

# A G E N D A

## REGULAR MEETING OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE CITY OF SUISUN CITY REDEVELOPMENT AGENCY

THURSDAY, APRIL 5, 2012

4:00 P.M.

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SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

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(Next Board Res. No. OB2012 – 01)

### **ROLL CALL**

Board Members  
Pledge of Allegiance  
Invocation

### **GENERAL BUSINESS**

1. Swearing in of new Oversight Board Members by Suisun City City Clerk
2. Election of Chair and Vice Chair, and Discussion and Direction Regarding Meeting Dates and Similar Administrative Matters
3. Introduction of Oversight Board Members and Staff to the Successor Agency of the City of Suisun Redevelopment Agency – (Bragdon)
4. AB26 Overview and Discussion – (Garben)
5. Overview and Discussion of Roles, Responsibilities and Procedures of the Oversight Board, Including Review of Future Action on the Recognized Obligation Payment Schedule, Enforceable Obligation Payment Schedule and Administrative Budget – (Garben)

### **REPORTS:** *(Informational items only.)*

6. Staff
7. Chair/Boardmembers

### **PUBLIC COMMENT**

*(Requests by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda per California Government Code §54954.3 allowing 3 minutes to each speaker).*

### **ADJOURNMENT**

A complete packet of information containing Staff Reports and exhibits related to each item is available for public review at least 72 hours prior to a Board Meeting or, in the event that it is delivered to the Boardmembers less than 72 hours prior to a Board Meeting, as soon as it is so delivered. The packet is available for review in the Suisun City Manager's Office during normal business hours.

## AGENDA TRANSMITTAL

**MEETING DATE:** April 5, 2012

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**BOARD AGENDA ITEM:** Election of Chair and Vice Chair

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**FISCAL IMPACT:** None

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**BACKGROUND:** In accordance with California Health and Safety Code Section 34179(a), a Chair for the Oversight Board to the Successor Agency to the City of Suisun City Redevelopment Agency must be selected to preside over the Oversight Board's meetings. A Vice Chair also should be selected to preside over meetings when the Chair is unavailable.

During its inaugural meeting, the Board may wish to discuss and provide staff direction on developing various administrative processes.

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**STAFF REPORT:** Staff proposes a voting method to fulfill this requirement:

1. Staff will open and close oral nominations to the Oversight Board for the Chair, and open and close voice votes for the Chair.
2. The Chair will open and close oral nominations to the Oversight Board for the Vice Chair, and open and close voice votes for the Vice Chair.

Per H&S Section 34179(e), all actions must be taken on a majority vote of the total membership of the Board. With seven Board members, four votes will be required for to elect a Chair and Vice Chair.

The outcome of the election and the membership of the Board will be reported to the California Department of Finance by May 1, 2012, as required by H&S Section 34179(a).

To conduct business in an orderly fashion, the Board also may wish to discuss and provide staff direction regarding establishing a regular meeting schedule, time and place; adoption of bylaws and rules of procedure; and similar administrative matters.

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**RECOMMENDATION:** It is recommended that, by simple motion, the Board elect one member to serve as Chair and elect one member to serve as Vice Chair. Provide staff appropriate direction regarding administrative matters.

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**PREPARED BY:**

Scott Corey, Marketing Manager  
Jason Garben, Economic Development Director  
Suzanne Bragdon, Executive Director

**REVIEWED/APPROVED BY:**

# AGENDA TRANSMITTAL

**MEETING DATE:** April 5, 2012

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**BOARD AGENDA ITEM:** AB26 Overview and Discussion

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**FISCAL IMPACT:** None

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**BACKGROUND:** On June 28, 2011, Gov. Jerry Brown signed two bills intended to reform the redevelopment program in California to generate \$1.7 billion in budgetary savings for the State. ABX1-26 (AB26) was designed to dissolve Redevelopment Agencies and redirect the property tax increment funding those activities to other taxing entities. ABX1-27 (AB27) was designed to allow Redevelopment Agencies to continue operating if they chose to voluntarily contribute a defined portion of their property tax increment for redistribution to other taxing entities, most notably local schools

The League of California Cities and the California Redevelopment Association, both of which the City of Suisun City is a member, sued in the California Supreme Court to challenge the constitutionality of AB26 and AB27. On December 28, 2011, the Supreme Court ruled that the Legislature had constitutional authority to dissolve Redevelopment Agencies, and upheld AB26. However, the Court also ruled that AB27 violated various constitutional provisions regarding State redirection of local tax revenues, and struck it down.

As a result, all Redevelopment Agencies in California officially dissolved on February 1, 2012.

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**STAFF REPORT:** AB26 had several key implications:

- Froze all Redevelopment Agency spending authority outside enforceable contracts
- Required the dissolution of Redevelopment Agencies
- Created Successor Agencies and Oversight Boards to manage the wind-down and disbursement of Redevelopment Agency assets
- Created roles for the County Auditor-Controller, the California Department of Finance and the California Controller's Office to conduct audits, manage financial resources and oversee local dissolution activities to ensure they comply with the Legislature's actions.
- Set schedules and procedures to wind-down the Agencies.

To provide the Board with a basic understanding of this new program, two documents are attached to this report:

- Assembly Bill 1X-26 sponsored by Assemblymember Blumenfield
- The AB1X 26 Handbook prepared by HdL Coren & Cohen

The Board should also note that several bills are working their way through the Legislature to effect 'technical fixes' to AB26.

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**PREPARED BY:**

Jason Garben, Economic Development Director

**REVIEWED/APPROVED BY:**

Suzanne Bragdon, Executive Director

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**RECOMMENDATION:** It is recommended that the Board receive the AB26 overview and conduct appropriate discussion.

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**ATTACHMENTS:**

1. Assembly Bill 1X-26 sponsored by Assemblymember Blumenfield
2. The AB1X 26 Handbook prepared by HdL Coren & Cohen

## Assembly Bill No. 26

### CHAPTER 5

An act to amend Sections 33500, 33501, 33607.5, and 33607.7 of, and to add Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of, the Health and Safety Code, and to add Sections 97.401 and 98.2 to the Revenue and Taxation Code, relating to redevelopment, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 28, 2011. Filed with  
Secretary of State June 29, 2011.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 26, Blumenfield. Community redevelopment.

(1) The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law provides that an action may be brought to review the validity of the adoption or amendment of a redevelopment plan by an agency, to review the validity of agency findings or determinations, and other agency actions.

This bill would revise the provisions of law authorizing an action to be brought against the agency to determine or review the validity of specified agency actions.

(2) Existing law also requires that if an agency ceases to function, any surplus funds existing after payment of all obligations and indebtedness vest in the community.

The bill would suspend various agency activities and prohibit agencies from incurring indebtedness commencing on the effective date of this act. Effective October 1, 2011, the bill would dissolve all redevelopment agencies and community development agencies in existence and designate successor agencies, as defined, as successor entities. The bill would impose various requirements on the successor agencies and subject successor agency actions to the review of oversight boards, which the bill would establish.

The bill would require county auditor-controllers to conduct an agreed-upon procedures audit of each former redevelopment agency by March 1, 2012. The bill would require the county auditor-controller to determine the amount of property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved and deposit this amount in a Redevelopment Property Tax Trust Fund in the county. Revenues in the trust fund would be allocated to various taxing entities in the county and to cover specified expenses of the former agency. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

(3) The bill would prohibit a redevelopment agency from issuing new bonds, notes, interim certificates, debentures, or other obligations if any legal challenge to invalidate a provision of this act is successful.

(4) The bill would appropriate \$500,000 to the Department of Finance from the General Fund for administrative costs associated with the bill.

(5) The bill would provide that its provisions take effect only if specified legislation is enacted in the 2011–12 First Extraordinary Session of the Legislature.

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(7) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. Governor Schwarzenegger issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 6, 2010. Governor Brown issued a proclamation on January 20, 2011, declaring and reaffirming that a fiscal emergency exists and stating that his proclamation supersedes the earlier proclamation for purposes of that constitutional provision.

This bill would state that it addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation issued on January 20, 2011, pursuant to the California Constitution.

(8) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares all of the following:

(a) The economy and the residents of this state are slowly recovering from the worst recession since the Great Depression.

(b) State and local governments are still facing incredibly significant declines in revenues and increased need for core governmental services.

(c) Local governments across this state continue to confront difficult choices and have had to reduce fire and police protection among other services.

(d) Schools have faced reductions in funding that have caused school districts to increase class size and layoff teachers, as well as make other hurtful cuts.

(e) Redevelopment agencies have expanded over the years in this state. The expansion of redevelopment agencies has increasingly shifted property taxes away from services provided to schools, counties, special districts, and cities.

(f) Redevelopment agencies take in approximately 12 percent of all of the property taxes collected across this state.

(g) It is estimated that under current law, redevelopment agencies will divert \$5 billion in property tax revenue from other taxing agencies in the 2011–12 fiscal year.

(h) The Legislature has all legislative power not explicitly restricted to it. The California Constitution does not require that redevelopment agencies must exist and, unlike other entities such as counties, does not limit the Legislature’s control over that existence. Redevelopment agencies were created by statute and can therefore be dissolved by statute.

(i) Upon their dissolution, any property taxes that would have been allocated to redevelopment agencies will no longer be deemed tax increment. Instead, those taxes will be deemed property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agencies, with remaining balances allocated in accordance with applicable constitutional and statutory provisions.

(j) It is the intent of the Legislature to do all of the following in this act:

(1) Bar existing redevelopment agencies from incurring new obligations, prior to their dissolution.

(2) Allocate property tax revenues to successor agencies for making payments on indebtedness incurred by the redevelopment agency prior to its dissolution and allocate remaining balances in accordance with applicable constitutional and statutory provisions.

(3) Beginning October 1, 2011, allocate these funds according to the existing property tax allocation within each county to make the funds available for cities, counties, special districts, and school and community college districts.

(4) Require successor agencies to expeditiously wind down the affairs of the dissolved redevelopment agencies and to provide the successor agencies with limited authority that extends only to the extent needed to implement a winddown of redevelopment agency affairs.

SEC. 2. Section 33500 of the Health and Safety Code is amended to read:

33500. (a) Notwithstanding any other provision of law, including Section 33501, an action may be brought to review the validity of the adoption or amendment of a redevelopment plan at any time within 90 days after the date of the adoption of the ordinance adopting or amending the plan, if the adoption of the ordinance occurred prior to January 1, 2011.

