all such interest, right, title, and claim as the **Grantor** has in and to portions of Parcels E29a, E29b.1, E31a, E31b, E31c, and E36, and Buildings Nos. TR2961, TR9242, TR9251, and TR9260, consisting of approximately 323.72 acres (the "Property"), more particularly described in Exhibit "A", attached hereto and made a part hereof and including the following:

A. All buildings, facilities, roadways, and other improvements, including the storm drainage systems and the telephone system infrastructure, and any other improvements thereon,

B. All appurtenant easements and other rights appurtenant thereto, permits, licenses, and privileges not otherwise excluded herein, and

C. All hereditaments and tenements therein and reversions, remainders, issues, profits, privileges and other rights belonging or related thereto.

**Grantee** covenants for itself, its successors, and assigns and every successor in interest to the Property, or any part thereof, that **Grantee** and such successors and assigns shall comply with all provisions of the Implementation Agreement as if the **Grantee** were the referenced Jurisdiction under the Implementation Agreement and specifically agrees to comply with the Deed Restrictions and Covenants set forth in Exhibit F of the Implementation Agreement as if such Deed Restrictions and Covenants were separately recorded prior to the recordation of this Deed.

The Government Deed conveying the Property to the Fort Ord Reuse Authority and a Covenant to Restrict Use of Property ("CRUP") were recorded prior to the recordation of this Deed. In the CRUP and in its transfer of the Property to the Fort Ord Reuse Authority, the Government provided certain information regarding the environmental condition of the Property. The **Grantor** has no knowledge regarding the accuracy or adequacy of such information.

**QUITCLAIM DEED FOR PARCELS E29a, E29b.1, E31a, E31b, E31c, AND E36, AND BUILDINGS ON THE FORMER FORT ORD**

The italicized information below is copied verbatim (except as discussed below) from the Government deed conveying the Property to the Fort Ord Reuse Authority. The **Grantee** hereby acknowledges and assumes all responsibilities with regard to the Property placed upon the Fort Ord Reuse Authority under the terms of the aforesaid Government deed to Fort Ord Reuse Authority and subsequently placed on the Grantor and **Grantor** grants to **Grantee** all benefits with regard to the Property under the terms of the aforesaid Government deed. Within the italicized information only, the term "Grantor" shall mean the Government, and the term "Grantee" shall mean the Fort Ord Reuse Authority ("FORA"); to avoid confusion, the words "the Government" have been added in parenthesis after the word "Grantor", and "FORA" has been added in parenthesis after the word "Grantee".

***II. EXCLUSIONS AND RESERVATIONS***

*This conveyance is made subject to the following **EXCLUSIONS** and **RESERVATIONS:***

*A. The Property is taken by the Grantee ("FORA") subject to any and all valid and existing recorded outstanding liens, leases, easements, and any other encumbrances made for the purpose of roads, streets, utility systems, rights-of-way, pipelines, and/or covenants, exceptions, interests, liens, reservations, and agreements of record.*

*(1) The Grantee ("FORA") acknowledges and agrees that the Property is taken by Grantee ("FORA") subject to the "Agreement and Irrevocable Offer to Dedicate By Gift" between the Redevelopment Agency of the City of Del Rey Oaks and Caltrans dated September 13, 2005 and attached hereto as Exhibit G.*

*B. The Grantor ("the Government") reserves a right of access to any and all portions of the Property for environmental investigation and remediation, or other corrective action. This reservation includes the right of access to and use of, to the extent permitted by law, available utilities at reasonable cost to the Grantor ("the Government"). These rights shall be exercisable in any case in which a remedial action, response action or corrective action or investigation of a release or threat of release is found to be necessary after the date of conveyance of the Property, or such access is necessary to carry out a remedial action, response action or corrective action on adjoining property. Pursuant to this reservation, the United States and its officers, agents, employees, contractors, and subcontractors shall have the right (upon reasonable notice to the Grantee ("FORA"), or the then owner and any authorized occupant of the Property) to*

*enter upon the Property and conduct investigations and surveys, to include drillings, test-pitting, borings, data and/or record compilation, and other activities related to environmental investigation, and to carry out remedial or removal actions as required or necessary under applicable authorities, including but not limited to monitoring wells, pumping wells, and treatment. The Grantee ("FORA") agrees that notwithstanding any other provisions of this Deed, the Grantor ("the Government") assumes no liability to the Grantee ("FORA"), the then owner, or any other person, should the Grantor's ("the Government") exercise of its rights hereunder interfere with the Grantee's ("FORA") use of the Property, such interference to be avoided by Grantor ("the Government") to the extent reasonably practicable.*

*C. Access to USA Media Group, LLC, or its successor in interest, to TV cable lines is reserved until expiration of its existing franchise agreement, November 19, 2005.*

*D. The reserved rights and easements set forth in this section are subject to the following terms and conditions:*

*(1) to comply with all applicable Federal law and lawful existing regulations;*

*(2) to allow the occupancy and use by the Grantee ("FORA"), its successors, assigns, permittees, or lessees of any part of the easement areas not actually occupied or required for the purpose of the full and safe utilization thereof by the Grantor ("the Government"), so long as such occupancy and use does not compromise the ability of the Grantor ("the Government") to use the easements for their intended purposes, as set forth herein;*

*(3) that the easements granted shall be for the specific use described and may not be construed to include the further right to authorize any other use within the easements unless approved in writing by the fee holder of the land subject to the easement;*

*(4) that any transfer of the easements by assignment, lease, operating agreement, or otherwise must include language that the transferee agrees to comply with and be bound by the terms and conditions of the original grant;*

*(5) that, unless otherwise provided, no interest granted shall give the Grantor ("the Government") any right to remove any material, earth, or stone*

*for consideration or other purpose except as necessary in exercising its rights hereunder; and*

*(6) to restore any easement area so far as it is reasonably possible to do so upon abandonment or release of any easement as provided herein, unless this requirement is waived in writing by the then owner of the Property.*

*E. Grantor ("the Government") reserves mineral rights that Grantor ("the Government") owns with the right of surface entry in a manner that does not unreasonably interfere with Grantee's ("FORA") development and quiet enjoyment of the Property.*

***TO HAVE AND TO HOLD** the Property unto the Grantee ("FORA") and its successors and assigns forever, provided that this Deed is made and accepted upon each of the following notices, covenants, restrictions, and conditions which shall be binding upon and enforceable against the Grantee ("FORA"), its successors and assigns, in perpetuity, as follows:*

***III. "AS IS, WHERE IS"***

*The Property is conveyed in an "As Is, Where Is" condition without any representation, warranty or guarantee, except as otherwise stated herein, by the Grantor ("the Government") as to quantity, quality, title, character, condition, size, or kind, or that the same is in condition or fit to be used for the purpose for which intended, and no claim for allowance or deduction upon such grounds will be considered. There is no obligation on the part of the Grantor ("the Government") to make any alterations, repairs, or additions, and said Grantor ("the Government") shall not be liable for any latent or patent defects in the Property. This section shall not affect the Grantor's ("the Government") responsibility under CERCLA COVENANTS, NOTICE, AND ENVIRONMENTAL REMEDIATION and INDEMNITY herein.*

***IV. FEDERAL FACILITIES AGREEMENT ("FFA")***

*The Grantor ("the Government") acknowledges that former Fort Ord has been identified as a National Priority List ("NPL") Site under CERCLA. The Grantee ("FORA") acknowledges that the Grantor ("the Government") has provided it with a copy of the FFA entered into by the EPA Region IX, the State of California, and the United States Department of the Army, effective on February 1990, and will provide the Grantee ("FORA") with a copy of any amendments thereto. The Grantee ("FORA") agrees that should any conflict arise between the*

