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CONTINUING DISCLOSURE (SUBMISSION STATUS: PUBLISHED)

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Annual Financial Information and Operating Data: Successor Agency to OCDA Tax Allocation Refunding Bonds, Issue of 2014 (NDAPP), for the year ended 06/30/2014

DOCUMENTS

Financial Operating Filing

OCDA 2014 Issue (NDAPP) 2014 - FINAL.pdf posted 01/29/2015

THE FOLLOWING ISSUERS ARE ASSOCIATED WITH THIS CONTINUING DISCLOSURE SUBMISSION:

Issuer Name	Issue Description	State	Dated Date
ORANGE COUNTY, CALIFORNIA (SUCCESSOR AGENCY TO THE) DEVELOPMENT AGENCY	TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2014 (PRIVATE PLACEMENT)	CA	08/20/2014

Submitter's Contact Information

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**SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY
(NEIGHBORHOOD DEVELOPMENT AND
PRESERVATION PROJECT)
TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2014**

**ANNUAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2014**

DATED JANUARY 29, 2015

Prepared at the direction of and on behalf of:

County of Orange
10 Civic Center Plaza, Third Floor
Santa Ana, CA 92701-4062

Prepared by:

David Taussig & Associates, Inc.
5000 Birch Street, Suite 6000
Newport Beach, CA 92660

**Orange County Development Agency
Tax Allocation Refunding Bonds, Issue of 2014
(Neighborhood Development and Preservation Project)
Annual Report
For Fiscal Year Ended June 30, 2014**

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ATTACHMENTS

Attachment A – Successor Agency to the Orange County Development Agency Audited Financial Statements

Attachment B - Certification of the Successor Agency to the Orange County Development Agency Demonstrating the Ratio of Pledged Revenues to Scheduled Debt Service On The Bonds for the Prior Fiscal Year

Attachment C - Updated Information on the Plan Limitations and Materials Required Pursuant to Section 5.1 Covenant 11 of the Indenture of Trust

INTRODUCTION

The Successor Agency to the Orange County Development Agency (the "Agency") hereby provides its annual report (the "Annual Report") for the Fiscal Year ended June 30, 2014 in connection with the following Bonds:

Bond Issue:

Successor Agency to the Orange County Development Agency (Neighborhood Development and Preservation Project), Tax Allocation Refunding Bonds, Issue of 2014 (the "2014 Tax Allocation Refunding Bonds").

Annual Report:

The Agency's Annual Report as defined by Section 5.1 Covenant 13 of the Indenture of Trust with respect to the 2014 Tax Allocation Refunding Bonds for the Fiscal Year ended June 30, 2014 is attached hereto.

Other Matters:

This Annual Report is provided solely for the purposes of the Section 5.1 Covenant 13 of the Indenture of Trust with respect to the 2014 Tax Allocation Refunding Bonds. The filing of this Annual Report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the Agency or the 2014 Tax Allocation Refunding Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the Fiscal Year to which this Annual Report relates (other than as contained in this Annual Report), or that no other information exists, which may have a bearing on the Agency's financial condition, the security for the 2014 Tax Allocation Refunding Bonds, or an investor's decision to buy, sell, or hold the 2014 Tax Allocation Refunding Bonds. The information contained in this Annual Report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this Annual Report should be construed as a prediction or representation about future financial performance of the Agency.

SECTION 5.1 COVENANT 13 OF THE INDENTURE OF TRUST

A. Audited Financial Statements For Fiscal Year Ended June 30, 2014

See Attachment A.

B. Certification of the Successor Agency demonstrating the Ratio of Pledged Tax Revenues to scheduled debt service on the Bonds for the prior Fiscal Year

See Attachment B.

C. Assessed Valuation of the Taxable Property in the Redevelopment Project for the prior Fiscal Year and Top Ten Taxpayers

The Fiscal Year 2014-15 Assessed Valuation for the Neighborhood Development and Preservation Project is shown below.

Successor Agency to the Orange County Development Agency Neighborhood Development and Preservation Project	
Assessed Valuation - Fiscal Year 2014-15	
Secured Value	\$3,379,360,032
<u>Unsecured Value</u>	<u>\$69,762,495</u>
Total Assessed Value	\$3,449,122,527

Source: County of Orange Auditor's Office

The Fiscal Year 2014-15 Top Ten Taxpayers for the Neighborhood Development and Preservation Project is shown below.

Successor Agency to the Orange County Development Agency Neighborhood Development and Preservation Project	
Top Ten Taxpayers - Fiscal Year 2014-15	
1	Orchard Lake Forest CA LP
2	Buchheim Properties I, II, III, IV
3	Casa Pacifica
4	H&H Investments LP
5	Business Properties
6	Ashley Furniture
7	Brixton El Toro Sq LLC
8	Thompson, Roberta J
9	Prothero Enterprise Inc.
10	Pickrell, Sherman

Sources: Orange County Assessor 2014-15 Secured and Unsecured Roll, Orange County Auditor-Controller, Core Logic MetroScan.