(b) Notwithstanding any other provision of law, including Section 33501, an action may be brought to review the validity of any findings or determinations by the agency or the legislative body at any time within 90 days after the date on which the agency or the legislative body made those findings or determinations, if the findings or determinations occurred prior to January 1, 2011.

(c) Notwithstanding any other law, including Section 33501, an action may be brought to review the validity of the adoption or amendment of a

redevelopment plan at any time within two years after the date of the adoption of the ordinance adopting or amending the plan, if the adoption of the ordinance occurred after January 1, 2011.

(d) Notwithstanding any other law, including Section 33501, an action may be brought to review the validity of any findings or determinations by the agency or the legislative body at any time within two years after the date on which the agency or the legislative body made those findings or determinations, if the findings or determinations occurred after January 1, 2011.

SEC. 3. Section 33501 of the Health and Safety Code is amended to read:

33501. (a) An action may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity of bonds and the redevelopment plan to be financed or refinanced, in whole or in part, by the bonds, or to determine the validity of a redevelopment plan not financed by bonds, including without limiting the generality of the foregoing, the legality and validity of all proceedings theretofore taken for or in any way connected with the establishment of the agency, its authority to transact business and exercise its powers, the designation of the survey area, the selection of the project area, the formulation of the preliminary plan, the validity of the finding and determination that the project area is predominantly urbanized, and the validity of the adoption of the redevelopment plan, and also including the legality and validity of all proceedings theretofore taken and (as provided in the bond resolution) proposed to be taken for the authorization, issuance, sale, and delivery of the bonds, and for the payment of the principal thereof and interest thereon.

(b) Notwithstanding subdivision (a), an action to determine the validity of a redevelopment plan, or amendment to a redevelopment plan that was adopted prior to January 1, 2011, may be brought within 90 days after the date of the adoption of the ordinance adopting or amending the plan.

(c) Any action that is commenced on or after January 1, 2011, which is brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity or legality of any issue, document, or action described in subdivision (a), may be brought within two years after any triggering event that occurred after January 1, 2011.

(d) For the purposes of protecting the interests of the state, the Attorney General and the Department of Finance are interested persons pursuant to Section 863 of the Code of Civil Procedure in any action brought with respect to the validity of an ordinance adopting or amending a redevelopment plan pursuant to this section.

(e) For purposes of contesting the inclusion in a project area of lands that are enforceably restricted, as that term is defined in Sections 422 and 422.5 of the Revenue and Taxation Code, or lands that are in agricultural use, as defined in subdivision (b) of Section 51201 of the Government Code, the Department of Conservation, the county agricultural commissioner, the

county farm bureau, the California Farm Bureau Federation, and agricultural entities and general farm organizations that provide a written request for notice, are interested persons pursuant to Section 863 of the Code of Civil Procedure, in any action brought with respect to the validity of an ordinance adopting or amending a redevelopment plan pursuant to this section.

SEC. 4. Section 33607.5 of the Health and Safety Code is amended to read:

33607.5. (a) (1) This section shall apply to each redevelopment project area that, pursuant to a redevelopment plan which contains the provisions required by Section 33670, is either: (A) adopted on or after January 1, 1994, including later amendments to these redevelopment plans; or (B) adopted prior to January 1, 1994, but amended, after January 1, 1994, to include new territory. For plans amended after January 1, 1994, only the tax increments from territory added by the amendment shall be subject to this section. All the amounts calculated pursuant to this section shall be calculated after the amount required to be deposited in the Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3, and 33334.6 has been deducted from the total amount of tax increment funds received by the agency in the applicable fiscal year.

(2) The payments made pursuant to this section shall be in addition to any amounts the affected taxing entities receive pursuant to subdivision (a) of Section 33670. The payments made pursuant to this section to the affected taxing entities, including the community, shall be allocated among the affected taxing entities, including the community if the community elects to receive payments, in proportion to the percentage share of property taxes each affected taxing entity, including the community, receives during the fiscal year the funds are allocated, which percentage share shall be determined without regard to any amounts allocated to a city, a city and county, or a county pursuant to Sections 97.68 and 97.70 of the Revenue and Taxation Code, and without regard to any allocation reductions to a city, a city and county, a county, a special district, or a redevelopment agency pursuant to Sections 97.71, 97.72, and 97.73 of the Revenue and Taxation Code and Section 33681.12. The agency shall reduce its payments pursuant to this section to an affected taxing entity by any amount the agency has paid, directly or indirectly, pursuant to Section 33445, 33445.5, 33445.6, 33446, or any other provision of law other than this section for, or in connection with, a public facility owned or leased by that affected taxing entity, except: (A) any amounts the agency has paid directly or indirectly pursuant to an agreement with a taxing entity adopted prior to January 1, 1994; or (B) any amounts that are unrelated to the specific project area or amendment governed by this section. The reduction in a payment by an agency to a school district, community college district, or county office of education, or for special education, shall be subtracted only from the amount that otherwise would be available for use by those entities for educational facilities pursuant to paragraph (4). If the amount of the reduction exceeds the amount that otherwise would have been available for use for educational

facilities in any one year, the agency shall reduce its payment in more than one year.

(3) If an agency reduces its payment to a school district, community college district, or county office of education, or for special education, the agency shall do all of the following:

(A) Determine the amount of the total payment that would have been made without the reduction.

(B) Determine the amount of the total payment without the reduction which: (i) would have been considered property taxes; and (ii) would have been available to be used for educational facilities pursuant to paragraph (4).

(C) Reduce the amount available to be used for educational facilities.

(D) Send the payment to the school district, community college district, or county office of education, or for special education, with a statement that the payment is being reduced and including the calculation required by this subdivision showing the amount to be considered property taxes and the amount, if any, available for educational facilities.

(4) (A) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to school districts, 43.3 percent shall be considered to be property taxes for the purposes of paragraph (1) of subdivision (h) of Section 42238 of the Education Code, and 56.7 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(B) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to community college districts, 47.5 percent shall be considered to be property taxes for the purposes of Section 84751 of the Education Code, and 52.5 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(C) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to county offices of education, 19 percent shall be considered to be property taxes for the purposes of Section 2558 of the Education Code, and 81 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(D) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section for special education, 19 percent shall be considered to be property taxes for the purposes of Section 56712 of the

Education Code, and 81 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for education facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(E) If, pursuant to paragraphs (2) and (3), an agency reduces its payments to an educational entity, the calculation made by the agency pursuant to paragraph (3) shall determine the amount considered to be property taxes and the amount available to be used for educational facilities in the year the reduction was made.

(5) Local education agencies that use funds received pursuant to this section for school facilities shall spend these funds at schools that are: (A) within the project area, (B) attended by students from the project area, (C) attended by students generated by projects that are assisted directly by the redevelopment agency, or (D) determined by the governing board of a local education agency to be of benefit to the project area.

(b) Commencing with the first fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, including the community if the community elects to receive a payment, an amount equal to 25 percent of the tax increments received by the agency after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted. In any fiscal year in which the agency receives tax increments, the community that has adopted the redevelopment project area may elect to receive the amount authorized by this paragraph.

(c) Commencing with the 11th fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, other than the community which has adopted the project, in addition to the amounts paid pursuant to subdivision (b) and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 21 percent of the portion of tax increments received by the agency, which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value is the assessed value of the project area in the 10th fiscal year in which the agency receives tax increment revenues.

(d) Commencing with the 31st fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, other than the community which has adopted the project, in addition to the amounts paid pursuant to subdivisions (b) and (c) and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 14 percent of the portion of tax increments received by the agency, which shall be calculated by applying the tax rate

against the amount of assessed value by which the current year assessed value exceeds the second adjusted base year assessed value. The second adjusted base year assessed value is the assessed value of the project area in the 30th fiscal year in which the agency receives tax increments.

(e) (1) Prior to incurring any loans, bonds, or other indebtedness, except loans or advances from the community, the agency may subordinate to the loans, bonds, or other indebtedness the amount required to be paid to an affected taxing entity by this section, provided that the affected taxing entity has approved these subordinations pursuant to this subdivision.

(2) At the time the agency requests an affected taxing entity to subordinate the amount to be paid to it, the agency shall provide the affected taxing entity with substantial evidence that sufficient funds will be available to pay both the debt service and the payments required by this section, when due.

(3) Within 45 days after receipt of the agency's request, the affected taxing entity shall approve or disapprove the request for subordination. An affected taxing entity may disapprove a request for subordination only if it finds, based upon substantial evidence, that the agency will not be able to pay the debt payments and the amount required to be paid to the affected taxing entity. If the affected taxing entity does not act within 45 days after receipt of the agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive.

(f) (1) The Legislature finds and declares both of the following:

(A) The payments made pursuant to this section are necessary in order to alleviate the financial burden and detriment that affected taxing entities may incur as a result of the adoption of a redevelopment plan, and payments made pursuant to this section will benefit redevelopment project areas.

(B) The payments made pursuant to this section are the exclusive payments that are required to be made by a redevelopment agency to affected taxing entities during the term of a redevelopment plan.

(2) Notwithstanding any other provision of law, a redevelopment agency shall not be required, either directly or indirectly, as a measure to mitigate a significant environmental effect or as part of any settlement agreement or judgment brought in any action to contest the validity of a redevelopment plan pursuant to Section 33501, to make any other payments to affected taxing entities, or to pay for public facilities that will be owned or leased to an affected taxing entity.

(g) As used in this section, a "local education agency" is a school district, a community college district, or a county office of education.

SEC. 5. Section 33607.7 of the Health and Safety Code is amended to read:

33607.7. (a) This section shall apply to a redevelopment plan amendment for any redevelopment plans adopted prior to January 1, 1994, that increases the limitation on the number of dollars to be allocated to the redevelopment agency or that increases, or eliminates pursuant to paragraph (1) of subdivision (e) of Section 33333.6, the time limit on the establishing of loans, advances, and indebtedness established pursuant to paragraphs (1)

and (2) of subdivision (a) of Section 33333.6, as those paragraphs read on December 31, 2001, or that lengthens the period during which the redevelopment plan is effective if the redevelopment plan being amended contains the provisions required by subdivision (b) of Section 33670. However, this section shall not apply to those redevelopment plans that add new territory.

(b) If a redevelopment agency adopts an amendment that is governed by the provisions of this section, it shall pay to each affected taxing entity either of the following:

(1) If an agreement exists that requires payments to the taxing entity, the amount required to be paid by an agreement between the agency and an affected taxing entity entered into prior to January 1, 1994.