*terms of the FFA as they presently exist or may be amended, and the provisions of this Property transfer, the terms of the FFA will take precedence. The Grantee ("FORA") further agrees that notwithstanding any other provisions of the Property transfer, the Grantor ("the Government") assumes no liability to the Grantee ("FORA"), should implementation of the FFA interfere with their use of the Property. The Grantee ("FORA"), or any subsequent transferee, shall have no claim on account of any such interference against the Grantor ("the Government") or any officer, agent, employee or contractor thereof, such interference to be avoided by Grantor ("the Government") to the extent reasonably practicable. Grantor ("the Government") agrees to use its best efforts to ensure that any amendment to the FFA will not be inconsistent or incompatible with the Grantee's ("FORA") use of the Property.*

***V. CERCLA COVENANTS, NOTICE, AND ENVIRONMENTAL REMEDIATION***

*A. Pursuant to Section 120(h)(3) of CERCLA, as amended, 42 U.S.C. § 9601 et seq., the Finding of Suitability for Early Transfer ("FOSET") attached hereto and made a part hereof as Exhibit "D", and an environmental baseline survey ("EBS") known as Community Environmental Response Facilitation Act report, which is referenced in the FOSET, set forth the Grantor's ("the Government") knowledge of the environmental condition of the Property. The FOSET sets forth the basis for the Grantor's ("the Government") determination that the Property is suitable for transfer. The Grantee ("FORA") is hereby made aware of the notifications contained in the EBS and the FOSET. The Grantee ("FORA") has inspected the Property and accepts the physical condition and current level of environmental hazards on the Property and deems the Property to be safe for the Grantee's ("FORA") intended use. The Grantor ("the Government") represents that the Property is environmentally suitable for transfer to Grantee ("FORA") for the purposes identified in the Final Fort Ord Base Reuse Plan dated December 12, 1994, as amended on June 13, 1997, as approved by the Grantee ("FORA"). If, after conveyance of the Property to Grantee ("FORA"), there is an actual or threatened release of a hazardous substance on the Property, or in the event that a hazardous substance is discovered on the Property after the date of this conveyance, whether or not such substance was set forth in the technical environmental reports, including the EBS, Grantee ("FORA") or its successor or assigns shall be responsible for such release or newly discovered substance unless such release or such newly discovered substance was due to Grantor's ("the Government") activities, ownership, use, presence on, or occupation of the Property, or the activities of Grantor's ("the Government") contractors and/or agents. Grantee ("FORA"),*

*its successors and assigns, each of them to the extent responsible, as consideration for this conveyance, agrees to release Grantor ("the Government") from liability or responsibility for any claims arising out of or in any way predicated on: (a) the Grantee's ("FORA"), its successors' and assigns' negligent or willful release of any hazardous substance or petroleum product present on the Property; and (b) for any release of any hazardous substance or petroleum product, where such substance or product was placed on the Property by Grantee ("FORA"), its successors or assigns at any time, or by any non-Army person or entity after the date of this conveyance.*

*B. All response actions necessary to protect human health and the environment will be the responsibility of the Grantor ("the Government"), with respect to any hazardous substance remaining on the Property as a result of storage, release, or disposal prior to the date of this conveyance.*

*C. Any additional remedial action found to be necessary after the date of this conveyance, with regard to such hazardous substances remaining on the Property, which are either not currently known to the Grantor ("the Government") or do not now require remediation, shall be conducted by the Grantor ("the Government"). This covenant shall not apply to the extent that the Grantee ("FORA") or its successors or assigns is a potentially responsible party under CERCLA with respect to such hazardous substances.*

*D. The Grantor ("the Government") covenants that upon completion of any removal or remediation action that removes the risk giving rise to any restriction on future use or any limitation of activities contained in a deed or lease for the Property or in any other document relating to the Property, the Grantor ("the Government"), without any payment of funds by the United States, agrees to cooperate with the Grantee ("FORA"), its successors or assigns, in any application, permit, easement or effort to obtain approval from appropriate Federal, state or local authorities for the purpose of removing any such restriction or limitation, which the Grantee ("FORA"), its successors or assigns, shall seek to remove or eliminate. Grantor ("the Government") agrees to provide a release deed for such restriction or limitation, to the extent such release deed in within Grantor's ("the Government") authority.*

*E. Without the express written consent of the Grantor ("the Government") in each case first obtained, neither the Grantee ("FORA"), its successors or assigns, nor any other person or entity acting for or on behalf of the Grantee ("FORA"), its successors or assigns, shall interfere with any response action being taken on the Property by or on behalf of the Grantor ("the Government"), or*

*interrupt, relocate, or otherwise interfere with any Grantor ("the Government") applied remediation system now or in the future located, over, through, or across any portion of the Property.*

*F. Once the remedy has been determined and is in place, the Army, with the concurrence of EPA and DTSC, shall execute and deliver to the Grantee ("FORA"), or its successor and assigns, an appropriate document, containing a warranty that all response actions necessary to protect human health and the environment with respect to any substances remaining on the Property on the date of this transfer, have been taken as required by law. This warranty shall be in a form that is recordable in the Office of the Recorder, Monterey County, California.*

## *VI. INDEMNITY*

*The Grantor ("the Government") recognizes its obligation to hold harmless, defend, and indemnify the Grantee ("FORA") and any successor, assignee, transferee, lender, or lessee of the Grantee ("FORA") or its successors and assigns, as required and limited by Section 330 of Public Law 102-484, the Department of Defense Authorization Act of 1993, as amended (10 U.S.C. § 2687, note) and to otherwise meet its obligations under Federal law.*

## *VII. NOTICE OF THE PRESENCE OF ASBESTOS AND COVENANT*

*This notice is applicable to Parcel E29a.*

*A. The Grantee ("FORA") is hereby informed and does acknowledge that non-friable asbestos or asbestos-containing material has been found on Parcel E29a, as described in the asbestos survey referenced in the FOSET. Such asbestos does not present a "release or threat of release into the environment" as defined by CERCLA.*

*B. The Grantee ("FORA") covenants and agrees that its use and occupancy of Parcel E29a will be in compliance with all applicable laws relating to asbestos; and that the Grantor ("the Government") assumes no liability for future remediation of asbestos or damages for personal injury, illness, disability, or death, to the Grantee ("FORA"), its successors or assigns, sublessees, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with asbestos on Parcel E29a after this conveyance of Parcel E29a, whether the Grantee ("FORA"), its successors or assigns have properly warned or failed to properly*

*warn the individual(s) injured. The Grantee ("FORA") agrees to be responsible for any future remediation of asbestos found to be necessary on Parcel E29a as a result of the Grantee's ("FORA") activities.*

*C. Unprotected or unregulated exposures to asbestos in product manufacturing, shipyard, and building construction workplaces have been associated with asbestos-related diseases. Both the Occupational Safety and Health Administration (OSHA) and the EPA regulate asbestos because of the potential hazards associated with exposure to airborne asbestos fibers. Both OSHA and EPA have determined that such exposure increases the risk of asbestos-related diseases, which include certain cancers and which can result in disability or death.*

*D. The Grantee ("FORA") acknowledges that it has inspected Parcel E29a as to its asbestos content and condition and any hazardous or environmental conditions relating thereto.*

*E. The Grantee ("FORA") further agrees to indemnify and hold harmless the Army, its officers, agents and employees, from and against all suits, claims, demands or actions, liabilities, judgments, costs and attorneys' fees arising out of, or in any manner predicated upon, exposure to asbestos on any portion of Parcel E29a, which exposure occurs after this conveyance of Parcel E29a to the Grantee ("FORA"). The Grantee's ("FORA") obligation hereunder shall apply whenever the United States incurs costs or liabilities for actions giving rise to liability under this section.*

## *VIII. NOTICE OF THE PRESENCE OF LEAD-BASED PAINT AND COVENANT*

*This notice is applicable to Parcels E29a and E29b.1.*

*A. The Grantee ("FORA") is hereby informed and does acknowledge that all buildings on Parcels E29a and E29b.1, which were constructed or rehabilitated prior to 1978, are presumed to contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Every purchaser of any interest in Residential Real Property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to*

*pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. "Residential Real Property" means dwelling units, common areas, building exterior surfaces, and any surrounding land, including outbuildings, fences and play equipment affixed to the land, available for use by residents and child occupied buildings visited regularly by the same child 6 years of age or under on at least two different days within any week including day-care centers, pre-school and kindergarten classrooms but not including land used for agricultural, commercial, industrial, or other non-residential purposes, and not including paint on the pavement of parking lots, garages, or roadways.*

*B. Buildings constructed prior to 1978 are assumed to contain lead-based paint. Buildings constructed after 1977 are assumed to be free of lead-based paint. No other surveys or studies assessing the possible presence of lead-based paint in former or existing buildings on Parcels E29a and E29b.1 where performed by the Grantor ("the Government"). All purchasers must receive the federally approved pamphlet on lead poisoning prevention. The Grantee ("FORA") hereby acknowledges receipt of all of the information described in this Subparagraph.*

*C. The Grantee ("FORA") acknowledges that it has received the opportunity to conduct its own risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards prior to execution of this Deed.*

*D. The Grantee ("FORA") covenants and agrees that it shall not permit the occupancy or use of any buildings or structures on Parcels E29a and E29b.1 as Residential Real Property, as defined in Subparagraph A, above, without complying with this section and all applicable Federal, state, and local laws and regulations pertaining to lead-based paint and/or lead-based paint hazards. Prior to permitting the occupancy of Parcels E29a and E29b.1 where their use subsequent to this conveyance is intended for residential habitation, the Grantee ("FORA") specifically agrees to perform, at its sole expense, the Army's abatement requirements under Title X of the Housing and Community Development Act of 1992 (Residential Lead-Based Paint Hazard Reduction Act of 1992) (hereinafter Title X).*

*E. The Grantee ("FORA") shall, after consideration of the guidelines and regulations established pursuant to Title X: (1) Perform a reevaluation of the Risk Assessment if more than 12 months have elapsed since the date of the last Risk Assessment; (2) Comply with the joint HUD and EPA Disclosure Rule (24 CFR 35, Subpart H, 40 CFR 745, Subpart F), when applicable, by disclosing to prospective*

*purchasers the known presence of lead-based paint and/or lead-based paint hazards as determined by previous risk assessments; (3) Abate lead dust and lead-based paint hazards in pre-1960 residential real property, as defined in Subparagraph A, above, in accordance with the procedures in 24 CFR 35; (4) Abate soil-lead hazards in pre-1978 residential real property, as defined in Subparagraph A, above, in accordance with the procedures in 24 CFR 35; (5) Abate lead-soil hazards following demolition and redevelopment of structures in areas that will be developed as residential real property; (6) Comply with the EPA lead-based paint work standards when conducting lead-based paint activities (40 CFR 745, Subpart L); (7) Perform the activities described in this Subparagraph within 12 months of the date of the lead-based paint risk assessment and prior to occupancy or use of the residential real property; and (8) Send a copy of the clearance documentation to the Grantor ("the Government").*

*F. In complying with these requirements, the Grantee ("FORA"), its successors and assigns, covenants and agrees to be responsible for any abatement or remediation of lead-based paint or lead-based paint hazards on Parcels E29a and E29b.1 found to be necessary as a result of the subsequent use of Parcels E29a and E29b.1 for residential purposes. The Grantee ("FORA") covenants and agrees to comply with solid or hazardous waste laws that may apply to any waste that may be generated during the course of lead-based paint abatement activities.*

*G. The Grantee ("FORA") further agrees to indemnify and hold harmless the Army, its officers, agents and employees, from and against all suits, claims, demands, or actions, liabilities, judgments, costs and attorney's fees arising out of, or in a manner predicated upon personal injury, death or property damage resulting from, related to, caused by or arising out of lead-based paint or lead-based paint hazards on Parcels E29a and E29b.1 if used for residential purposes after the date of this conveyance of Parcels E29a and E29b.*

*H. The covenants, restrictions, and requirements of this Section shall be binding upon the Grantee ("FORA"), its successors and assigns and all future owners and shall be deemed to run with the land. The Grantee ("FORA") on behalf of itself, its successors and assigns covenants that it will include and make legally binding, this Section in all subsequent transfers, leases, or conveyance documents.*

## *IX. NOTICE OF THE POTENTIAL FOR THE PRESENCE OF MUNITIONS AND EXPLOSIVES OF CONCERN ("MEC") AND STORAGE, RELEASE, OR DISPOSAL OF HAZARDOUS SUBSTANCES*

**QUITCLAIM DEED FOR PARCELS E29a, E29b.1, E31a, E31b, E31c, AND E36, AND BUILDINGS ON THE FORMER FORT ORD**

*A. The Grantor ("the Government") hereby notifies the Grantee ("FORA") that munitions response ("MR") actions (investigations) identified MRS-DRO.1, MRS-DRO.2 and MRS-43, as described on Plate 2- Attachment 3 of the FOSET, as areas of former military munitions use. The three munitions response sites ("MRSs") have undergone investigations including sampling and removal of MEC over all of the early transfer area. However, there is a potential for MEC to be present. In the event the Grantee ("FORA"), its successors, or assigns, should discover any MEC on the Property, they shall not attempt to disturb, remove or destroy it, but shall immediately do the following: (1) notify the Presidio of Monterey Police Department via telephone at (831) 242-7851 and (2) complete Section A of the Munitions and Explosives of Concern Incident Reporting Form (Exhibit "E" attached hereto and made a part hereof), fax the form to the Presidio of Monterey Police Department at (831) 242-7740. Competent Grantor ("the Government") or Grantor ("the Government")-designated explosives ordnance disposal ("EOD") personnel will be dispatched promptly to dispose of such MEC properly and to take all remedial action necessary to protect human health and the environment, at no expense to the Grantee ("FORA"). The Grantee ("FORA") hereby acknowledges receipt of the "Ordnance and Explosives Safety Alert" pamphlet and the MEC Incident Reporting Form.*

*B. The Grantor ("the Government") has completed an investigation for military munitions on the Property. The area has been searched and cleared of all MEC detected. Based on the results of the removal operations, no further MR actions are recommended within the Property. However, a portion of Parcels E29a and E29b.1 (within 11 grids in the Range 26 berm area, as identified in Exhibit "F" attached hereto and made a part hereof) is transferred with restrictions in accordance with AR 405-90, Appendix D-4(b). The berm area includes 11 MEC removal grids identified as requiring construction support during intrusive work operations that exceed a depth of 4 feet. The Army will provide construction support within the 11 grid area during soil excavation or movement at depths exceeding 4 feet. Additional information on construction support activities is provided in Section 5.0 of Attachment 2 of the FOSET. All intrusive operations in this area (exceeding a depth of 4 feet) shall be in accordance with Engineer Manual ("EM") 1110-1-4009, Engineer Regulation ("ER") 1110-1-8153, Engineer Pamphlet ("EP") 1110-1-18, and EP 75-1-2. Machine gun links found in this area indicate that the excavated level of the berm, in some areas, does not match the surrounding undisturbed terrain. The specific location of each of the 11 grids is delineated in the OE-15 DRO.1-2 After-Action Report (Parsons, 2003) and shown on Plate 3-Attachment 3 of the FOSET (for informational purposes only). The use and/or occupancy of the Property may be*

*limited or restricted, as necessary, under the following scenarios: (1) to provide the required minimum separation distance employed during intrusive MEC response actions that may occur on or adjacent to the Property; and (2) if Army-implemented prescribed burns are necessary for the purpose of MEC response actions in adjacent areas. If MEC is found and necessitates immediate in-place disposal because it is unsafe to move, a minimum separation distance of 200 feet will be used for the detonation. A buffer of 200 feet has been cleared between Parcels E29a and E29b.1 and the habitat area to the east of these parcels prior to the transfer of the Property.*

*C. The Grantor's ("the Government") assessment indicated that the remaining portions of Parcels E29a, E29b.1, and Parcels E31a, E31b, E31c, and E36, can be transferred with no restriction on land use. However, the Army has agreed to enter into a Covenant To Restrict Use Of Property ("Covenant") with DTSC pursuant to California Civil Code Section 1471(c). The City of Del Rey Oaks has agreed to the Covenant. The Covenant will place additional use restrictions on all of the transferring property and will be signed prior to transfer. The Army and the DTSC agree that the use of the Property will be restricted as set forth in the Covenant and described in Section 8.0 of the FOSET.*