- D. Updated Information on the Plan Limitations and materials required pursuant to Section 5.1 Covenant 11 of the Indenture of Trust (relating to tax increment limitations, if any).

See Attachment C.

ATTACHMENT A

SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY
AUDITED FINANCIAL STATEMENTS

**COUNTY OF ORANGE REDEVELOPMENT
SUCCESSOR AGENCY
(A Private-Purpose Trust Fund of
the County of Orange, California)**

Independent Auditor's Reports,
Financial Statements and Supplemental Information

For the Year Ended June 30, 2014



Certified Public Accountants.

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
FOR THE YEAR ENDED JUNE 30, 2014**

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Independent Auditor's Report

Oversight Board
County of Orange Redevelopment Successor Agency
Santa Ana, California

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Orange Redevelopment Successor Agency (Successor Agency), a private purpose trust fund of the County of Orange, California (the County), as of and for the year ended June 30, 2014, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Successor Agency, as of June 30, 2014, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Successor Agency and do not present fairly the financial position of the County as of June 30, 2014, and the changes in its financial position, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 9, the Successor Agency trust fund reported a deficit net position. The deficit resulted from the Due Diligence Review payments required by Assembly Bill 1484. Our opinion is not modified with respect to this matter.

As discussed in Note 10 to the financial statements, effective July 1, 2013, the Successor Agency adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which resulted in a restatement to beginning net position as discussed in Note 7. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the Successor Agency's financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014, on our consideration of the Successor Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Successor Agency's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Newport Beach, California
December 9, 2014

COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Statement of Fiduciary Net Position
June 30, 2014

	<u>Total</u>
<u>Assets</u>	
Current assets:	
Pooled cash and investments (Note 3)	\$ 10,226,721
Restricted assets - cash and investments with trustee (Note 3)	2,290,350
Interest receivable	19,256
Prepaid bond insurance	15,091
Non-current assets:	
Land and improvements held for resale (Note 4)	618,477
Prepaid bond insurance	120,727
Total assets	<u>13,290,622</u>
<u>Deferred Outflow of Resources</u>	
Deferred charge on refunding	493,879
Total Deferred Outflow of Resources	<u>493,879</u>
<u>Liabilities</u>	
Current liabilities:	
Bond interest payable	734,414
Due to other governmental agencies	60,745
Bonds payable, net (Note 5)	3,892,386
Noncurrent liabilities:	
Bonds payable (Note 5)	34,176,233
Total liabilities	<u>38,863,778</u>
<u>Deferred Inflow of Resources</u>	
Deferred charge on refunding	161,323
Total Deferred Inflow of Resources	<u>161,323</u>
<u>Net position</u>	
Held in trust for other governments (Note 9)	<u>\$ (25,240,600)</u>

See accompanying notes to the financial statements.

COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014

	<u>Total</u>
<u>Additions:</u>	
Intergovernmental revenue	\$ 8,334,887
Use of property	65
Other revenue	403,775
Interest	50,934
Less: investment expense	(7,688)
Total additions	<u>8,781,973</u>
<u>Deductions:</u>	
Services and supplies	1,818
Professional services	251,564
Tax pass-throughs (Note 6)	6,200,202
Interest on long-term debt	2,418,729
Bond issuance costs	425,403
Total deductions	<u>9,297,716</u>
Change in net position	(515,743)
Net position - June 30, 2013	(24,430,848)
Adjustment due to change in accounting principle (Note 7)	(294,009)
Net position - June 30, 2013, as restated	<u>(24,724,857)</u>
Net position - June 30, 2014 (Note 9)	<u><u>\$ (25,240,600)</u></u>

See accompanying notes to the financial statements.

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Note 1 –Summary of Significant Accounting Policies

Reporting Entity

On January 24, 2012, the County elected to become the Successor Agency to the former Orange County Development Agency (OCDA) in accordance with ABx1 26 (Dissolution Act). An Oversight Board was appointed to oversee the dissolution process. A Private-Purpose Trust Fund, administered by the County of Orange, was established to account for the assets and liabilities of the former OCDA.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The accompanying financial statements are not intended to present fairly the financial position or changes in financial position of the County in conformity with the accounting principles generally accepted in the United States.

Measurement Focus

Fiduciary fund financial statements are used to account for assets held in a trustee or agency capacity and cannot be used to support the County's own programs. Trust funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with operation of these funds are included on the statement of fiduciary net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Fiduciary Fund Financial Statements

The fiduciary fund financial statements provide information about the Successor Agency's funds.