(2) If an agreement does not exist, the amounts required pursuant to subdivisions (b), (c), (d), and (e) of Section 33607.5, until termination of the redevelopment plan, calculated against the amount of assessed value by which the current year assessed value exceeds an adjusted base year assessed value. The amounts shall be allocated between property taxes and educational facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance, according to the appropriate formula in paragraph (3) of subdivision (a) of Section 33607.5. In determining the applicable amount under Section 33607.5, the first fiscal year shall be the first fiscal year following the fiscal year in which the adjusted base year value is determined.

(c) The adjusted base year assessed value shall be the assessed value of the project area in the year in which the limitation being amended would have taken effect without the amendment or, if more than one limitation is being amended, the first year in which one or more of the limitations would have taken effect without the amendment. The agency shall commence making these payments pursuant to the terms of the agreement, if applicable, or, if an agreement does not exist, in the first fiscal year following the fiscal year in which the adjusted base year value is determined.

SEC. 6. Part 1.8 (commencing with Section 34161) is added to Division 24 of the Health and Safety Code, to read:

**PART 1.8. RESTRICTIONS ON REDEVELOPMENT AGENCY OPERATIONS**

**CHAPTER 1. SUSPENSION OF AGENCY ACTIVITIES AND PROHIBITION ON CREATION OF NEW DEBTS**

34161. Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this part, no agency shall incur new or expand existing monetary or legal obligations except as provided in this

part. All of the provisions of this part shall take effect and be operative on the effective date of the act adding this part.

34162. (a) Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this act, an agency shall be unauthorized and shall not take any action to incur indebtedness, including, but not limited to, any of the following:

(1) Issue or sell bonds, for any purpose, regardless of the source of repayment of the bonds. As used in this section, the term “bonds,” includes, but is not limited to, any bonds, notes, bond anticipation notes, interim certificates, debentures, certificates of participation, refunding bonds, or other obligations issued by an agency pursuant to Part 1 (commencing with Section 33000), and Section 53583 of the Government Code, pursuant to any charter city authority or any revenue bond law.

(2) Incur indebtedness payable from prohibited sources of repayment, which include, but are not limited to, income and revenues of an agency’s redevelopment projects, taxes allocated to the agency, taxes imposed by the agency pursuant to Section 7280.5 of the Revenue and Taxation Code, assessments imposed by the agency, loan repayments made to the agency pursuant to Section 33746, fees or charges imposed by the agency, other revenues of the agency, and any contributions or other financial assistance from the state or federal government.

(3) Refund, restructure, or refinance indebtedness or obligations that existed as of January 1, 2011, including, but not limited to, any of the following:

(A) Refund bonds previously issued by the agency or by another political subdivision of the state, including, but not limited to, those issued by a city, a housing authority, or a nonprofit corporation acting on behalf of a city or a housing authority.

(B) Exercise the right of optional redemption of any of its outstanding bonds or elect to purchase any of its own outstanding bonds.

(C) Modify or amend the terms and conditions, payment schedules, amortization or maturity dates of any of the agency’s bonds or other obligations that are outstanding or exist as of January 1, 2011.

(4) Take out or accept loans or advances, for any purpose, from the state or the federal government, any other public agency, or any private lending institution, or from any other source. For purposes of this section, the term “loans” include, but are not limited to, agreements with the community or any other entity for the purpose of refinancing a redevelopment project and moneys advanced to the agency by the community or any other entity for the expenses of redevelopment planning, expenses for dissemination of redevelopment information, other administrative expenses, and overhead of the agency.

(5) Execute trust deeds or mortgages on any real or personal property owned or acquired by it.

(6) Pledge or encumber, for any purpose, any of its revenues or assets. As used in this part, an agency's "revenues and assets" include, but are not limited to, agency tax revenues, redevelopment project revenues, other agency revenues, deeds of trust and mortgages held by the agency, rents, fees, charges, moneys, accounts receivable, contracts rights, and other rights to payment of whatever kind or other real or personal property. As used in this part, to "pledge or encumber" means to make a commitment of, by the grant of a lien on and a security interest in, an agency's revenues or assets, whether by resolution, indenture, trust agreement, loan agreement, lease, installment sale agreement, reimbursement agreement, mortgage, deed of trust, pledge agreement, or similar agreement in which the pledge is provided for or created.

(b) Any actions taken that conflict with this section are void from the outset and shall have no force or effect.

(c) Notwithstanding subdivision (a), a redevelopment agency may issue refunding bonds, which are referred to in this part as Emergency Refunding Bonds, only where all of the following conditions are met:

(1) The issuance of Emergency Refunding Bonds is the only means available to the agency to avoid a default on outstanding agency bonds.

(2) Both the county treasurer and the Treasurer have approved the issuance of Emergency Refunding Bonds.

(3) Emergency Refunding Bonds are issued only to provide funds for any single debt service payment that is due prior to October 1, 2011, and that is more than 20 percent larger than a level debt service payment would be for that bond.

(4) The principal amount of outstanding agency bonds is not increased. 34163. Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this part, an agency shall not have the authority to, and shall not, do any of the following:

(a) Make loans or advances or grant or enter into agreements to provide funds or provide financial assistance of any sort to any entity or person for any purpose, including, but not limited to, all of the following:

(1) Loans of moneys or any other thing of value or commitments to provide financing to nonprofit organizations to provide those organizations with financing for the acquisition, construction, rehabilitation, refinancing, or development of multifamily rental housing or the acquisition of commercial property for lease, each pursuant to Chapter 7.5 (commencing with Section 33741) of Part 1.

(2) Loans of moneys or any other thing of value for residential construction, improvement, or rehabilitation pursuant to Chapter 8 (commencing with Section 33750) of Part 1. These include, but are not limited to, construction loans to purchasers of residential housing, mortgage loans to purchasers of residential housing, and loans to mortgage lenders, or any other entity, to aid in financing pursuant to Chapter 8 (commencing with Section 33750).

(3) The purchase, by an agency, of mortgage or construction loans from mortgage lenders or from any other entities.

(b) Enter into contracts with, incur obligations, or make commitments to, any entity, whether governmental, tribal, or private, or any individual or groups of individuals for any purpose, including, but not limited to, loan agreements, passthrough agreements, regulatory agreements, services contracts, leases, disposition and development agreements, joint exercise of powers agreements, contracts for the purchase of capital equipment, agreements for redevelopment activities, including, but not limited to, agreements for planning, design, redesign, development, demolition, alteration, construction, reconstruction, rehabilitation, site remediation, site development or improvement, removal of graffiti, land clearance, and seismic retrofits.

(c) Amend or modify existing agreements, obligations, or commitments with any entity, for any purpose, including, but not limited to, any of the following:

(1) Renewing or extending term of leases or other agreements, except that the agency may extend lease space for its own use to a date not to exceed six months after the effective date of the act adding this part and for a rate no more than 5 percent above the rate the agency currently pays on a monthly basis.

(2) Modifying terms and conditions of existing agreements, obligations, or commitments.

(3) Forgiving all or any part of the balance owed to the agency on existing loans or extend the term or change the terms and conditions of existing loans.

(4) Increasing its deposits to the Low and Moderate Income Housing Fund created pursuant to Section 33334.3 beyond the minimum level that applied to it as of January 1, 2011.

(5) Transferring funds out of the Low and Moderate Income Housing Fund, except to meet the minimum housing-related obligations that existed as of January 1, 2011, to make required payments under Sections 33690 and 33690.5, and to borrow funds pursuant to Section 34168.5.

(d) Dispose of assets by sale, long-term lease, gift, grant, exchange, transfer, assignment, or otherwise, for any purpose, including, but not limited to, any of the following:

(1) Assets, including, but not limited to, real property, deeds of trust, and mortgages held by the agency, moneys, accounts receivable, contract rights, proceeds of insurance claims, grant proceeds, settlement payments, rights to receive rents, and any other rights to payment of whatever kind.

(2) Real property, including, but not limited to, land, land under water and waterfront property, buildings, structures, fixtures, and improvements on the land, any property appurtenant to, or used in connection with, the land, every estate, interest, privilege, easement, franchise, and right in land, including rights-of-way, terms for years, and liens, charges, or encumbrances by way of judgment, mortgage, or otherwise, and the indebtedness secured by the liens.

(e) Acquire real property by any means for any purpose, including, but not limited to, the purchase, lease, or exercising of an option to purchase or lease, exchange, subdivide, transfer, assume, obtain option upon, acquire by gift, grant, bequest, devise, or otherwise acquire any real property, any interest in real property, and any improvements on it, including the repurchase of developed property previously owned by the agency and the acquisition of real property by eminent domain; provided, however, that nothing in this subdivision is intended to prohibit the acceptance or transfer of title for real property acquired prior to the effective date of this part.

(f) Transfer, assign, vest, or delegate any of its assets, funds, rights, powers, ownership interests, or obligations for any purpose to any entity, including, but not limited to, the community, the legislative body, another member of a joint powers authority, a trustee, a receiver, a partner entity, another agency, a nonprofit corporation, a contractual counterparty, a public body, a limited-equity housing cooperative, the state, a political subdivision of the state, the federal government, any private entity, or an individual or group of individuals.

(g) Accept financial or other assistance from the state or federal government or any public or private source if the acceptance necessitates or is conditioned upon the agency incurring indebtedness as that term is described in this part.

34164. Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this part, an agency shall lack the authority to, and shall not, engage in any of the following redevelopment activities:

(a) Prepare, approve, adopt, amend, or merge a redevelopment plan, including, but not limited to, modifying, extending, or otherwise changing the time limits on the effectiveness of a redevelopment plan.

(b) Create, designate, merge, expand, or otherwise change the boundaries of a project area.

(c) Designate a new survey area or modify, extend, or otherwise change the boundaries of an existing survey area.

(d) Approve or direct or cause the approval of any program, project, or expenditure where approval is not required by law.

(e) Prepare, formulate, amend, or otherwise modify a preliminary plan or cause the preparation, formulation, modification, or amendment of a preliminary plan.

(f) Prepare, formulate, amend, or otherwise modify an implementation plan or cause the preparation, formulation, modification, or amendment of an implementation plan.

(g) Prepare, formulate, amend, or otherwise modify a relocation plan or cause the preparation, formulation, modification, or amendment of a relocation plan where approval is not required by law.

(h) Prepare, formulate, amend, or otherwise modify a redevelopment housing plan or cause the preparation, formulation, modification, or amendment of a redevelopment housing plan.