*D. As agreed to by the DTSC, FORA, and the Redevelopment Agency of Del Rey Oaks in the Del Rey Oaks Former Fort Ord Resort Property Agreement ("Agreement"), the City of Del Rey Oaks will provide on-site expert MEC construction support on all of the Property, except as provided in CONSTRUCTION SUPPORT herein.*

*E. Because the Grantor ("the Government") cannot guarantee that all MEC has been removed, the Grantor ("the Government") recommends reasonable and prudent precautions be taken when conducting intrusive operations on the Property and will, at Grantor's ("the Government") expense, provide construction worker MEC recognition training.*

*F. Pursuant to an agreement with the DTSC, the City of Del Rey Oaks has adopted a City Ordinance (Chapter 15.48) that addresses the potential UXO risk by requiring permits for certain excavation activities. The City of Del Rey Oaks has designated as an "Ordnance Remediation District," all real property within the City's land use jurisdiction and that was formerly part of Fort Ord and identified as a possible location of UXO.*

*G. This notice is provided pursuant to CERCLA 120(h)(3)(a)(i). The Army has performed munitions response actions on the Del Rey Oaks parcel*

*pursuant to the Fort Ord Federal Facilities Agreement. These munitions response actions found approximately 244 unexploded ordnance (UXO) items, such as 35mm subcaliber practice rockets and 2.36-inch rockets. These UXO were destroyed by detonation. Because these items were actively managed for treatment on a closed range, these UXO items are solid wastes. Additionally, because these UXO were capable of detonation or explosive reaction, they have been identified as characteristic (reactivity) hazardous waste and, therefore, are also CERCLA hazardous substances. In conjunction with the munitions response activities on these closed ranges, the Army has concluded that hazardous substances in the form of certain UXO were stored, released, or disposed of in excess of the CERCLA reportable quantities listed in 40 Code of Federal Regulation (CFR) Part 302.4. A release of lead also occurred as the result of the military's use of small arms ammunition on the firing ranges located within Parcel E29a. Soil containing residual lead from spent ammunition that exceeded the risk-based target cleanup levels (TCLs) was excavated and removed under the Fort Ord Installation Restoration Program (IRP).*

## *X. LONG TERM MEC RISK MANAGEMENT*

*Unless modified by the MR remedial investigation/feasibility study, long-term risk management measures that will be implemented for MRS-DRO.1, MRS-DRO.2 and MRS-43 include: (1) annual notification and invitation to the Grantee ("FORA") to the annual public education meeting; (2) recurring reviews by the Grantor ("the Government") to determine if the response actions taken at the MR sites continue to be adequate; (3) a covenant to be entered into between the Army and the State of California, placing restrictions on all of the transferring property; (4) an ordinance adopted by the City of Del Rey Oaks requiring a permit for ground disturbing activities (in addition to those contained in the current building code); (5) an agreement between the State of California, FORA, and the City of Del Rey Oaks, which will include continuous community MEC education and awareness programs, construction worker MEC recognition training, construction support, and the installation of perimeter fencing prior to the commencement of construction, and (6) a close-out report documenting that the recurring reviews and response actions have effectively addressed the risks posed at the MR sites.*

## *XI. CONSTRUCTION SUPPORT*

*FORA, the DTSC, and the City of Del Rey Oaks have agreed that construction support will be required during all intrusive work operations on the*

*Property and the City of Del Rey Oaks will provide on-site expert MEC construction support on all of the Property. The Army will only provide construction support for all intrusive activities exceeding a depth of 4 feet within the "range 26 berm" (11 grid area), which is described on Exhibit F and delineated in the OE-15DRO.1-2 After Action Report and shown on Plate 3-Attachment 3 of the FOSET. All construction support activities will be in compliance with EP 75-1-2, ER 1110-1-8153, EP 1110-1-18, and EM 1110-1-4009*

***XII. NOTICE OF THE POTENTIAL FOR THE PRESENCE OF PESTICIDES AND COVENANT***

*A. The Grantee ("FORA") is hereby informed and does acknowledge that pesticides may be present on the Property. To the best of Grantor's ("the Government") knowledge, the presence of pesticides does not currently pose a threat to human health or the environment, and the use and application of any pesticide product by the Grantor ("the Government") was in accordance with its intended purpose, and in accordance with CERCLA § 107 (i), which states:*

*No person (including the Grantor ("the Government") or any State or Indian tribe) may recover under the authority of this section for any response costs or damages resulting from the application of a pesticide product registered under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.). Nothing in this paragraph shall affect or modify in any way the obligations or liability of any person under any other provision of State or Federal law, including common law, for damages, injury, or loss resulting from a release of any hazardous substance or for removal or remedial action or the costs of removal or remedial action of such hazardous substance.*

*B. Upon request, the Grantor ("the Government") agrees to furnish to the Grantee ("FORA") any and all records in its possession related to the use of the pesticides necessary for the continued compliance by the Grantee ("FORA") with applicable laws and regulations related to the use of pesticides.*

*C. The Grantee ("FORA") covenants and agrees that its possession, potential use and continued management of the Property, including any demolition of structures, will be in compliance with all applicable laws relating to hazardous substance/pesticides and hazardous wastes.*

***XIII. NOTICE OF THE PRESENCE OF THREATENED AND ENDANGERED SPECIES***

*RARE, THREATENED AND ENDANGERED SPECIES MANAGEMENT*

*A. The Property contains habitat occupied and/or potentially occupied by several sensitive wildlife and plant species, some of which are listed or proposed for listing as threatened or endangered under the ESA. Applicable laws and regulations restrict activities that involve the potential loss of populations and habitats of listed species. To fulfill Grantor's ("the Government") commitment in the Fort Ord Disposal and Reuse Environmental Impact Statement Record of Decision, made in accordance with the National Environmental Policy Act of 1969, 42 U.S.C § 4321 et seq., this Deed requires the conservation of these sensitive wildlife and plant species and their habitats consistent with the U.S. Fish and Wildlife Service Biological Opinions for disposal of the former Fort Ord lands issued pursuant to Section 7 of the ESA on March 30, 1999, October 22, 2002, and March 14, 2005, respectively. By requiring Grantee ("FORA"), and its successors and assigns to comply with the Installation-Wide Multispecies HMP, Grantor ("the Government") intends to fulfill its responsibilities under Section 7 of the ESA and to minimize future conflicts between species protection and economic development of portions of the Property.*

*B. Grantee ("FORA") acknowledges that it has received a copy of the HMP. The HMP, which is incorporated herein by reference, provides a basewide framework for disposal of lands within former Fort Ord wherein development and potential loss of species and/or habitat is anticipated to occur in certain areas of the former Fort Ord (the HMP Development Areas) while permanent species and habitat conservation is guaranteed within other areas of the former Fort Ord (i.e., the HMP Reserve and Corridor parcels). Disposal of former Fort Ord lands in accordance with and subject to the restrictions of the HMP is intended to satisfy the Army's responsibilities under Section 7 of the ESA.*

*C. The following parcels of land within the Property hereby conveyed to Grantee ("FORA") are subject to the specific use restrictions and/or conservation, management, monitoring, and reporting requirements identified for the parcel in the HMP:*

*1. Development with Reserve Areas or Development with Restrictions Parcels E31a, E31b, and E31c; and*

*2. Borderland Development Areas Along Natural Resource Management Area ("NRMA") Interface: Parcels E29a and E29b.1.*

*D. Any boundary modifications to the Development with Reserve Areas or Development with Restrictions parcels or the Borderland Development Areas Along NRMA Interface must be approved in writing by the U. S. Fish and Wildlife Service ("USFWS") and must maintain the viability of the HMP for species and habitat conservation.*