Land and Improvements Held for Resale

Land and improvements held for resale are recorded at the lower of acquisition cost or estimated net realizable value.

Bond Issuance Cost

The bond issuance costs except Prepaid Bond Insurance for the OCDA Tax Allocation Refunding Bonds NDAPP, Series 2001 and Santa Ana Heights Project Area, Series 2014 were expensed with the implementation of GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*".

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTINUED)**

Note 1 –Summary of Significant Accounting Policies (Continued)

Prepaid Bond Insurance

The straight-line method is used to amortize the prepaid bond insurance over the life of the OCDA Tax Allocation Refunding Bonds NDAPP, Series 2001.

The prepaid bond insurance is recorded annually as an interest expense.

Deferred Charges on Bond Refunding

The deferred charges on bond refunding are deferred and amortized over the life of the OCDA Tax Allocation Refunding Bonds NDAPP, Series 2001 and Santa Ana Heights, Series 2014 using the straight-line method. The deferred charge on refunding is recorded as a deferred inflow of resources or outflow of resources, as appropriate.

The deferred charge on refunding for the NDAPP bonds is recorded as a deferred outflow of resources. With the refunding of the Santa Ana Heights bonds, it is recorded as a deferred inflow of resources.

Bond Premium

Bond premiums are deferred and amortized over the life of the OCDA Tax Allocation Refunding Bonds NDAPP, Series 2001 and Santa Ana Heights, Series 2014 using the effective interest method. Bonds payable are reported net of the applicable bond premium.

The bond premiums are recorded annually as a reduction of interest expense.

Intergovernmental Revenue

The Dissolution Act amended the allocation of property tax revenue to successor agencies. Property taxes that formerly would have been apportioned to OCDA are deposited into a trust fund with the County of Orange, known as the Redevelopment Property Tax Trust Fund (RPTTF). The County Auditor – Controller administers the RPTTF on behalf of the former RDA debt holders, and taxing entities that receive pass-through payments and property tax distributions. This fund is used to pay obligations listed on the Recognized Obligation Payment Schedule (ROPS), including bond debt service, approved by the Successor Agency’s Oversight Board, and the California Department of Finance. Any remaining monies in the RPTTF after the approved amounts listed on the ROPS have been paid are distributed to the appropriate taxing entities.

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTINUED)**

Note 2 – County of Orange Bankruptcy

Background

On December 6, 1994, the County of Orange (County) filed for protection under Chapter 9 of the United States Bankruptcy Code as a result of losses arising out of the Orange County Investment Pool (Pool). The liquidation of the Pool's portfolio resulted in the realization of an investment loss of approximately \$1.6 billion. This loss was recorded on the County's books and records in fiscal year 1994-95 with approximately \$600 million allocable (on a pro rata basis) to the County's accounts, and substantially all

of the remainder allocable to accounts of non-County Pool participants, such as cities, school districts and special districts. Approximately \$11.3 million of that loss was allocated to the Orange County Development Agency (OCDA) and was reported in the year ended June 30, 1995.

In response to the bankruptcy, the County prepared a comprehensive recovery plan, which incorporated budget cuts, administrative reorganization, a settlement agreement with Pool participants, and various methods to raise funds. The County obtained State legislation consisting of Chapters 745, 746, 747 and 748 of the 1995 Statutes to provide for certain monies received from the State that would have otherwise been allocated to other County funds and other governmental agencies, to be deposited to the County's General Fund.

The United States Bankruptcy Court for the Central District of California in its Order Confirming Modified Second Amended Plan of Adjustment entered May 16, 1996, confirmed the Plan. On June 12, 1996, the Plan became effective and the County emerged from bankruptcy.

Impact of County Bankruptcy on the former OCDA

The former OCDA was a component unit of the County of Orange. Due to statutory and regulatory restrictions, revenues generated by the former OCDA are not available for County General Fund purposes. However, as a result of the State legislation described above, the former OCDA is required to pay to the County an amount equal to \$4 million per year, for 20 years beginning on July 1, 1996. The former OCDA's long-term debt obligations are obligations of the former OCDA payable solely from a pledge of the net revenues of the former OCDA and a pledge of the funds and accounts established under the trust indenture securing the former OCDA's long-term debt obligations. The former OCDA did not file for bankruptcy protection; however, it was significantly impacted by the County's bankruptcy because of investment losses and the reallocation of \$4 million of its revenue each year until the diversion of funds ends in fiscal year 2015-16.

Impact of Legislation on County Bankruptcy

On December 29, 2011, the California Supreme Court (the Court) issued an opinion in *CRA v. Matosantos* on the constitutionality of ABx1 26 & 27. In their opinion, the Court upheld the provisions of ABx1 26, effectively eliminating redevelopment agencies statewide, but struck down ABx1 27 the legislation that would have allowed redevelopment agencies to continue so long as they provided payments to the State.