(i) Direct or cause the development, rehabilitation, or construction of housing units within the community, unless required to do so by an enforceable obligation.

(j) Make or modify a declaration or finding of blight, blighted areas, or slum and blighted residential areas.

(k) Make any new findings or declarations that any areas of blight cannot be remedied or redeveloped by private enterprise alone.

(l) Provide or commit to provide relocation assistance, except where the provision of relocation assistance is required by law.

(m) Provide or commit to provide financial assistance.

34165. Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this part, an agency shall lack the authority to, and shall not, do any of the following:

(a) Enter into new partnerships, become a member in a joint powers authority, form a joint powers authority, create new entities, or become a member of any entity of which it is not currently a member, nor take on nor agree to any new duties or obligations as a member or otherwise of any entity to which the agency belongs or with which it is in any way associated.

(b) Impose new assessments pursuant to Section 7280.5 of the Revenue and Taxation Code.

(c) Increase the pay, benefits, or contributions of any sort for any officer, employee, consultant, contractor, or any other goods or service provider that had not previously been contracted.

(d) Provide optional or discretionary bonuses to any officers, employees, consultants, contractors, or any other service or goods providers.

(e) Increase numbers of staff employed by the agency beyond the number employed as of January 1, 2011.

(f) Bring an action pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity of any issuance or proposed issuance of revenue bonds under this chapter and the legality and validity of all proceedings previously taken or proposed in a resolution of an agency to be taken for the authorization, issuance, sale, and delivery of the revenue bonds and for the payment of the principal thereof and interest thereon.

(g) Begin any condemnation proceeding or begin the process to acquire real property by eminent domain.

(h) Prepare or have prepared a draft environmental impact report. This subdivision shall not alter or eliminate any requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

34166. No legislative body or local governmental entity shall have any statutory authority to create or otherwise establish a new redevelopment

agency or community development commission. No chartered city or chartered county shall exercise the powers granted in Part 1 (commencing with Section 33000) to create or otherwise establish a redevelopment agency.

34167. (a) This part is intended to preserve, to the maximum extent possible, the revenues and assets of redevelopment agencies so that those assets and revenues that are not needed to pay for enforceable obligations may be used by local governments to fund core governmental services including police and fire protection services and schools. It is the intent of the Legislature that redevelopment agencies take no actions that would further deplete the corpus of the agencies' funds regardless of their original source. All provisions of this part shall be construed as broadly as possible to support this intent and to restrict the expenditure of funds to the fullest extent possible.

(b) For purposes of this part, "agency" or "redevelopment agency" means a redevelopment agency created or formed pursuant to Part 1 (commencing with Section 33000) or its predecessor or a community development commission created or formed pursuant to Part 1.7 (commencing with Section 34100) or its predecessor.

(c) Nothing in this part in any way impairs the authority of a community development commission, other than in its authority to act as a redevelopment agency, to take any actions in its capacity as a housing authority or for any other community development purpose of the jurisdiction in which it operates.

(d) For purposes of this part, "enforceable obligation" means any of the following:

(1) Bonds, as defined by Section 33602 and bonds issued pursuant to Section 5850 of the Government Code, including the required debt service, reserve set-asides and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the redevelopment agency.

(2) Loans of moneys borrowed by the redevelopment agency for a lawful purpose, including, but not limited to, moneys borrowed from the Low and Moderate Income Housing Fund, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms.

(3) Payments required by the federal government, preexisting obligations to the state or obligations imposed by state law, other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183, or legally enforceable payments required in connection with the agencies' employees, including, but not limited to, pension payments, pension obligation debt service, and unemployment payments.

(4) Judgments or settlements entered by a competent court of law or binding arbitration decisions against the former redevelopment agency, other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183. Along with the successor agency, the oversight board shall have the authority and standing to appeal any judgment or to set aside any settlement or arbitration decision.

(5) Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy.

(6) Contracts or agreements necessary for the continued administration or operation of the redevelopment agency to the extent permitted by this part, including, but not limited to, agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to Section 33127 and for carrying insurance pursuant to Section 33134.

(e) To the extent that any provision of Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with Section 34100) conflicts with this part, the provisions of this part shall control. Further, if any provision in Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with Section 34100) provides an authority that this part is restricting or eliminating, the restriction and elimination provisions of this part shall control.

(f) Nothing in this part shall be construed to interfere with a redevelopment agency's authority, pursuant to enforceable obligations as defined in this chapter, to (1) make payments due, (2) enforce existing covenants and obligations, or (3) perform its obligations.

(g) The existing terms of any memorandum of understanding with an employee organization representing employees of a redevelopment agency adopted pursuant to the Meyers-Milias-Brown Act that is in force on the effective date of this part shall continue in force until September 30, 2011, unless a new agreement is reached with a recognized employee organization prior to that date.

(h) After the enforceable obligation payment schedule is adopted pursuant to Section 34169, or after 60 days from the effective date of this part, whichever is sooner, the agency shall not make a payment unless it is listed in an adopted enforceable obligation payment schedule, other than payments required to meet obligations with respect to bonded indebtedness.

(i) The Department of Finance and the Controller shall each have the authority to require any documents associated with the enforceable obligations to be provided to them in a manner of their choosing. Any taxing entity, the department, and the Controller shall each have standing to file a judicial action to prevent a violation under this part and to obtain injunctive or other appropriate relief.

(j) For purposes of this part, "auditor-controller" means the officer designated in subdivision (e) of Section 24000 of the Government Code.

34167.5. 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). The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in the furtherance of the Community Redevelopment Law and is thereby unauthorized.

34168. (a) Notwithstanding any other law, any action contesting the validity of this part or Part 1.85 (commencing with Section 34170) or challenging acts taken pursuant to these parts shall be brought in the Superior Court of the County of Sacramento.

(b) If any provision of this part or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this part which can be given effect without the invalid provision or application, and to this end, the provisions of this part are severable.

#### CHAPTER 2. REDEVELOPMENT AGENCY RESPONSIBILITIES

34169. Until successor agencies are authorized pursuant to Part 1.85 (commencing with Section 34170), redevelopment agencies shall do all of the following:

(a) Continue to make all scheduled payments for enforceable obligations, as defined in subdivision (d) of Section 34167.

(b) Perform obligations required pursuant to any enforceable obligations, including, but not limited to, observing covenants for continuing disclosure obligations and those aimed at preserving the tax-exempt status of interest payable on any outstanding agency bonds.

(c) Set aside or maintain reserves in the amount required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

(d) Consistent with the intent declared in subdivision (a) of Section 34167, preserve all assets, minimize all liabilities, and preserve all records of the redevelopment agency.

(e) Cooperate with the successor agencies, if established pursuant to Part 1.85 (commencing with Section 34170), and provide all records and information necessary or desirable for audits, making of payments required by enforceable obligations, and performance of enforceable obligations by the successor agencies.

(f) Take all reasonable measures to avoid triggering an event of default under any enforceable obligations as defined in subdivision (d) of Section 34167.

(g) (1) Within 60 days of the effective date of this part, adopt an Enforceable Obligation Payment Schedule that lists all of the obligations that are enforceable within the meaning of subdivision (d) of Section 34167 which includes the following information about each obligation:

(A) The project name associated with the obligation.

(B) The payee.

(C) A short description of the nature of the work, product, service, facility, or other thing of value for which payment is to be made.

(D) The amount of payments obligated to be made, by month, through December 2011.

(2) Payment schedules for issued bonds may be aggregated, and payment schedules for payments to employees may be aggregated. This schedule shall be adopted at a public meeting and shall be posted on the agency's Internet Web site or, if no Internet Web site exists, on the Internet Web site of the legislative body, if that body has an Internet Web site. The schedule may be amended at any public meeting of the agency. Amendments shall be posted to the Internet Web site for at least three business days before a payment may be made pursuant to an amendment. The Enforceable Obligation Payment Schedule shall be transmitted by mail or electronic means to the county auditor-controller, the Controller, and the Department of Finance. A notification providing the Internet Web site location of the posted schedule and notifications of any amendments shall suffice to meet this requirement.

(h) Prepare a preliminary draft of the initial recognized obligation payment schedule, no later than September 30, 2011, and provide it to the successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170).

(i) The Department of Finance may review a redevelopment agency action taken pursuant to subdivision (g) or (h). As such, all agency actions shall not be effective for three business days, pending a request for review by the department. Each agency shall designate an official to whom the department may make these requests and who shall provide the department with the telephone number and e-mail contact information for the purpose of communicating with the department pursuant to this subdivision. In the event that the department requests a review of a given agency action, the department shall have 10 days from the date of its request to approve the agency action or return it to the agency for reconsideration and this action shall not be effective until approved by the department. In the event that the department returns the agency action to the agency for reconsideration, the agency must resubmit the modified action for department approval and the modified action shall not become effective until approved by the department. This subdivision shall apply to a successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170), as a successor entity to a dissolved redevelopment agency, with

respect to the preliminary draft of the initial recognized obligation payment schedule.

CHAPTER 3. APPLICATION OF PART TO FORMER PARTICIPANTS OF THE ALTERNATIVE VOLUNTARY REDEVELOPMENT PROGRAM

34169.5. (a) It is the intent of the Legislature that a redevelopment agency, that formerly operated pursuant to the Alternative Voluntary Redevelopment Program (Part 1.9 (commencing with Section 34192)), but that becomes subject to this part pursuant to Section 34195, shall be subject to all of the requirements of this part, except that dates and deadlines shall be appropriately modified, as provided in this section, to reflect the date that the agency becomes subject to this part.

(b) For purposes of a redevelopment agency that becomes subject to this part pursuant to Section 34195, the following shall apply:

(1) Any reference to “January 1, 2011,” shall be construed to mean January 1 of the year preceding the year that the redevelopment agency became subject to this part, but no earlier than January 1, 2011.

(2) Any reference to a date “60 days from the effective date of this part” shall be construed to mean 60 days from the date that the redevelopment agency becomes subject to this part.

(3) Except as provided in paragraphs (1) and (2), any reference to a date certain shall be construed to be the date, measured from the date that the redevelopment agency became subject to this part, that is equivalent to the duration of time between the effective date of this part and the date certain identified in statute.

SEC. 7. Part 1.85 (commencing with Section 34170) is added to Division 24 of the Health and Safety Code, to read:

PART 1.85. DISSOLUTION OF REDEVELOPMENT AGENCIES AND DESIGNATION OF SUCCESSOR AGENCIES

CHAPTER 1. EFFECTIVE DATE, CREATION OF FUNDS, AND DEFINITION OF TERMS

34170. (a) Unless otherwise specified, all provisions of this part shall become operative on October 1, 2011.