*E. The HMP describes existing habitat and the likely presence of sensitive wildlife and plant species that are treated as target species in the HMP. Some of the target species are currently listed or proposed for listing as threatened or endangered under the ESA. The HMP establishes general conservation and management requirements applicable to the Property to conserve the HMP species. These requirements are intended to meet mitigation obligations applicable to the Property resulting from the Army disposal and development reuse actions. Under the HMP, all target species are treated as if listed under the ESA and are subject to avoidance, protection, conservations and restoration requirements. Grantee ("FORA"), its successors or assigns, shall be responsible for implementing and funding each of the following requirements set forth in the HMP as applicable to the Property:*

*1. implement all avoidance, protection, conservation and restoration requirements identified in the HMP as applicable to the Property and shall cooperate with adjacent property owners in implementing mitigation requirements identified in the HMP for adjacent sensitive habitat areas.*

*2. protect and conserve the HMP target species and their habitats within the Property, and, other than those actions required to fulfill a habitat restoration requirement applicable to the Property or as otherwise authorized by the USFWS through an incidental take statement or permit, shall not remove any vegetation, cut any trees, disturb any soil, or undertake any other actions that would impair the conservation of the species or their habitats. Grantee ("FORA") shall accomplish the Resource Conservation Requirements and Management Requirements identified in Chapter 4 of the HMP as applicable to any portion of the Property.*

*3. manage, through an agency or entity approved by USFWS, each HMP parcel, or portion thereof, within the Property that is required in the HMP to be managed for the conservation of the HMP species and their habitats, in accordance with the provisions of the HMP.*

*4. directly, or indirectly through its USFWS approved habitat manager, implement the management guidelines applicable to the parcel through the development of a site-specific management plan. The requirements of the*

*HMP and the site-specific management plan may be modified or refined through the Coordinated Resource Management and Planning ("CRMP") process or with the concurrence of USFWS (and, as appropriate, CDFG) as new information or changed conditions indicate the need for adaptive management changes.*

*5. restrict access to the Property in accordance with the HMP, but shall allow access to the Property, upon reasonable notice of not less than 48 hours, by USFWS, and its designated agents, for the purpose of monitoring Grantee's ("FORA") compliance with, and for such other purposes as are identified in the HMP.*

*6. comply with all monitoring and reporting requirements set forth in the HMP that are applicable to the Property, and shall provide an annual monitoring report, as provided for in the HMP, to the Bureau of Land Management ("BLM") on or before November 1 of each year, or such other date as may be hereafter agreed to by USFWS and BLM.*

*7. Grantee ("FORA") covenants for itself, its successors and assigns, that it shall include and otherwise make legally binding the provisions of the HMP in any deed, lease, right of entry, or other legal instrument by which Grantee ("FORA") divests itself of any interest in all or a portion of the Property. The covenants, conditions, restrictions and requirements of this Deed and the provisions of the HMP shall run with the land. The covenants, conditions, restrictions and requirements of this Deed and the HMP benefit the lands retained by the Grantor ("the Government") that formerly comprised Fort Ord, as well as the public generally. Management responsibility for the Property may only be transferred as a condition of the transfer of the Property, with the consent of the USFWS. USFWS may require the establishment of a perpetual trust fund to pay for the management of the Property as a condition of transfer of management responsibility from Grantee ("FORA").*

*8. This conveyance is made subject to the following ENFORCEMENT PROVISIONS:*

*a. If Grantor ("the Government") (or its assigns), acting through the USFWS or a successor designated agency, determines that Grantee ("FORA") is violating or threatens to violate the provisions of Section XIII of this Deed or the provisions of the HMP, Grantor ("the Government") shall provide written notice to Grantee ("FORA") of such violation and demand corrective action sufficient to cure the violation, and where the violation involves injury to the Property resulting from any use or activity inconsistent with the provisions of*

*Section XIII of this Deed or the provisions of the HMP, to restore the portion of the Property so injured. If Grantee ("FORA") fails to cure a violation within sixty (60) days after receipt of notice thereof from Grantor ("the Government"), or under circumstances where the violation cannot reasonably be cured within a sixty (60) day period, or fails to continue to diligently cure such violation until finally cured, Grantor ("the Government") may bring an action at law or in equity in a court of competent jurisdiction to enforce the covenants, conditions, reservations and restrictions of this Deed and the provisions of the HMP, to enjoin the violation, by temporary or permanent injunction, to recover any damages to which it may be entitled for violation of the covenants, conditions, reservations and restrictions of this Deed or the provisions of the HMP, or injury to any conservation value protected by this Deed or the HMP, and to require the restoration of the Property to the condition that existed prior to such injury. If Grantor ("the Government"), in its good faith and reasonable discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the species and habitat conservation values of the Property, Grantor ("the Government") may pursue its remedies under this paragraph without prior notice to Grantee ("FORA") or without waiting for the period provided for the cure to expire. Grantor's ("the Government") rights under this paragraph apply equally in the event of either actual or threatened violations of covenants, conditions, reservations and restrictions of this Deed or the provisions of the HMP, and Grantee ("FORA") acknowledges that Grantor's ("the Government") remedies at law for any of said violations are inadequate and Grantor ("the Government") shall be entitled to the injunctive relief described in this paragraph, both prohibitive and mandatory, in addition to such other relief to which Grantor ("the Government") may be entitled, including specific performance of the covenants, conditions, reservations and restrictions of this Deed and the provisions of the HMP.*

*b. Enforcement of the covenants, conditions, reservations and restrictions in this Deed and the provisions of the HMP shall be at the discretion of Grantor ("the Government"), and any forbearance by Grantor ("the Government") to exercise its rights under this Deed and the HMP in the event of any such breach or violation of any provision of this Deed or the HMP by Grantee ("FORA") shall not be deemed or construed to be a waiver by Grantor ("the Government") of such provision or of any subsequent breach or violation of the same or any other provision of this Deed or the HMP or of any of Grantor's ("the Government") rights under this Deed or the HMP. No delay or omission by Grantor ("the Government") in the exercise of any right or remedy upon any breach or violation by Grantee ("FORA") shall impair such right or remedy or be construed as a waiver.*

*c. In addition to satisfying Army's responsibilities under Section 7 of the ESA, Grantee's ("FORA") compliance with the covenants, conditions, reservations and restrictions contained in this Deed and with the provisions of the HMP are intended to satisfy mitigation obligations included in any future incidental take permit issued by USFWS pursuant to Section 10(a) (1) (B) of the ESA which authorizes the incidental take of a target HMP species on the Property. Grantee ("FORA") acknowledges that neither this Deed nor the HMP authorizes the incidental take of any species listed under the ESA. Authorization to incidentally take any target HMP wildlife species must be obtained by Grantee ("FORA") separately, or through participation in a broader habitat conservation plan and Section 10(a)(1)(B) permit based on the HMP and approved by USFWS.*

## *XIV. AIR NAVIGATION RESERVATION AND RESTRICTIONS*

*The Monterey Airport is in close proximity to the Property. Accordingly, in coordination with the Federal Aviation Administration, the Grantee ("FORA") covenants and agrees, on behalf of itself, its successors and assigns and every successor in interest to the Property herein described, or any part thereof, that, when applicable, there will be no construction or alteration unless a determination of no hazard to air navigation is issued by the Federal Aviation Administration in accordance with Title 14, Code of Federal Regulations, Part 77, entitled, Objects Affecting Navigable Airspace, or under the authority of the Federal Aviation Act of 1968, as amended.*

## *XV. NO LIABILITY FOR NON-ARMY CONTAMINATION*

*The Grantor ("the Government") shall not incur liability for additional response action or corrective action found to be necessary after the date of this Deed in any case in which the Grantee ("FORA") or its successors or assigns, or other non-Army entities, is identified as the party responsible for contamination of the Property.*

## *XVI. ENFORCEMENT AND NOTICE REQUIREMENT*

*A. The provisions of this Deed benefit the governments of the United States of America, the State of California, acting on behalf of the public in general, the local governments, and the lands retained by the Grantor ("the Government") and, therefore, are enforceable, by resort to specific performance or legal process by the United States, the State of California, the local governments, and by the Grantor*