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTINUED)**

Note 2 – County of Orange Bankruptcy (Continued)

Effective February 1, 2012, the Orange County Development Agency (OCDA) was eliminated under the provisions of ABx1 26. As a result of the elimination of OCDA, property tax revenues began being used to pay required payments on existing bonds, other obligations, and pass-through payments to local governments. However, since the County's Bankruptcy Recovery Plan predates ABx1 26, no interruption to the existing payment schedules is anticipated. In addition, this obligation has been listed and approved by the Department of Finance on all applicable Recognized Obligation Payment Schedules (ROPS). The Successor Agency will continue to list this obligation on all future ROPS until 2016 when the obligation expires.

Note 3 – Cash and Investments

The Successor Agency follows the County's policy guidelines for pooling its cash and investments with the County Treasurer. The County Treasurer abides by the Investment Policy Statement (IPS) in investing the Pool's monies.

Pooled Cash and Investments

The County Treasurer maintains the County Pool for the County and other non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. At June 30, 2014, the Pool contains deposits and investments in U.S. government agencies, negotiable certificates of deposits, bankers' acceptances, commercial paper, medium-term notes, repurchase agreements, and money market mutual funds with an average maturity of approximately 465 days. Pooled investments are stated at fair value. The County Treasurer contracts with an outside service to provide pricing for the fair value of investments in the portfolio. The investments are marked to market and the net asset value is calculated for the County Pool each business day. Securities listed or traded on a national securities exchange are valued at the last quoted sales price. Short-term money market instruments are valued using an average of closing prices and rate data commonly known as matrix pricing. Interest is apportioned to individual funds based generally on the average daily balances on deposit with the County Treasurer.

Cash and Investments with Trustee

Cash and investments with trustee represent amounts held by a trustee bank, which are restricted for servicing long-term debt of the Successor Agency as required by the bond indentures. The trustee as fiscal agent is mandated by the bond indentures as to the types of authorized investments. All investments with trustee are recorded at fair value.

At June 30, 2014, cash and investments of the Successor Agency are summarized as follows:

Cash and investments pooled by the County Treasurer	\$ 10,226,721
Investments held by trustee:	
Money market mutual funds	2,290,350
Total	<u>\$ 12,517,071</u>

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTINUED)**

Note 3 – Cash and Investments (Continued)

Investment Disclosures

As of June 30, 2014, the major classes of Successor Agency's investments consisted of the following:

	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Maturity (Years)
County Investment Pool	<u>\$ 10,226,721</u>	\$ -			1.274
Restricted Investment with Trustee:					
Money Market Mutual Funds	<u>2,290,350</u>	<u>2,290,350</u>	Variable	On Demand	-
Total Restricted Investment with Trustee	<u>2,290,350</u>	<u>2,290,350</u>			
Portfolio Weighted Average Maturity:					1.04

Interest Rate Risk

Interest rate risk refers to the risk that changes in interest rates will affect the fair value of an investment. The Agency manages exposure to declines in fair value by limiting the weighted average maturity (WAM) in accordance with the Investment Policy Statement (IPS). At June 30, 2014, the WAM for the Pool approximated 465 days (1.274 years).

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Successor Agency will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. At year-end, the Successor Agency's external investment pools and specific investments did not have any securities exposed to custodial credit risk and there was no securities lending.

Credit Risk

The IPS sets forth the minimum acceptable credit ratings for investments from any two of the following nationally recognized statistical rating organizations. For an issuer of short-term debt, the rating must be no less than A-1 (Standard & Poor's), P-1 (Moody's), or F-1 (Fitch). For an issuer of long-term debt, the rating must be no less than an "A". As of June 30, 2014, the County Pool is rated at AAA Principal Stability Fund Rating (AAAm) by Standard & Poor's and the money market mutual fund is rated at AAA by Standard & Poor's.

Note 4 – Land and Improvements Held for Resale

Land and improvements held for resale is recorded at the lower of acquisition cost or estimated net realizable value. At June 30, 2014, the cost of land and improvements is \$1,171,694 with an estimated net realizable value of \$618,477. There were no Successor Agency land parcels sold during the year.

COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTINUED)

Note 5 – Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the period July 1, 2013 through June 30, 2014. The beginning balance of the long-term liabilities has been restated to reflect effects from the implementation of GASB Statement No. 65, *“Items Previously Reported as Assets and Liabilities”*.