(b) If any provision of this part or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this part which can be given effect without the invalid provision or application, and to this end, the provisions of this part are severable.

34170.5. (a) The successor agency shall create within its treasury a Redevelopment Obligation Retirement Fund to be administered by the successor agency.

(b) The county auditor-controller shall create within the county treasury a Redevelopment Property Tax Trust Fund for the property tax revenues related to each former redevelopment agency, for administration by the county auditor-controller.

34171. The following terms shall have the following meanings:

(a) “Administrative budget” means the budget for administrative costs of the successor agencies as provided in Section 34177.

(b) “Administrative cost allowance” means an amount that, subject to the approval of the oversight board, is payable from property tax revenues of up to 5 percent of the property tax allocated to the successor agency for the 2011–12 fiscal year and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency for each fiscal year thereafter; provided, however, that the amount shall not be less than two hundred fifty thousand dollars (\$250,000) for any fiscal year or such lesser amount as agreed to by the successor agency. However, the allowance amount shall exclude any administrative costs that can be paid from bond proceeds or from sources other than property tax.

(c) “Designated local authority” shall mean a public entity formed pursuant to subdivision (d) of Section 34173.

(d) (1) “Enforceable obligation” means any of the following:

(A) Bonds, as defined by Section 33602 and bonds issued pursuant to Section 58383 of the Government Code, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency.

(B) Loans of moneys borrowed by the redevelopment agency for a lawful purpose, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms.

(C) Payments required by the federal government, preexisting obligations to the state or obligations imposed by state law, other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183, or legally enforceable payments required in connection with the agencies’ employees, including, but not limited to, pension payments, pension obligation debt service, unemployment payments, or other obligations conferred through a collective bargaining agreement.

(D) Judgments or settlements entered by a competent court of law or binding arbitration decisions against the former redevelopment agency, other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183. Along with the successor agency, the oversight board shall have the authority and standing to appeal any judgment or to set aside any settlement or arbitration decision.

(E) Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy. However, nothing in this act shall prohibit either the successor agency, with the approval or at the direction of the oversight board, or the oversight board itself from terminating any existing agreements or contracts and providing

any necessary and required compensation or remediation for such termination.

(F) Contracts or agreements necessary for the administration or operation of the successor agency, in accordance with this part, including, but not limited to, agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to Section 33127 and for carrying insurance pursuant to Section 33134.

(G) Amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund of a redevelopment agency, which had been deferred as of the effective date of the act adding this part; provided, however, that the repayment schedule is approved by the oversight board.

(2) For purposes of this part, “enforceable obligation” does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency. However, written agreements entered into (A) at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and (B) solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations for purposes of this part. Notwithstanding this paragraph, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created it, within two years of the date of creation of the redevelopment agency, may be deemed to be enforceable obligations.

(3) Contracts or agreements between the former redevelopment agency and other public agencies, to perform services or provide funding for governmental or private services or capital projects outside of redevelopment project areas that do not provide benefit to the redevelopment project and thus were not properly authorized under Part 1 (commencing with Section 33000) shall be deemed void on the effective date of this part; provided, however, that such contracts or agreements for the provision of housing properly authorized under Part 1 (commencing with Section 33000) shall not be deemed void.

(e) “Indebtedness obligations” means bonds, notes, certificates of participation, or other evidence of indebtedness, issued or delivered by the redevelopment agency, or by a joint exercise of powers authority created by the redevelopment agency, to third-party investors or bondholders to finance or refinance redevelopment projects undertaken by the redevelopment agency in compliance with the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(f) “Oversight board” shall mean each entity established pursuant to Section 34179.

(g) “Recognized obligation” means an obligation listed in the Recognized Obligation Payment Schedule.

(h) “Recognized Obligation Payment Schedule” means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in subdivision (m) of Section 34177.

(i) “School entity” means any entity defined as such in subdivision (f) of Section 95 of the Revenue and Taxation Code.

(j) “Successor agency” means the county, city, or city and county that authorized the creation of each redevelopment agency or another entity as provided in Section 34173.

(k) “Taxing entities” means cities, counties, a city and county, special districts, and school entities, as defined in subdivision (f) of Section 95 of the Revenue and Taxation Code, that receive passthrough payments and distributions of property taxes pursuant to the provisions of this part.

#### CHAPTER 2. EFFECT OF REDEVELOPMENT AGENCY DISSOLUTION

34172. (a) (1) All redevelopment agencies and redevelopment agency components of community development agencies created under Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100) that were in existence on the effective date of this part are hereby dissolved and shall no longer exist as a public body, corporate or politic. Nothing in this part dissolves or otherwise affects the authority of a community redevelopment commission, other than in its authority to act as a redevelopment agency, in its capacity as a housing authority or for any other community development purpose of the jurisdiction in which it operates. For those other nonredevelopment purposes, the community development commission derives its authority solely from federal or local laws, or from state laws other than the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(2) A community in which an agency has been dissolved under this section may not create a new agency pursuant to Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with Section 34100). However, a community in which the agency has been dissolved and the successor entity has paid off all of the former agency’s enforceable obligations may create a new agency pursuant to Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with Section 34100), subject to the tax increment provisions contained in Chapter 3.5 (commencing with Section 34194.5) of Part 1.9 (commencing with Section 34192).

(b) All authority to transact business or exercise powers previously granted under the Community Redevelopment Law (Part 1 (commencing with Section 33000)) is hereby withdrawn from the former redevelopment agencies.

(c) Solely for purposes of Section 16 of Article XVI of the California Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the dissolved redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness,

whether funded, refunded, assumed, or otherwise incurred by the redevelopment agency to finance or refinance, in whole or in part, the redevelopment projects of each redevelopment agency dissolved pursuant to this part.

(d) Revenues equivalent to those that would have been allocated pursuant to subdivision (b) of Section 16 of Article XVI of the California Constitution shall be allocated to the Redevelopment Property Tax Trust Fund of each successor agency for making payments on the principal of and interest on loans, and moneys advanced to or indebtedness incurred by the dissolved redevelopment agencies. Amounts in excess of those necessary to pay obligations of the former redevelopment agency shall be deemed to be property tax revenues within the meaning of subdivision (a) of Section 1 of Article XIII A of the California Constitution.

34173. (a) Successor agencies, as defined in this part, are hereby designated as successor entities to the former redevelopment agencies.

(b) Except for those provisions of the Community Redevelopment Law that are repealed, restricted, or revised pursuant to the act adding this part, all authority, rights, powers, duties, and obligations previously vested with the former redevelopment agencies, under the Community Redevelopment Law, are hereby vested in the successor agencies.

(c) (1) Where the redevelopment agency was in the form of a joint powers authority, and where the joint powers agreement governing the formation of the joint powers authority addresses the allocation of assets and liabilities upon dissolution of the joint powers authority, then each of the entities that created the former redevelopment agency may be a successor agency within the meaning of this part and each shall have a share of assets and liabilities based on the provisions of the joint powers agreement.

(2) Where the redevelopment agency was in the form of a joint powers authority, and where the joint powers agreement governing the formation of the joint powers authority does not address the allocation of assets and liabilities upon dissolution of the joint powers authority, then each of the entities that created the former redevelopment agency may be a successor agency within the meaning of this part, a proportionate share of the assets and liabilities shall be based on the assessed value in the project areas within each entity's jurisdiction, as determined by the county assessor, in its jurisdiction as compared to the assessed value of land within the boundaries of the project areas of the former redevelopment agency.

(d) (1) A city, county, city and county, or the entities forming the joint powers authority that authorized the creation of each redevelopment agency may elect not to serve as a successor agency under this part. A city, county, city and county, or any member of a joint powers authority that elects not to serve as a successor agency under this part must file a copy of a duly authorized resolution of its governing board to that effect with the county auditor-controller no later than one month prior to the effective date of this part.

(2) The determination of the first local agency that elects to become the successor agency shall be made by the county auditor-controller based on

the earliest receipt by the county auditor-controller of a copy of a duly adopted resolution of the local agency's governing board authorizing such an election. As used in this section, "local agency" means any city, county, city and county, or special district in the county of the former redevelopment agency.

(3) If no local agency elects to serve as a successor agency for a dissolved redevelopment agency, a public body, referred to herein as a "designated local authority" shall be immediately formed, pursuant to this part, in the county and shall be vested with all the powers and duties of a successor agency as described in this part. The Governor shall appoint three residents of the county to serve as the governing board of the authority. The designated local authority shall serve as successor agency until a local agency elects to become the successor agency in accordance with this section.

(e) The liability of any successor agency, acting pursuant to the powers granted under the act adding this part, shall be limited to the extent of the total sum of property tax revenues it receives pursuant to this part and the value of assets transferred to it as a successor agency for a dissolved redevelopment agency.

34174. (a) Solely for the purposes of Section 16 of Article XVI of the California Constitution, commencing on the effective date of this part, all agency loans, advances, or indebtedness, and interest thereon, shall be deemed extinguished and paid; provided, however, that nothing herein is intended to absolve the successor agency of payment or other obligations due or imposed pursuant to the enforceable obligations; and provided further, that nothing in the act adding this part is intended to be construed as an action or circumstance that may give rise to an event of default under any of the documents governing the enforceable obligations.

(b) Nothing in this part, including, but not limited to, the dissolution of the redevelopment agencies, the designation of successor agencies, and the transfer of redevelopment agency assets and properties, shall be construed as a voluntary or involuntary insolvency of any redevelopment agency for purposes of the indenture, trust indenture, or similar document governing its outstanding bonds.

34175. (a) It is the intent of this part that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.

(b) All assets, properties, contracts, leases, books and records, buildings, and equipment of the former redevelopment agency are transferred on October 1, 2011, to the control of the successor agency, for administration pursuant to the provisions of this part. This includes all cash or cash equivalents and amounts owed to the redevelopment agency as of October 1, 2011.

34176. (a) The city, county, or city and county that authorized the creation of a redevelopment agency may elect to retain the housing assets and functions previously performed by the redevelopment agency. If a city,

county, or city and county elects to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, duties, and obligations, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, shall be transferred to the city, county, or city and county.

(b) If a city, county, or city and county does not elect to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, excluding any amounts in the Low and Moderate Income Housing Fund, shall be transferred as follows:

(1) Where there is no local housing authority in the territorial jurisdiction of the former redevelopment agency, to the Department of Housing and Community Development.