*("the Government"), and its successors and assigns. Enforcement of this Deed shall be at the discretion of the parties entitled to enforcement hereof, and any forbearance, delay or omission to exercise their rights under this Deed in the event of a breach of any term of this Deed, shall not be deemed to be a waiver by any such party of such term or of any subsequent breach of the same or any other terms, or of any of the rights of said parties under this Deed. All remedies available hereunder shall be in addition to any and all other remedies at law or in equity, including CERCLA. The enforcement rights set forth in this Deed against the Grantee ("FORA"), or its successors and assigns, shall only apply with respect to the Property conveyed herein and held by such Grantee ("FORA"), its successors or assigns, and only with respect to matters occurring during the period of time such Grantee ("FORA"), its successors or assigns, owned or occupied such Property or any portion thereof.*

*B. The Grantee ("FORA"), its successors or assigns, shall neither transfer the Property, nor any portion thereof, nor grant any interest, privilege, or license whatsoever in connection with the Property without the inclusion, to the extent applicable to the Property or any portion thereof, of the environmental protection provisions contained in this Deed: Federal Facilities Agreement ("FFA"); CERCLA Covenants, Notice, and Environmental Remediation; Notice of the Presence of Asbestos and Covenant; Notice of the Presence of Lead-Based Paint and Covenant; Notice of the Potential for the Presence of Munitions And Explosives Of Concern ("MEC"); Long Term MEC Risk Management; Construction Support; Notice of the Potential for the Presence of Pesticides and Covenant; Notice of the Presence of Threatened and Endangered Species; Air Navigation Reservation and Restrictions; No Liability for Non-Army Contamination; Enforcement and Notice Requirement, and shall require the inclusion, to the extent applicable, of such environmental protection provisions in all further deeds, transfers, leases, or grant of any interest, privilege, or license.*

*C. The obligations imposed in this Deed upon the successors or assigns of Grantee ("FORA") shall only extend to the portion of the Property conveyed to any such successor or assign.*

## *XVII. NOTICE OF NON-DISCRIMINATION*

*With respect to activities related to the Property, the Grantee ("FORA") covenants for itself, its successors and assigns, that the Grantee ("FORA"), and such successors and assigns, shall not discriminate upon the basis of race, color, religion, sex, age, handicap, or national origin in the use, occupancy, sale or lease of the Property, or in their employment practices conducted thereon in*

*violation of the provisions of Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. § 2000d); the Age Discrimination Act of 1975 (42 U.S.C. § 6102); and the Rehabilitation Act of 1973, as amended, (29 U.S.C. § 794). The Grantor ("the Government") shall be deemed a beneficiary of this covenant without regard to whether it remains the owner of any land or interest therein in the locality of the Property hereby conveyed, and shall have the sole right to enforce this covenant in any court of competent jurisdiction.*

The responsibilities and obligations placed upon, and the benefits provided to, the **Grantor** by the Government shall run with the land and be binding on and inure to the benefit of all subsequent owners of the Property unless or until such responsibilities, obligations, or benefits are released pursuant to the provisions set forth in the MOA and the Government deed. **Grantee** and its successors and assigns, respectively, shall not be liable for any breach of such responsibilities and obligations with regard to the Property arising from any matters or events occurring after transfer of ownership of the Property by **Grantee** or its successors and assigns, respectively; provided, however, that each such party shall, notwithstanding such transfer, remain liable for any breach of such responsibilities and obligations to the extent caused by the fault or negligence of such party.

**General Provisions:**

A. Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Deed shall be liberally construed to effectuate the purpose of this Deed and the policy and purpose of CERCLA. If any provision of this Deed is found to be ambiguous, an interpretation consistent with the purpose of this Deed that would render the provision valid shall be favored over any interpretation that would render it invalid.

B. Severability. If any provision of this Deed, or the application of it to any person or circumstance, is found to be invalid, the remainder of the provisions of this Deed, or the application of such provisions to persons or circumstances other than those to which it is found to be invalid, shall not be affected thereby.

C. No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of title in any respect.

D. Captions. The captions in this Deed have been inserted solely for convenience of reference and are not a part of this Deed and shall have no effect upon construction or interpretation.

E. Right to Perform. Any right which is exercisable by the **Grantee**, and its successors and assigns, to perform under this Deed may also be performed, in the event of non-performance by the **Grantee**, or its successors and assigns, by a lender of the **Grantee** and its successors and assigns.

The conditions, restrictions, and covenants set forth in this Deed are a binding servitude on the herein conveyed Property and will be deemed to run with the land in perpetuity. Restrictions, stipulations and covenants contained herein will be inserted by the **Grantee** verbatim or by express reference in any deed or other legal instrument by which it divests itself of either the fee simple title or any other lesser estate in the Property or any portion thereof. All rights and powers reserved to the **Grantor**, and all references in this Deed to **Grantor** shall include its successors in interest. The **Grantor** may agree to waive, eliminate, or reduce the obligations contained in the covenants, PROVIDED, HOWEVER, that the failure of the **Grantor** or its successors to insist in any one or more instances upon complete performance of any of the said conditions shall not be construed as a waiver or a relinquishment of the future performance of any such conditions, but the obligations of the **Grantee**, its successors and assigns, with respect to such future performance shall be continued in full force and effect.

**[Signature Pages Follow]**

**QUITCLAIM DEED FOR PARCELS E29a, E29b.1, E31a, E31b, E31c, AND E36, AND BUILDINGS ON THE FORMER FORT ORD**

**IN WITNESS WHEREOF**, the **Grantor**, the **REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS**, has caused these presents to be executed this 31st day of January, 2012.

**THE REDEVELOPMENT AGENCY OF THE CITY OF DEL REY OAKS**

By: B. Edelen AKA: Jerry Beard Edelen
Jerry B. Edelen, Agency Chairman

SSTATE OF CALIFORNIA )
)
COUNTY OF MONTEREY )

On JAN. 31, 2012, before me, THANH VAN NGUYEN, Notary Public, personally appeared JERRY BEARD EDELEN, who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

THANH VAN NGUYEN
Commission # 1913475
Notary Public - California
Monterey County
My Comm. Expires Dec 14, 2014

Notary Public

**QUITCLAIM DEED FOR PARCELS E29a, E29b.1, E31a, E31b, E31c, AND E36, AND BUILDINGS ON THE FORMER FORT ORD**

**ACCEPTANCE:**

**In Testimony Whereof**, witness the signature of the **THE CITY OF DEL REY OAKS**, this 31st day of January, 2012 hereby accepts and approves this Deed for itself, its successors and assigns, and agrees to all the conditions, reservations, restrictions, and terms contained therein.

**THE CITY OF DEL REY OAKS**

By: J. Edelen AKA: Jerry Beard Edelen

Jerry B. Edelen, Mayor

STATE OF CALIFORNIA )
)
COUNTY OF MONTEREY )

On JAN. 31, 2012, before me, THANH VAN NGUYEN, Notary Public, personally appeared JERRY BEARD EDELEN, who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

THANH VAN NGUYEN
Commission # 1913475
Notary Public - California
Monterey County
My Comm. Expires Dec 14, 2014

Notary Public

# City of Del Rey Oaks

# Redevelopment Agency

# Due Diligence Report

## Section Seven

Redevelopment Agencies Financial Transaction Report
Fiscal Year 2011

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Balance Sheet - Liabilities and Other Credits

| Fiscal Year 2011 | Capital Projects Funds | Debt Service Funds | Low/Moderate Income Housing Funds | Special Revenue/Other Funds | General Long-Term Debt | General Fixed Assets | Total |
|---|---|---|---|---|---|---|---|
| **Liabilities and Other Credits** | | | | | | | |
| Accounts Payable | 441,931 | | | | | | $441,931 |
| Interest Payable | | | | | | | $0 |
| Tax Anticipation Notes Payable | | | | | | | $0 |
| Loans Payable | | | | | | | $0 |
| Other Liabilities | 330,544 | | | | | | $330,544 |
| Due to Capital Projects Fund | | | | | | | $0 |
| Due to Debt Service Fund | | | | | | | $0 |
| Due to Low/Moderate Income Housing Fund | | | | | | | $0 |
| Due to Special Revenue/Other Funds | | | | | | | $0 |
| Tax Allocation Bonds Payable | | | | | | | $0 |
| Lease Revenue, Certificates of Participation Payable, Financing Authority Bonds | | | | | | | $0 |
| All Other Long-Term Debt | | | | | 1,334,936 | | $1,334,936 |
| **Total Liabilities and Other Credits** | $772,475 | $0 | $0 | $0 | $1,334,936 | | $2,107,411 |