	Balance July 1, 2013 (As Restated)	Additions	Discount/ Premium Amortization	Retirements	Balance June 30, 2014	Due Within One Year
Orange County Development Agency Tax Allocation Refunding Bonds, Series 2003- SAH	\$ 24,875,000	\$ -	\$ -	\$ (24,875,000)	\$ -	\$ -
Bond premium on Tax Allocation Refunding Bonds, Series 2003 - SAH	1,123,458	-	(1,123,458)	-	-	-
Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Series 2014 - SAH	-	20,960,000	-	-	20,960,000	2,360,000
Bond premium on Tax Allocation Refunding Bonds, Series 2014 - SAH	-	1,806,653	-	-	1,806,653	53,090
Orange County Development Agency Tax Allocation Refunding Bonds, Series 2001- NDAPP	16,625,000	-	-	(1,340,000)	15,285,000	1,415,000
Bond premium on Tax Allocation Refunding Bonds, Series 2001 - NDAPP	127,156	-	(110,190)	-	16,966	64,296
Total long-term liabilities	<u>\$ 42,750,614</u>	<u>\$ 22,766,653</u>	<u>\$ (1,233,648)</u>	<u>\$ (26,215,000)</u>	<u>\$ 38,068,619</u>	<u>\$ 3,892,386</u>

Orange County Development Agency Tax Allocation Refunding Bonds, Series 2001-NDAPP

The former OCDA issued these bonds on July 11, 2001, in the original principal amount of \$26,160,000 at a premium of \$326,700. A substantial portion of the NDAPP Refunding Bonds proceeds and certain other monies were used to defease \$26,140,000 of the \$27,072,000 outstanding NDAPP Series A 1992 Tax Allocation Revenue Bonds. The NDAPP Refunding Bonds, payable through September 2022, are secured by a pledge of tax increment revenues allocated and paid to OCDA attributable to the Neighborhood Development and Preservation Project Area. The bonds are due in annual principal installments ranging from \$280,000 to \$2,005,000 beginning September 1, 2002 through 2022, at interest rates ranging from 4.00% to 5.50%. The principal amount outstanding at June 30, 2014 is \$15,285,000. Interest expense and total pledged revenues were \$749,449 and \$2,177,151, respectively, during the fiscal year.

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTINUED)**

Note 5 – Long-Term Liabilities (Continued)

Fiscal Year 2013-14 Debt Obligation Activity

During FY 2013-14, the following events concerning debt obligations took place:

Orange County Development Agency Tax Allocation Refunding Bonds, Series 2003 – Santa Ana Heights

The former OCDA issued these bonds on November 13, 2003, in the original principal amount of \$38,465,000 at a premium of \$1,660,485. The proceeds of the bonds and other available monies were used to refund and defease the outstanding 1993 Tax Allocation Revenue Bonds, fund a reserve account for the new bonds, and pay the cost of issuing the bonds. The Santa Ana Heights (SAH) Refunding Bonds, payable through September 2023, were secured by a pledge of tax increment revenues allocated and paid to OCDA attributable to the Santa Ana Heights Project Area. The bonds were due in annual principal installments ranging from \$1,340,000 to \$2,855,000 beginning September 1, 2004 through 2023, at interest rates ranging from 2.00% to 5.250%. As discussed below, these bonds were redeemed.

Successor Agency to the Orange County Development Agency Tax Allocation Refunding Bonds, Issue of 2014 – Santa Ana Heights

On January 9, 2014, the Successor Agency to OCDA issued Tax Allocation Refunding Bonds for the Santa Ana Heights Project Area in the principal amount of \$20,960,000 at a premium of \$1,806,653. The Bonds were issued to redeem the outstanding 2003 Tax Allocation Refunding Bonds, fund a reserve fund, and pay the cost of issuing the bonds. The refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$1,123,458. The difference is reported as a deferred amount on refunding. There is no current year amortization amount for the deferred amount on refunding. The refunding resulted in a reduction of debt service payments over the next 10 years by \$2,812,860 and resulted in an economic gain of \$2,277,139. The SAH Refunding Bonds, payable through September 2023, are secured by a pledge of property tax revenues from the Santa Ana Heights Project Area. The Bonds were issued for a debt service savings and have a final maturity of September 1, 2023. The principal amount outstanding at June 30, 2014 is \$20,960,000. The total pledged revenues were \$6,157,736 during the fiscal year.