(2) Where there is one local housing authority in the territorial jurisdiction of the former redevelopment agency, to that local housing authority.

(3) Where there is more than one local housing authority in the territorial jurisdiction of the former redevelopment agency, to the local housing authority selected by the city, county, or city and county that authorized the creation of the redevelopment agency.

(c) Commencing on the operative date of this part, the entity assuming the housing functions formerly performed by the redevelopment agency may enforce affordability covenants and perform related activities pursuant to applicable provisions of the Community Redevelopment Law (Part 1 (commencing with Section 33000), including, but not limited to, Section 33418.

CHAPTER 3. SUCCESSOR AGENCIES

34177. Successor agencies are required to do all of the following:

(a) Continue to make payments due for enforceable obligations.

(1) On and after October 1, 2011, and until a Recognized Obligation Payment Schedule becomes operative, only payments required pursuant to an enforceable obligations payment schedule shall be made. The initial enforceable obligation payment schedule shall be the last schedule adopted by the redevelopment agency under Section 34169. However, payments associated with obligations excluded from the definition of enforceable obligations by paragraph (2) of subdivision (e) of Section 34171 shall be excluded from the enforceable obligations payment schedule and be removed from the last schedule adopted by the redevelopment agency under Section 34169 prior to the successor agency adopting it as its enforceable obligations payment schedule pursuant to this subdivision. The enforceable obligation payment schedule may be amended by the successor agency at any public meeting and shall be subject to the approval of the oversight board as soon as the board has sufficient members to form a quorum.

(2) The Department of Finance and the Controller shall each have the authority to require any documents associated with the enforceable obligations to be provided to them in a manner of their choosing. Any taxing entity, the department, and the Controller shall each have standing to file a judicial action to prevent a violation under this part and to obtain injunctive or other appropriate relief.

(3) Commencing on January 1, 2012, only those payments listed in the Recognized Obligation Payment Schedule may be made by the successor agency from the funds specified in the Recognized Obligation Payment Schedule. In addition, commencing January 1, 2012, the Recognized Obligation Payment Schedule shall supersede the Statement of Indebtedness, which shall no longer be prepared nor have any effect under the Community Redevelopment Law.

(4) Nothing in the act adding this part is to be construed as preventing a successor agency, with the prior approval of the oversight board, as described in Section 34179, from making payments for enforceable obligations from sources other than those listed in the Recognized Obligation Payment Schedule.

(5) From October 1, 2011, to July 1, 2012, a successor agency shall have no authority and is hereby prohibited from accelerating payment or making any lump-sum payments that are intended to prepay loans unless such accelerated repayments were required prior to the effective date of this part.

(b) Maintain reserves in the amount required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

(c) Perform obligations required pursuant to any enforceable obligation.

(d) Remit unencumbered balances of redevelopment agency funds to the county auditor-controller for distribution to the taxing entities, including, but not limited to, the unencumbered balance of the Low and Moderate Income Housing Fund of a former redevelopment agency. In making the distribution, the county auditor-controller shall utilize the same methodology for allocation and distribution of property tax revenues provided in Section 34188.

(e) Dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181. The disposal is to be done expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188.

(f) Enforce all former redevelopment agency rights for the benefit of the taxing entities, including, but not limited to, continuing to collect loans, rents, and other revenues that were due to the redevelopment agency.

(g) Effectuate transfer of housing functions and assets to the appropriate entity designated pursuant to Section 34176.

(h) Expeditiously wind down the affairs of the redevelopment agency pursuant to the provisions of this part and in accordance with the direction of the oversight board.

(i) Continue to oversee development of properties until the contracted work has been completed or the contractual obligations of the former redevelopment agency can be transferred to other parties. Bond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case, the proceeds may be used to defease the bonds.

(j) Prepare a proposed administrative budget and submit it to the oversight board for its approval. The proposed administrative budget shall include all of the following:

(1) Estimated amounts for successor agency administrative costs for the upcoming six-month fiscal period.

(2) Proposed sources of payment for the costs identified in paragraph (1).

(3) Proposals for arrangements for administrative and operations services provided by a city, county, city and county, or other entity.

(k) Provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the county auditor-controller for each six-month fiscal period.

(l) (1) Before each six-month fiscal period, prepare a Recognized Obligation Payment Schedule in accordance with the requirements of this paragraph. For each recognized obligation, the Recognized Obligation Payment Schedule shall identify one or more of the following sources of payment:

(A) Low and Moderate Income Housing Fund.

(B) Bond proceeds.

(C) Reserve balances.

(D) Administrative cost allowance.

(E) The Redevelopment Property Tax Trust Fund, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provisions of this part.

(F) Other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board in accordance with this part.

(2) A Recognized Obligation Payment Schedule shall not be deemed valid unless all of the following conditions have been met:

(A) A draft Recognized Obligation Payment Schedule is prepared by the successor agency for the enforceable obligations of the former redevelopment agency by November 1, 2011. From October 1, 2011, to July 1, 2012, the initial draft of that schedule shall project the dates and amounts of scheduled

payments for each enforceable obligation for the remainder of the time period during which the redevelopment agency would have been authorized to obligate property tax increment had such a redevelopment agency not been dissolved, and shall be reviewed and certified, as to its accuracy, by an external auditor designated pursuant to Section 34182.

(B) The certified Recognized Obligation Payment Schedule is submitted to and duly approved by the oversight board.

(C) A copy of the approved Recognized Obligation Payment Schedule is submitted to the county auditor-controller and both the Controller's office and the Department of Finance and be posted on the successor agency's Internet Web site.

(3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months. The first Recognized Obligation Payment Schedule shall be submitted to the Controller's office and the Department of Finance by December 15, 2011, for the period of January 1, 2012, to June 30, 2012, inclusive. Former redevelopment agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred, prior to January 1, 2012, shall be made from property tax revenues received in the spring of 2011 property tax distribution, and from other revenues and balances transferred to the successor agency.

34178. (a) Commencing on the operative date of this part, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid and shall not be binding on the successor agency; provided, however, that a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency that it is succeeding may do so upon obtaining the approval of its oversight board.

(b) Notwithstanding subdivision (a), any of the following agreements are not invalid and may bind the successor agency:

(1) A duly authorized written agreement entered into at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and solely for the purpose of securing or repaying those indebtedness obligations.

(2) A written agreement between a redevelopment agency and the city, county, or city and county that created it that provided loans or other startup funds for the redevelopment agency that were entered into within two years of the formation of the redevelopment agency.

(3) A joint exercise of powers agreement in which the redevelopment agency is a member of the joint powers authority. However, upon assignment to the successor agency by operation of the act adding this part, the successor agency's rights, duties, and performance obligations under that joint exercise of powers agreement shall be limited by the constraints imposed on successor agencies by the act adding this part.

34178.7. For purposes of this chapter with regard to a redevelopment agency that becomes subject to this part pursuant to Section 34195, only references to "October 1, 2011," and to the "operative date of this part"

shall be modified in the manner described in Section 34191. All other dates shall be modified only as necessary to reflect the appropriate fiscal year or portion of a fiscal year.

CHAPTER 4. OVERSIGHT BOARDS

34179. (a) Each successor agency shall have an oversight board composed of seven members. The members shall elect one of their members as the chairperson and shall report the name of the chairperson and other members to the Department of Finance on or before January 1, 2012. Members shall be selected as follows:

- (1) One member appointed by the county board of supervisors.
- (2) One member appointed by the mayor for the city that formed the redevelopment agency.
- (3) One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is of the type of special district that is eligible to receive property tax revenues pursuant to Section 34188.
- (4) One member appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.
- (5) One member appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.
- (6) One member of the public appointed by the county board of supervisors.
- (7) One member representing the employees of the former redevelopment agency appointed by the mayor or chair of the board of supervisors, as the case may be, from the recognized employee organization representing the largest number of former redevelopment agency employees employed by the successor agency at that time.
- (8) If the county or a joint powers agency formed the redevelopment agency, then the largest city by acreage in the territorial jurisdiction of the former redevelopment agency may select one member. If there are no cities with territory in a project area of the redevelopment agency, the county superintendent of education may appoint an additional member to represent the public.
- (9) If there are no special districts of the type that are eligible to receive property tax pursuant to Section 34188, within the territorial jurisdiction of the former redevelopment agency, then the county may appoint one member to represent the public.
- (10) Where a redevelopment agency was formed by an entity that is both a charter city and a county, the oversight board shall be composed of seven members selected as follows: three members appointed by the mayor of the city, where such appointment is subject to confirmation by the county board of supervisors, one member appointed by the largest special district, by

property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is the type of special district that is eligible to receive property tax revenues pursuant to Section 34188, one member appointed by the county superintendent of education to represent schools, one member appointed by the Chancellor of the California Community Colleges to represent community college districts, and one member representing employees of the former redevelopment agency appointed by the mayor of the city where such an appointment is subject to confirmation by the county board of supervisors, to represent the largest number of former redevelopment agency employees employed by the successor agency at that time.

(b) The Governor may appoint individuals to fill any oversight board member position described in subdivision (a) that has not been filled by January 15, 2012, or any member position that remains vacant for more than 60 days.

(c) The oversight board may direct the staff of the successor agency to perform work in furtherance of the oversight board's duties and responsibilities under this part. The successor agency shall pay for all of the costs of meetings of the oversight board and may include such costs in its administrative budget. Oversight board members shall serve without compensation or reimbursement for expenses.

(d) Oversight board members shall have personal immunity from suit for their actions taken within the scope of their responsibilities as oversight board members.

(e) A majority of the total membership of the oversight board shall constitute a quorum for the transaction of business. A majority vote of the total membership of the oversight board is required for the oversight board to take action. The oversight board shall be deemed to be a local entity for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974.

(f) All notices required by law for proposed oversight board actions shall also be posted on the successor agency's Internet Web site or the oversight board's Internet Web site.

(g) Each member of an oversight board shall serve at the pleasure of the entity that appointed such member.

(h) The Department of Finance may review an oversight board action taken pursuant to the act adding this part. As such, all oversight board actions shall not be effective for three business days, pending a request for review by the department. Each oversight board shall designate an official to whom the department may make such requests and who shall provide the department with the telephone number and e-mail contact information for the purpose of communicating with the department pursuant to this subdivision. In the event that the department requests a review of a given oversight board action, it shall have 10 days from the date of its request to approve the oversight board action or return it to the oversight board for reconsideration and such oversight board action shall not be effective until approved by the department. In the event that the department returns the

oversight board action to the oversight board for reconsideration, the oversight board shall resubmit the modified action for department approval and the modified oversight board action shall not become effective until approved by the department.