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Balance Sheet - Liabilities and Other Credits

| Fiscal Year 2011 | Capital Projects Funds | Debt Service Funds | Low/Moderate Income Housing Funds | Special Revenue/Other Funds | General Long-Term Debt | General Fixed Assets | Total |
|---|---|---|---|---|---|---|---|
| **Equities** | | | | | | | |
| Investment In General Fixed Assets | | | | | | 12,145,674 | $12,145,674 |
| Fund Balance Reserved | 0 | | | | | | $0 |
| Fund Balance Unreserved-Designated | | | | | | | $0 |
| Fund Balance Unreserved-Undesignated | | | | | | | $0 |
| **Total Equities** | $0 | $0 | $0 | $0 | | $12,145,674 | $12,145,674 |
| **Total Liabilities, Other Credits, and Equities** | $772,475 | $0 | $0 | $0 | $1,334,936 | $12,145,674 | $14,253,085 |

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Statement of Income and Expenditures

#### Revenues - Consolidated

Fiscal Year 2011

| | Captial Project Funds | Debt Service Funds | Low/Moderate Income Housing Funds | Special Revenue/Other Funds | Total |
|---|---|---|---|---|---|
| Tax Increment Gross | $0 | $0 | $0 | $0 | $0 |
| Special Supplemental Subvention | $0 | $0 | $0 | $0 | $0 |
| Property Assessments | $0 | $0 | $0 | $0 | $0 |
| Sales and Use Tax | $0 | $0 | $0 | $0 | $0 |
| Transient Occupancy Tax | $0 | $0 | $0 | $0 | $0 |
| Interest Income | $0 | $0 | $0 | $0 | $0 |
| Rental Income | $0 | $0 | $0 | $0 | $0 |
| Lease Income | $0 | $0 | $0 | $0 | $0 |
| Sale of Real Estate | $0 | $0 | $0 | $0 | $0 |
| Gain on Land Held for Resale | $0 | $0 | $0 | $0 | $0 |
| Federal Grants | $0 | $0 | $0 | $0 | $0 |
| Grants from Other Agencies | ($73,149) | $0 | $0 | $0 | ($73,149) |
| Bond Administrative Fees | $0 | $0 | $0 | $0 | $0 |
| Other Revenues | $60,220 | $0 | $0 | $0 | $60,220 |
| Total Revenues | ($12,929) | $0 | $0 | $0 | ($12,929) |

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Statement of Income and Expenditures

### Expenditures - Consolidated

Fiscal Year 2011

| | Capital Projects Funds | Debt Service Funds | Low/Moderate Income Housing Funds | Special Revenue/Other Funds | Total |
|---|---|---|---|---|---|
| Administration Costs | $59,992 | $0 | $0 | $0 | $59,992 |
| Professional Services | $11,623 | $0 | $0 | $0 | $11,623 |
| Planning, Survey, and Design | $4,580 | $0 | $0 | $0 | $4,580 |
| Real Estate Purchases | $0 | $0 | $0 | $0 | $0 |
| Acquisition Expense | $0 | $0 | $0 | $0 | $0 |
| Operation of Acquired Property | $0 | $0 | $0 | $0 | $0 |
| Relocation Costs | $0 | $0 | $0 | $0 | $0 |
| Relocation Payments | $0 | $0 | $0 | $0 | $0 |
| Site Clearance Costs | $0 | $0 | $0 | $0 | $0 |
| Project Improvement / Construction Costs | $1,318 | $0 | $0 | $0 | $1,318 |
| Disposal Costs | $0 | $0 | $0 | $0 | $0 |
| Loss on Disposition of Land Held for Resale | $0 | $0 | $0 | $0 | $0 |

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Statement of Income and Expenditures

### Expenditures - Consolidated

Fiscal Year 2011

| | Capital Projects Funds | Debt Service Funds | Low/Moderate Income Housing Funds | Special Revenue/Other Funds | Total |
|---|---|---|---|---|---|
| | A | B | C | D | E |
| Decline in Value of Land Held for Resale | $0 | $0 | $0 | $0 | $0 |
| Rehabilitation Costs | $0 | $0 | $0 | $0 | $0 |
| Rehabilitation Grants | $0 | $0 | $0 | $0 | $0 |
| Interest Expense | $0 | $0 | $0 | $0 | $0 |
| Fixed Asset Acquisitions | $0 | $0 | $0 | $0 | $0 |
| Subsidies to Low and Moderate Income Housing Fund | $0 | $0 | $0 | $0 | $0 |
| Debt Issuance Costs | $0 | $0 | $0 | $0 | $0 |
| Other Expenditures Including Pass Through Payment(s) | $0 | $0 | $0 | $0 | $0 |
| Debt Principal Payments: | | | | | |
| Tax Allocation Bonds and Notes | $0 | $0 | $0 | $0 | $0 |
| Revenue Bonds and Certificates of Participation | $0 | $0 | $0 | $0 | $0 |
| City/County Advances and Loans | $0 | $0 | $0 | $0 | $0 |
| U.S., State and Other Long-Term Debt | $0 | $0 | $0 | $0 | $0 |
| Total Expenditures | $77,513 | $0 | $0 | $0 | $77,513 |
| Excess (Deficiency) Revenues Over (Under) Expenditures | ($90,442) | $0 | $0 | $0 | ($90,442) |

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Agency Long-Term Debt

| | |
|---|---|
| **Fiscal Year** | 2011 |
| **Project Area Name** | Del Rey Oaks Fort Ord Redevelopment Project |

| | |
|---|---|
| Forward from Prior Year | Yes |
| Bond Type | City/County Debt |
| Year of Authorization | 2001 |
| Principal Amount Authorized | 530,245 |
| Principal Amount Issued | 530,245 |
| Purpose of Issue | Redevelopment Program Expenses |
| Maturity Date Beginning Year | 2001 |
| Maturity Date Ending Year | 2021 |
| **Principal Amount Unmatured Beginning of Fiscal Year** | $530,245 |
| Adjustment Made During Year | 0 |
| Adjustment Explanation | |
| Interest Added to Principal | |
| Principal Amount Issued During Fiscal Year | |
| Principal Amount Matured During Fiscal Year | 9,051 |
| Principal Amount Defeased During Fiscal Year | 0 |
| **Principal Amount Unmatured End of Fiscal Year** | $521,194 |
| Principal Amount In Default | |
| Interest In Default | |

**Bond Types Allowed:**

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Agency Long-Term Debt

| | |
|---|---|
| **Fiscal Year** | **2011** |
| **Project Area Name** | **Del Rey Oaks Fort Ord Redevelopment Project** |

| | |
|---|---|
| Forward from Prior Year | Yes |
| Bond Type | Notes |
| Year of Authorization | 2005 |
| Principal Amount Authorized | 1,750,000 |
| Principal Amount Issued | 849,452 |
| Purpose of Issue | Redevelopment |
| Maturity Date Beginning Year | 2005 |
| Maturity Date Ending Year | 2048 |
| **Principal Amount Unmatured Beginning of Fiscal Year** | $849,452 |
| Adjustment Made During Year | |
| Adjustment Explanation | |
| Interest Added to Principal | |
| Principal Amount Issued During Fiscal Year | |
| Principal Amount Matured During Fiscal Year | 95,044 |
| Principal Amount Defeased During Fiscal Year | |
| **Principal Amount Unmatured End of Fiscal Year** | $754,408 |
| Principal Amount In Default | |
| Interest In Default | |