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTINUED)**

Note 5 – Long-Term Liabilities (Continued)

The annual requirements to amortize outstanding bonds included in the Statement of Fiduciary Net Position as of June 30, 2014, including interest, are as follows:

Year(s) Ending June 30	Santa Ana Heights		NDAPP	
	2014 Tax Allocation Bonds		2001 Tax Allocation Bonds	
	Principal	Interest	Principal	Interest
2015	2,360,000	1,122,856	1,415,000	740,244
2016	1,810,000	903,150	1,485,000	664,119
2017	1,895,000	816,125	1,570,000	582,944
2018	1,995,000	720,125	1,650,000	499,500
2019	2,095,000	619,125	1,735,000	414,875
2020-2024	10,805,000	1,395,125	7,430,000	736,000
Total	<u><u>\$ 20,960,000</u></u>	<u><u>\$ 5,576,506</u></u>	<u><u>\$ 15,285,000</u></u>	<u><u>\$ 3,637,682</u></u>

Note 6 – Pass-Through Agreements

The former OCDA entered into agreements with various governmental entities to “pass-through” applicable portions of property tax revenues received by the Santa Ana Heights and NDAPP project areas attributable to these entities to the extent that their territorial limits reside within the former OCDA’s project areas.

Note 7 –Adjustment to Beginning Net Position Due to Change in Accounting Principle

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The statement also recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As of July 1, 2013, the Successor Agency adopted the provisions of GASB Statement No. 65 and restated the beginning net position of the private-purpose trust fund in the amount of \$294,009 to write off unamortized bond issuance costs previously reported as an asset and bond issuance costs included in the unamortized loss on refunding previously reported as a contra liability. In addition, the remaining unamortized prepaid insurance costs and loss on refunding were reclassified to deferred outflows of resources.

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTINUED)**

Note 8 – Related Party Transactions

OC Community Resources, a department of the County of Orange, is the primary administrative support to the County's Successor Agency, and is responsible for preparation of all payment schedules, financial reports, and project related matters. OC Community Resources also oversees the Orange County Housing Authority, the entity elected to be the County's Housing Successor. County Counsel provides all legal support services, and OC Public Works' Corporate Real Estate Unit provides project support on real estate issues. All debt service related matters are handled through the CEO's Public Finance Unit.

Note 9 – Deficit Net Position

The Successor Agency trust fund reported a deficit net position of \$25,240,600. The deficit resulted from the Due Diligence Review payments required by Assembly Bill 1484. Enforceable Obligations will be paid by future property tax increment apportioned to the Successor Agency.

Note 10 – New Accounting Pronouncements

The following summarizes recent GASB pronouncements and their impact, if any, on current and future financial statements:

In March 2012, GASB issued Statement No. 65, "*Items Previously Reported as Assets and Liabilities.*" This statement established accounting and financial reporting standards that reclassified, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provided other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The provisions of this statement were effective for financial statements for periods beginning after December 15, 2012, which required the Successor Agency to implement this statement in FY 2013-14. See *Note 7 – Adjustment to Beginning Net Position Due to Change in Accounting Principle* for further detail on the implementation of GASB Statement No. 65 "*Items Previously Reported as Assets and Liabilities*" and its effect.

In March 2012, GASB issued Statement No. 66, "*Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.*" This statement amended Statement No. 10 by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amended Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The provisions of this Statement were effective for financial statements for periods beginning after December 15, 2012, which required the Successor Agency to implement this statement in FY 2013-14. There was no impact to the Successor Agency financial statements.

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTINUED)**

Note 10 – New Accounting Pronouncements (Continued)

In June 2012, GASB issued Statement No. 67, *“Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25”* and Statement No. 68, *“Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.”* Both Statements resulted from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The primary objective of these statements was to improve financial reporting by state and local governmental pension plans.

Statement No. 67 replaced the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that were administered through trusts or equivalent arrangements that meet certain criteria. This statement enhanced note disclosures and required supplemental information (RSI) for both defined benefit and defined contribution pension plans. It also required the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of this statement were effective for financial statements for periods beginning after June 15, 2013, which requires the Successor Agency to implement this statement in FY 2013-14. There was no impact to the Successor Agency financial statements.

Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. It also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014, which requires the Successor Agency to implement this statement in FY 2014-15.

In November 2013, GASB issued Statement No. 71, *“Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68”*. This statement requires that, at transition to the new accounting standards in accordance with GASB Statement No. 68, a government should recognize a beginning deferred outflow of resources for its pension contributions made after the measurement date of the beginning net pension liability. However, it continues to require that the beginning balances for other deferred outflows and deferred inflows be reported at transition only if it is practical to determine such amounts. Both Statements No. 68 and 71 are effective simultaneously for periods beginning after June 15, 2014, which requires the Successor Agency to implement this statement in FY 2014-15.