(i) Oversight boards shall have fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188. Further, the provisions of Division 4 (commencing with Section 1000) of the Government Code shall apply to oversight boards. Notwithstanding Section 1099 of the Government Code, or any other law, any individual may simultaneously be appointed to up to five oversight boards and may hold an office in a city, county, city and county, special district, school district, or community college district.

(j) Commencing on and after July 1, 2016, in each county where more than one oversight board was created by operation of the act adding this part, there shall be only one oversight board appointed as follows:

(1) One member may be appointed by the county board of supervisors.

(2) One member may be appointed by the city selection committee established pursuant to Section 50270 of the Government Code. In a city and county, the mayor may appoint one member.

(3) One member may be appointed by the independent special district selection committee established pursuant to Section 56332 of the Government Code, for the types of special districts that are eligible to receive property tax revenues pursuant to Section 34188.

(4) One member may be appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.

(5) One member may be appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.

(6) One member of the public may be appointed by the county board of supervisors.

(7) One member may be appointed by the recognized employee organization representing the largest number of successor agency employees in the county.

(k) The Governor may appoint individuals to fill any oversight board member position described in subdivision (j) that has not been filled by July 15, 2016, or any member position that remains vacant for more than 60 days.

(l) Commencing on and after July 1, 2016, in each county where only one oversight board was created by operation of the act adding this part, then there will be no change to the composition of that oversight board as a result of the operation of subdivision (b).

(m) Any oversight board for a given successor agency shall cease to exist when all of the indebtedness of the dissolved redevelopment agency has been repaid.

34180. All of the following successor agency actions shall first be approved by the oversight board:

(a) The establishment of new repayment terms for outstanding loans where the terms have not been specified prior to the date of this part.

(b) Refunding of outstanding bonds or other debt of the former redevelopment agency by successor agencies in order to provide for savings or to finance debt service spikes; provided, however, that no additional debt is created and debt service is not accelerated.

(c) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

(d) Merging of project areas.

(e) Continuing the acceptance of federal or state grants, or other forms of financial assistance from either public or private sources, where assistance is conditioned upon the provision of matching funds, by the successor entity as successor to the former redevelopment agency, in an amount greater than 5 percent.

(f) (1) If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.

(2) If no other agreement is reached on valuation of the retained assets, the value will be the fair market value as of the 2011 property tax lien date as determined by the county assessor.

(g) Establishment of the Recognized Obligation Payment Schedule.

(h) A request by the successor agency to enter into an agreement with the city, county, or city and county that formed the redevelopment agency that it is succeeding.

(i) A request by a successor agency or taxing entity to pledge, or to enter into an agreement for the pledge of, property tax revenues pursuant to subdivision (b) of Section 34178.

34181. The oversight board shall direct the successor agency to do all of the following:

(a) Dispose of all assets and properties of the former redevelopment agency that were funded by tax increment revenues of the dissolved redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, and fire stations, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value.

(b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations.

(c) Transfer housing responsibilities and all rights, powers, duties, and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund to the appropriate entity pursuant to Section 34176.

(d) Terminate any agreement, between the dissolved redevelopment agency and any public entity located in the same county, obligating the redevelopment agency to provide funding for any debt service obligations of the public entity or for the construction, or operation of facilities owned or operated by such public entity, in any instance where the oversight board has found that early termination would be in the best interests of the taxing entities.

(e) Determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval. The board may approve any amendments to or early termination of such agreements where it finds that amendments or early termination would be in the best interests of the taxing entities.

CHAPTER 5. DUTIES OF THE AUDITOR-CONTROLLER

34182. (a) (1) The county auditor-controller shall conduct or cause to be conducted an agreed-upon procedures audit of each redevelopment agency in the county that is subject to this part, to be completed by March 1, 2012.

(2) The purpose of the audits shall be to establish each redevelopment agency's assets and liabilities, to document and determine each redevelopment agency's passthrough payment obligations to other taxing agencies, and to document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency and certify the initial Recognized Obligation Payment Schedule.

(3) The county auditor-controller may charge the Redevelopment Property Tax Trust Fund for any costs incurred by the county auditor-controller pursuant to this part.

(b) By March 15, 2012, the county auditor-controller shall provide the Controller's office a copy of all audits performed pursuant to this section. The county auditor-controller shall maintain a copy of all documentation and working papers for use by the Controller.

(c) (1) The county auditor-controller shall determine the amount of property taxes that would have been allocated to each redevelopment agency in the county had the redevelopment agency not been dissolved pursuant to the operation of the act adding this part. These amounts are deemed property tax revenues within the meaning of subdivision (a) of Section 1 of Article XIII A of the California Constitution and are available for allocation and distribution in accordance with the provisions of the act adding this part.

The county auditor-controller shall calculate the property tax revenues using current assessed values on the last equalized roll on August 20, pursuant to Section 2052 of the Revenue and Taxation Code, and pursuant to statutory formulas or contractual agreements with other taxing agencies, as of the effective date of this section, and shall deposit that amount in the Redevelopment Property Tax Trust Fund.

(2) Each county auditor-controller shall administer the Redevelopment Property Tax Trust Fund for the benefit of the holders of former redevelopment agency enforceable obligations and the taxing entities that receive passthrough payments and distributions of property taxes pursuant to this part.

(3) In connection with the allocation and distribution by the county auditor-controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, in compliance with this part, the county auditor-controller shall prepare estimates of amounts to be allocated and distributed, and provide those estimates to both the entities receiving the distributions and the Department of Finance, no later than November 1 and May 1 of each year.

(4) Each county auditor-controller shall disburse proceeds of asset sales or reserve balances, which have been received from the successor entities pursuant to Sections 34177 and 34187, to the taxing entities. In making such a distribution, the county auditor-controller shall utilize the same methodology for allocation and distribution of property tax revenues provided in Section 34188.

(d) By October 1, 2012, the county auditor-controller shall report the following information to the Controller's office and the Director of Finance:

(1) The sums of property tax revenues remitted to the Redevelopment Property Tax Trust Fund related to each former redevelopment agency.

(2) The sums of property tax revenues remitted to each agency under paragraph (1) of subdivision (a) of Section 34183.

(3) The sums of property tax revenues remitted to each successor agency pursuant to paragraph (2) of subdivision (a) of Section 34183.

(4) The sums of property tax revenues paid to each successor agency pursuant to paragraph (3) of subdivision (a) of Section 34183.

(5) The sums paid to each city, county, and special district, and the total amount allocated for schools pursuant to paragraph (4) of subdivision (a) of Section 34183.

(6) Any amounts deducted from other distributions pursuant to subdivision (b) of Section 34183.

(e) A county auditor-controller may charge the Redevelopment Property Tax Trust Fund for the costs of administering the provisions of this part.

(f) The Controller may audit and review any county auditor-controller action taken pursuant to the act adding this part. As such, all county auditor-controller actions shall not be effective for three business days, pending a request for review by the Controller. In the event that the Controller requests a review of a given county auditor-controller action, he or she shall have 10 days from the date of his or her request to approve the

county auditor-controller's action or return it to the county auditor-controller for reconsideration and such county auditor-controller action shall not be effective until approved by the Controller. In the event that the Controller returns the county auditor-controller's action to the county auditor-controller for reconsideration, the county auditor-controller must resubmit the modified action for Controller approval and such modified county auditor-controller action shall not become effective until approved by the Controller.

34183. (a) Notwithstanding any other law, from October 1, 2011, to July 1, 2012, and for each fiscal year thereafter, the county auditor-controller shall, after deducting administrative costs allowed under Section 34182 and Section 95.3 of the Revenue and Taxation Code, allocate moneys in each Redevelopment Property Tax Trust Fund as follows:

(1) Subject to any prior deductions required by subdivision (b), first, the county auditor-controller shall remit from the Redevelopment Property Tax Trust Fund to each local agency and school entity an amount of property tax revenues in an amount equal to that which would have been received under Section 33401, 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections read on January 1, 2011, or pursuant to any passthrough agreement between a redevelopment agency and a taxing jurisdiction that was entered into prior to January 1, 1994, that would be in force during that fiscal year, had the redevelopment agency existed at that time. The amount of the payments made pursuant to this paragraph shall be calculated solely on the basis of passthrough payment obligations, existing prior to the effective date of this part and continuing as obligations of successor entities, shall occur no later than January 16, 2012, and no later than June 1, 2012, and each January 16 and June 1 thereafter. Notwithstanding subdivision (e) of Section 33670, that portion of the taxes in excess of the amount identified in subdivision (a) of Section 33670, which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness for the acquisition or improvement of real property shall be allocated to, and when collected shall be paid into, the fund of that taxing agency.

(2) Second, on January 16, 2012, and June 1, 2012, and each January 16 and June 1 thereafter, to each successor agency for payments listed in its Recognized Obligation Payment Schedule for the six-month fiscal period beginning January 1, 2012, or July 1, 2012, and each January 16 and June 1 thereafter, in the following order of priority:

(A) Debt service payments scheduled to be made for tax allocation bonds.

(B) Payments scheduled to be made on revenue bonds, but only to the extent the revenues pledged for them are insufficient to make the payments and only where the agency's tax increment revenues were also pledged for the repayment of the bonds.

(C) Payments scheduled for other debts and obligations listed in the Recognized Obligation Payment Schedule that are required to be paid from former tax increment revenue.

(3) Third, on January 16, 2012, and June 1, 2012, and each January 16 and June 1 thereafter, to each successor agency for the administrative cost allowance, as defined in Section 34171, for administrative costs set forth in an approved administrative budget for those payments required to be paid from former tax increment revenues.

(4) Fourth, on January 16, 2012, and June 1, 2012, and each January 16 and June 1 thereafter, any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by paragraphs (1) to (3), inclusive, shall be distributed to local agencies and school entities in accordance with Section 34188.