**Bond Types Allowed:**

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Agency Long-Term Debt

| | |
|---|---|
| **Fiscal Year** | 2011 |
| **Project Area Name** | Del Rey Oaks Fort Ord Redevelopment Project |

| | |
|---|---|
| Forward from Prior Year | Yes |
| Bond Type | Other |
| Year of Authorization | 2004 |
| Principal Amount Authorized | 530,245 |
| Principal Amount Issued | 530,245 |
| Purpose of Issue | Future Projects |
| Maturity Date Beginning Year | 2004 |
| Maturity Date Ending Year | 2021 |
| **Principal Amount Unmatured Beginning of Fiscal Year** | $59,334 |
| Adjustment Made During Year | |
| Adjustment Explanation | |
| Interest Added to Principal | |
| Principal Amount Issued During Fiscal Year | |
| Principal Amount Matured During Fiscal Year | |
| Principal Amount Defeased During Fiscal Year | |
| **Principal Amount Unmatured End of Fiscal Year** | $59,334 |
| Principal Amount In Default | |
| Interest In Default | |

**Bond Types Allowed:**

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Statement of Income and Expenditures - Revenues

**Fiscal Year** 2011

**Project Area Name** Del Rey Oaks Fort Ord Redevelopment Project

| | Capital Project Funds | Debt Service Funds | Low/Moderate Income Housing Funds | Special Revenue/Other Funds | Total |
|---|---|---|---|---|---|
| Tax Increment Gross *(Include All Apportionments)* | | | | | $0 |
| Special Supplemental Subvention | | | | | $0 |
| Property Assessments | | | | | $0 |
| Sales and Use Tax | | | | | $0 |
| Transient Occupancy Tax | | | | | $0 |
| Interest Income | | | | | $0 |
| Rental Income | | | | | $0 |
| Lease Income | | | | | $0 |
| Sale of Real Estate | | | | | $0 |
| Gain on Land Held for Resale | | | | | $0 |
| Federal Grants | | | | | $0 |
| Grants from Other Agencies | -73,149 | | | | ($73,149) |
| Bond Administrative Fees | | | | | $0 |
| Other Revenues | 60,220 | | | | $60,220 |
| **Total Revenues** | ($12,929) | $0 | $0 | $0 | ($12,929) |

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Statement of Income and Expenditures - Expenditures

**Fiscal Year** 2011

**Project Area Name** Del Rey Oaks Fort Ord Redevelopment Project

| | Capital Project Funds | Debt Service Funds | Low/Moderate Income Housing | Special Revenue/Other | Total |
|---|---|---|---|---|---|
| Administration Costs | 59,992 | | | | $59,992 |
| Professional Services | 11,623 | | | | $11,623 |
| Planning, Survey, and Design | 4,580 | | | | $4,580 |
| Real Estate Purchases | | | | | $0 |
| Acquisition Expense | | | | | $0 |
| Operation of Acquired Property | | | | | $0 |
| Relocation Costs | | | | | $0 |
| Relocation Payments | | | | | $0 |
| Site Clearance Costs | | | | | $0 |
| Project Improvement / Construction Costs | 1,318 | | | | $1,318 |
| Disposal Costs | | | | | $0 |
| Loss on Disposition of Land Held for Resale | | | | | $0 |

## Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Statement of Income and Expenditures - Expenditures

**Fiscal Year** 2011

**Project Area Name** Del Rey Oaks Fort Ord Redevelopment Project

| | Capital Project Funds | Debt Service Funds | Low/Moderate Income Housing | Special Revenue/Other | Total |
|---|---|---|---|---|---|
| Decline in Value of Land Held for Resale | | | | | $0 |
| Rehabilitation Costs | | | | | $0 |
| Rehabilitation Grants | | | | | $0 |
| Interest Expense | | | | | $0 |
| Fixed Asset Acquisitions | | | | | $0 |
| Subsidies to Low and Moderate Income Housing | | | | | $0 |
| Debt Issuance Costs | | | | | $0 |
| Other Expenditures Including Pass-Through Payment(s) | | | | | $0 |
| **Debt Principal Payments:** | | | | | |
| Tax Allocation Bonds and Notes | | | | | $0 |
| Revenue Bonds, Certificates of Participation, Financing Authority Bonds | | | | | $0 |
| City/County Advances and Loans | | | | | $0 |
| All Other Long-Term Debt | | | | | $0 |
| **Total Expenditures** | $77,513 | $0 | $0 | $0 | $77,513 |
| **Excess (Deficiency) Revenues over (under) Expenditures** | ($90,442) | $0 | $0 | $0 | ($90,442) |

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Balance Sheet - Assets and Other Debits

| Fiscal Year 2011 | Capital Projects Funds | Debt Service Funds | Low/Moderate Income Housing Funds | Special Revenue/Other Funds | General Long-Term Debt | General Fixed Assets | Total |
|---|---|---|---|---|---|---|---|
| **Assets and Other Debits** | | | | | | | |
| Cash and Imprest Cash | 412 | | | | | | $412 |
| Cash with Fiscal Agent | | | | | | | $0 |
| Tax Increments Receivable | | | | | | | $0 |
| Accounts Receivable | 772,063 | | | | | | $772,063 |
| Accrued Interest Receivable | | | | | | | $0 |
| Loans Receivable | 0 | | | | | | $0 |
| Contracts Receivable | | | | | | | $0 |
| Lease Payments Receivable | | | | | | | $0 |
| Unearned Finance Charge | | | | | | | $0 |
| Due from Capital Projects Fund | | | | | | | $0 |
| Due from Debt Service Fund | | | | | | | $0 |
| Due from Low/Moderate Income Housing Fund | | | | | | | $0 |
| Due from Special Revenue/Other Funds | | | | | | | $0 |

# Redevelopment Agency Of The City Of Del Rey Oaks

## Redevelopment Agencies Financial Transactions Report

### Balance Sheet - Assets and Other Debits

| Fiscal Year 2011 | Capital Projects Funds | Debt Service Funds | Low/Moderate Income Housing Funds | Special Revenue/Other Funds | General Long-Term Debt | General Fixed Assets | Total |
|---|---|---|---|---|---|---|---|
| Investments | 0 | | | | | | $0 |
| Other Assets | 0 | | | | | | $0 |
| Investments: Land Held for Resale | 0 | | | | | | $0 |
| Allowance for Decline In Value of Land Held for Resale | | | | | | | $0 |
| Fixed Assets: Land, Structures, and Improvements | | | | | | 12,145,674 | $12,145,674 |
| Equipment | | | | | | | $0 |
| Amount Available In Debt Service Fund | | | | | | | $0 |
| Amount to be Provided for Payment of Long-Term Debt | | | | | 1,334,936 | | $1,334,936 |
| **Total Assets and Other Debits** *(Must Equal Total Liabilities, Other Credits, and Equities)* | $772,475 | $0 | $0 | $0 | $1,334,936 | $12,145,674 | $14,253,085 |

# City of Del Rey Oaks

# Redevelopment Agency

# Due Diligence Report

## Section Eight

## Notes

# Notes

1. Our intention has been to include all documents that have been requested or recommended as part of the dissolution of Development Agency Due Diligent report. In some cases we have omitted recommended documentation that is not relevant to the City of Del Ray Oak Redevelopment Agency.

   If after review of the enclosed report, you are in need of additional information to clarify or support a position, please let us know and we will forward the information upon your request.

2. A RDA Asset Transfer Review (see Section 2A for complete details) was conducted in early November of 2012. The scope of the review covered the period January 1, 2011 through January 31, 2012. The purpose was to ascertain the validity of any asset transferred.

   Findings were limited. The Fort Ord property, APN#031-191-011 was transferred on 1/31/2011 to the City of Del Rey Oaks. The deed of this property will need to be transferred to the Del Rey Oaks Successor Agency. The City is in the process of making the changes needed to be in compliance.

3.) During the period between July 1, 2011 and the Assets Transfer, January 31, 2012, there were no transactions complete, either revenue or expense based.