**COUNTY OF ORANGE REDEVELOPMENT SUCCESSOR AGENCY
(A PRIVATE-PURPOSE TRUST FUND OF THE COUNTY OF ORANGE, CALIFORNIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014 (CONTINUED)**

Note 11 – Subsequent Events

At its December 19, 2013 meeting, the Oversight Board directed staff to proceed with refunding the Tax Allocation Refunding Bonds, Series 2001 Neighborhood Development and Preservation Project. On June 17, 2014 acting as the Successor Agency to the Orange County Development Agency (OCDA) the Board of Supervisors authorized the issuance and sale of the Tax Allocation Refunding Bonds. On August 20, 2014, the Successor Agency to OCDA issued Tax Allocation Refunding Bonds for the Neighborhood Development and Preservation Project Area in the principal amount of \$14,090,000. The Bonds were issued to redeem the outstanding Tax Allocation Refunding Bonds, Series 2001 and are secured by a pledge of property tax revenues from the Neighborhood Development and Preservation Project Area. The Bonds were issued for a debt service savings and have a final maturity of September 1, 2022.

COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Combining Statement of Changes in Fiduciary Net Position by Trust Fund
For the Year Ended June 30, 2014

	Private-Purpose Trust Funds			
	Redevelopment Retirement Obligation Santa Ana Debt Service	Redevelopment Retirement Obligation NDAPP Debt Service	OCDA Redevelopment Successor Agency	Total
<u>Additions:</u>				
Intergovernmental revenue	\$ 6,157,736	\$ 2,177,151	\$ -	\$ 8,334,887
Use of property	-	-	65	65
Other revenue	51,721	7,087	344,967	403,775
Interest	12,344	10,261	28,329	50,934
Less: investment expense	(1,682)	(1,537)	(4,469)	(7,688)
Total additions	6,220,119	2,192,962	368,892	8,781,973
<u>Deductions:</u>				
Services and supplies	-	-	1,818	1,818
Professional services	21,827	18,394	211,343	251,564
Tax pass-throughs	4,000,000	758,853	1,441,349	6,200,202
Interest on long-term debt	1,669,280	749,449	-	2,418,729
Bond issuance costs	425,403	-	-	425,403
Total deductions	6,116,510	1,526,696	1,654,510	9,297,716
Change in net position	103,609	666,266	(1,285,618)	(515,743)
Net position - June 30, 2013	(18,388,554)	(13,529,081)	7,486,787	(24,430,848)
Adjustment due to change in accounting principle	(200,108)	(93,901)	-	(294,009)
Net position - June 30, 2013, as restated	(18,588,662)	(13,622,982)	7,486,787	(24,724,857)
Net position - June 30, 2014	\$ (18,485,053)	\$ (12,956,716)	\$ 6,201,169	\$ (25,240,600)

COUNTY OF ORANGE
REDEVELOPMENT SUCCESSOR AGENCY
Combining Statement of Fiduciary Net Position by Trust Fund
June 30, 2014

	Private-Purpose Trust Funds			
	Redevelopment Retirement Obligation Santa Ana Debt Service	Redevelopment Retirement Obligation NDAPP Debt Service	OCDA Redevelopment Successor Agency	Total
<u>Assets</u>				
Current assets				
Pooled cash and investments	\$ 2,623,681	\$ 1,971,654	\$ 5,631,386	\$ 10,226,721
Restricted assets - cash and investments with trustee	2,290,350	-	-	2,290,350
Interest receivable	5,276	4,226	9,754	19,256
Prepaid bond insurance	-	15,091	-	15,091
Noncurrent assets:				
Land and improvements held for resale	-	-	618,477	618,477
Prepaid bond insurance	-	120,727	-	120,727
Total assets	4,919,307	2,111,698	6,259,617	13,290,622
<u>Deferred Outflow of Resources</u>				
Deferred charge on refunding	-	493,879	-	493,879
Total Deferred Outflow of Resources	-	493,879	-	493,879
<u>Liabilities</u>				
Current liabilities:				
Bond interest payable	475,285	259,129	-	734,414
Due to other governmental agencies	1,099	1,198	58,448	60,745
Bonds payable	2,413,090	1,479,296	-	3,892,386
Noncurrent liabilities:				
Bonds payable	20,353,563	13,822,670	-	34,176,233
Total liabilities	23,243,037	15,562,293	58,448	38,863,778
<u>Deferred Inflow of Resources</u>				
Deferred charge on refunding	161,323	-	-	161,323
Total Deferred Inflow of Resources	161,323	-	-	161,323
<u>Net position</u>				
Net position held in trust for other governments	\$ (18,485,053)	\$ (12,956,716)	\$ 6,201,169	\$ (25,240,600)

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**Independent Auditor's 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***

Oversight Board
County of Orange Redevelopment Successor Agency
Santa Ana, California

We have audited, in accordance with the 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 Comptroller General of the United States, the financial statements of the County of Orange Redevelopment Successor Agency (Successor Agency), a private purpose trust fund of the County of Orange, California (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2014. Our report includes an emphasis of matter paragraphs.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Successor Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Successor Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Successor Agency's internal control.

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 Successor Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Successor Agency's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Successor Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Successor Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Newport Beach, California
December 9, 2014

ATTACHMENT B

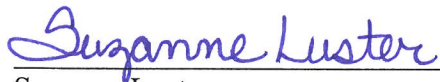
CERTIFICATION OF THE SUCCESSOR AGENCY TO THE ORANGE COUNTY DEVELOPMENT AGENCY
DEMONSTRATING THE RATIO OF PLEDGED REVENUES TO SCHEDULED DEBT SERVICE
ON THE BONDS FOR THE PRIOR FISCAL YEAR

**SUCCESSOR AGENCY TO THE
ORANGE COUNTY DEVELOPMENT AGENCY
(NEIGHBORHOOD DEVELOPMENT AND PRESERVATION PROJECT)
TAX ALLOCATION REFUNDING BONDS, ISSUE OF 2014**

**CERTIFICATE OF RATIO OF PLEDGED TAX REVENUE
TO SCHEDULED DEBT SERVICE ON THE BONDS**

This certificate is delivered pursuant to Section 5.1 Covenant 13(b) of the Indenture of Trust, dated August 1, 2014 between the Successor Agency to the Orange County Development Agency (the "Successor Agency") and U.S. Bank National Association (the "Bank"). I hereby certify on behalf of the Successor Agency that requirement for the information on the ratio of pledged tax revenue to the scheduled debt service on the aforementioned bonds for the Fiscal Year 2013-14 is not applicable since the first debt service payment for the bonds is not yet due for such period. Delivered simultaneously with this Certificate is the Continuing Disclosure Annual Report for Fiscal Year 2013-14.

Dated: 1-22-15



Suzanne Luster

Public Finance Manager of the County of
Orange, California, acting in her capacity as
designee of the Successor Agency to the
Orange County Development Agency

ATTACHMENT C

UPDATED INFORMATION ON THE PLAN LIMITATIONS AND MATERIALS
REQUIRED PURSUANT TO COVENANT 11 OF THE INDENTURE OF TRUST



BETTER COMMUNITIES. BOLDER FUTURES.

ROSENOW SPEVACEK GROUP INC.
309 WEST 4TH STREET
SANTA ANA, CALIFORNIA
92701-4502

T 714 541 4585
F 714 541 1175
E INFO@WEBRSG.COM
WEBRSG.COM

Via Electronic Mail

To: Changsu Lee, Administrative Manager
CEO/PUBLIC FINANCE, COUNTY OF ORANGE

From: Alexa Smittle, Principal
ROSENOW SPEVACEK GROUP INC.

Date: January 21, 2015

SUBJECT: CONTINUING DISCLOSURE - NDAPP

This memorandum is to confirm that Rosenow Spevacek Group, Inc. ("RSG") has reviewed Covenant 11 of the Indenture of Trust related to Tax Allocation Refunding Bonds, Issue 2014 of \$14,090,000 for the Neighborhood Development and Preservation Project ("NDAPP"). Covenant 11 requests that an independent consultant will report on the total amount of tax increment revenues remaining available to the Successor Agency to the Orange County Development Agency ("Successor Agency") under the Redevelopment Plan's cumulative annual debt service with respect to the bonds.

NDAPP's Redevelopment Plan limitations are as follows.

Time Limit to Incur Debt	Eliminated
Time Limit to Receive Increment	June 27, 2038
Total Bonded Debt Limit	\$500 Million
Total Tax Increment Limit	\$1.6 Billion

Based on data obtained from the Successor Agency, State Department of Finance, and a review of records RSG maintains on file, the 2014 Refunding Bonds are the only bonds associated with the NDAPP Redevelopment Project Area. As such, the \$14.1 million bond indebtedness is well under the \$500 million limitation.

Additionally, RSG obtained annual tax increment collections for NDAPP (inclusive of all Sub Areas) through Fiscal Year 2013-14 from the Orange County Auditor Controller, and reviewed internal records. Through Fiscal Year 2013-14, \$250,555,625 in tax increment has been collected from the NDAPP Redevelopment Project Area (all Sub Areas), well below the \$1.6 billion limit.

Based on RSG's projections for available tax increment in 2014-15 utilizing the equalized assessed value roll, the NDAPP Redevelopment Project Area should generate a total of \$15.7

FISCAL HEALTH
ECONOMIC DEVELOPMENT
REAL ESTATE, HOUSING
AND HEALTHY COMMUNITIES

Mr. Changsu Lee
CEO/Public Finance, County of Orange
January 21, 2015
Page 2

million in tax increment, net of taxing agency pass throughs and County bankruptcy payments, but inclusive of the amount that was once set aside for affordable housing before redevelopment agency dissolution. Approximately \$4.6 million of available \$15.7 million in net revenues is associated with the El Toro Sub Area. Ample revenues are available for debt service coverage on the bonds.