(b) If the successor agency reports, no later than December 1, 2011, and May 1, 2012, and each December 1 and May 1 thereafter, to the county auditor-controller that the total amount available to the successor agency from the Redevelopment Property Tax Trust Fund allocation to that successor agency's Redevelopment Obligation Retirement Fund, from other funds transferred from each redevelopment agency, and from funds that have or will become available through asset sales and all redevelopment operations, are insufficient to fund the payments required by paragraphs (1) to (3), inclusive, of subdivision (a) in the next six-month fiscal period, the county auditor-controller shall notify the Controller and the Department of Finance no later than 10 days from the date of that notification. The county auditor-controller shall verify whether the successor agency will have sufficient funds from which to service debts according to the Recognized Obligation Payment Schedule and shall report the findings to the Controller. If the Controller concurs that there are insufficient funds to pay required debt service, the amount of the deficiency shall be deducted first from the amount remaining to be distributed to taxing entities pursuant to paragraph (4), and if that amount is exhausted, from amounts available for distribution for administrative costs in paragraph (3). If an agency, pursuant to the provisions of Section 33492.15, 33492.72, 33607.5, 33671.5, 33681.15, or 33688, made passthrough payment obligations subordinate to debt service payments required for enforceable obligations, funds for servicing bond debt may be deducted from the amounts for passthrough payments under paragraph (1), as provided in those sections, but only to the extent that the amounts remaining to be distributed to taxing entities pursuant to paragraph (4) and the amounts available for distribution for administrative costs in paragraph (3) have all been exhausted.

(c) The county treasurer may loan any funds from the county treasury that are necessary to ensure prompt payments of redevelopment agency debts.

(d) The Controller may recover the costs of audit and oversight required under this part from the Redevelopment Property Tax Trust Fund by presenting an invoice therefor to the county auditor-controller who shall set aside sufficient funds for and disburse the claimed amounts prior to making the next distributions to the taxing jurisdictions pursuant to Section 34188. Subject to the approval of the Director of Finance, the budget of the

Controller may be augmented to reflect the reimbursement, pursuant to Section 28.00 of the Budget Act.

34185. Commencing on January 16, 2012, and on each January 16 and June 1 thereafter, the county auditor-controller shall transfer, from the Redevelopment Property Tax Trust Fund of each successor agency into the Redevelopment Obligation Retirement Fund of that agency, an amount of property tax revenues equal to that specified in the Recognized Obligation Payment Schedule for that successor agency as payable from the Redevelopment Property Tax Trust Fund subject to the limitations of Sections 34173 and 34183.

34186. Differences between actual payments and past estimated obligations on recognized obligation payment schedules must be reported in subsequent recognized obligation payment schedules and shall adjust the amount to be transferred to the Redevelopment Obligation Retirement Fund pursuant to this part. These estimates and accounts shall be subject to audit by county auditor-controllers and the Controller.

34187. Commencing January 1, 2012, whenever a recognized obligation that had been identified in the Recognized Payment Obligation Schedule is paid off or retired, either through early payment or payment at maturity, the county auditor-controller shall distribute to the taxing entities, in accordance with the provisions of the Revenue and Taxation Code, all property tax revenues that were associated with the payment of the recognized obligation.

34188. For all distributions of property tax revenues and other moneys pursuant to this part, the distribution to each taxing entity shall be in an amount proportionate to its share of property tax revenues in the tax rate area in that fiscal year, as follows:

(a) (1) For distributions from the Redevelopment Property Tax Trust Fund, the share of each taxing entity shall be applied to the amount of property tax available in the Redevelopment Property Tax Trust Fund after deducting the amount of any distributions under paragraphs (2) and (3) of subdivision (a) of Section 34183.

(2) For each taxing entity that receives passthrough payments, that agency shall receive the amount of any passthrough payments identified under paragraph (1) of subdivision (a) of Section 34183, in an amount not to exceed the amount that it would receive pursuant to this section in the absence of the passthrough agreement. However, to the extent that the passthrough payments received by the taxing entity are less than the amount that the taxing entity would receive pursuant to this section in the absence of a passthrough agreement, the taxing entity shall receive an additional payment that is equivalent to the difference between those amounts.

(b) Property tax shares of local agencies shall be determined based on property tax allocation laws in effect on the date of distribution, without the revenue exchange amounts allocated pursuant to Section 97.68 of the Revenue and Taxation Code, and without the property taxes allocated pursuant to Section 97.70 of the Revenue and Taxation Code.

(c) The total school share, including passthroughs, shall be the share of the property taxes that would have been received by school entities, as

defined in subdivision (f) of Section 95 of the Revenue and Taxation Code, in the jurisdictional territory of the former redevelopment agency, including, but not limited to, the amounts specified in Sections 97.68 and 97.70 of the Revenue and Taxation Code.

34188.8. For purposes of a redevelopment agency that becomes subject to this part pursuant to Section 34195, a date certain identified in this chapter shall not be subject to Section 34191, except for dates certain in Section 34182 and references to “October 1, 2011,” or to the “operative date of this part.” However, for purposes of those redevelopment agencies, a date certain identified in this chapter shall be appropriately modified, as necessary to reflect the appropriate fiscal year or portion of a fiscal year.

#### CHAPTER 6. EFFECT OF THE ACT ADDING THIS PART ON THE COMMUNITY REDEVELOPMENT LAW

34189. (a) Commencing on the effective date of this part, all provisions of the Community Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies, including, but not limited to, Sections 33445, 33640, 33641, 33645, and subdivision (b) of Section 33670, shall be inoperative, except as those sections apply to a redevelopment agency operating pursuant to Part 1.9 (commencing with Section 34192).

(b) The California Law Revision Commission shall draft a Community Redevelopment Law cleanup bill for consideration by the Legislature no later than January 1, 2013.

(c) To the extent that a provision of Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100) conflicts with this part, the provisions of this part shall control. Further, if a provision of Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with Section 34100) provides an authority that the act adding this part is restricting or eliminating, the restriction and elimination provisions of the act adding this part shall control.

(d) It is intended that the provisions of this part shall be read in a manner as to avoid duplication of payments.

#### CHAPTER 7. STABILIZATION OF LABOR AND EMPLOYMENT RELATIONS

34190. (a) It is the intent of the Legislature to stabilize the labor and employment relations of redevelopment agencies and successor agencies in furtherance of and connection with their responsibilities under the act adding this part.

(b) Nothing in the act adding this part is intended to relieve any redevelopment agency of its obligations under Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 of the Government Code. Subject to the limitations set forth in Section 34165, prior to its dissolution, a

redevelopment agency shall retain the authority to meet and confer over matters within the scope of representation.

(c) A successor agency, as defined in Sections 34171 and 34173, shall constitute a public agency within the meaning of subdivision (c) of Section 3501 of the Government Code.

(d) Subject to the limitations set forth in Section 34165, redevelopment agencies, prior to and during their winding down and dissolution, shall retain the authority to bargain over matters within the scope of representation.

(e) In recognition that a collective bargaining agreement represents an enforceable obligation, a successor agency shall become the employer of all employees of the redevelopment agency as of the date of the redevelopment agency's dissolution. If, pursuant to this provision, the successor agency becomes the employer of one or more employees who, as employees of the redevelopment agency, were represented by a recognized employee organization, the successor agency shall be deemed a successor employer and shall be obligated to recognize and to meet and confer with such employee organization. In addition, the successor agency shall retain the authority to bargain over matters within the scope of representation and shall be deemed to have assumed the obligations under any memorandum of understanding in effect between the redevelopment agency and recognized employee organization as of the date of the redevelopment agency's dissolution.

(f) The Legislature finds and declares that the duties and responsibilities of local agency employer representatives under this chapter are substantially similar to the duties and responsibilities required under existing collective bargaining enforcement procedures and therefore the costs incurred by the local agency employer representatives in performing those duties and responsibilities under the act adding this part are not reimbursable as state-mandated costs. Furthermore, the Legislature also finds and declares that to the extent the act adding this part provides the funding with which to accomplish the obligations provided herein, the costs incurred by the local agency employer representatives in performing those duties and responsibilities under the act adding this part are not reimbursable as state-mandated costs.

(g) The transferred memorandum of understanding and the right of any employee organization representing such employees to provide representation shall continue as long as the memorandum of understanding would have been in force, pursuant to its own terms. One or more separate bargaining units shall be created in the successor agency consistent with the bargaining units that had been established in the redevelopment agency. After the expiration of the transferred memorandum of understanding, the successor agency shall continue to be subject to the provisions of the Meyers-Milias-Brown Act.

(h) Individuals formerly employed by redevelopment agencies that are subsequently employed by successor agencies shall, for a minimum of two years, transfer their status and classification in the civil service system of the redevelopment agency to the successor agency and shall not be required

to requalify to perform the duties that they previously performed or duties substantially similar in nature and in required qualification to those that they previously performed. Any such individuals shall have the right to compete for employment under the civil service system of the successor agency.

CHAPTER 8. APPLICATION OF PART TO FORMER PARTICIPANTS OF THE  
ALTERNATIVE VOLUNTARY REDEVELOPMENT PROGRAM

34191. (a) It is the intent of the Legislature that a redevelopment agency that formerly operated pursuant to the Alternative Voluntary Redevelopment Program (Part 1.9 (commencing with Section 34192)), that becomes subject to this part pursuant to Section 34195, shall be subject to all of the requirements of this part, except that dates and deadlines shall be appropriately modified, as provided in this section, to reflect the date that the agency becomes subject to this part.

(b) Except as otherwise provided by law, for purposes of a redevelopment agency that becomes subject to this part pursuant to Section 34195, the following shall apply:

(1) Any reference to “January 1, 2011,” shall be construed to mean January 1 of the year preceding the year that the redevelopment agency became subject to this part, but no earlier than January 1, 2011.

(2) Any reference to “October 1, 2011,” or to the “operative date of this part,” shall mean the date that is the equivalent to the “October 1, 2011,” identified in Section 34167.5 for that redevelopment agency as determined pursuant to Section 34169.5.

(3) Except as provided in paragraphs (1) and (2), any reference to a date certain shall be construed to be the date, measured from the date that the redevelopment agency became subject to this part, that is equivalent to the duration of time between the operative date of this part and the date certain identified in statute.

SEC. 8. Section 97.401 is added to the Revenue and Taxation Code, to read:

97.401. Commencing October 1, 2011, the county auditor shall make the calculations required by Section 97.4 based on the amount deposited on behalf of each former redevelopment agency into the Redevelopment Property Tax Trust Fund pursuant to paragraph (1) of subdivision (c) of Section 34182 of the Health and Safety Code. The calculations required by Section 97.4 shall result in cities, counties, and special districts annually remitting to the Educational Revenue Augmentation Fund the same amounts they would have remitted but for the operation of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code.

SEC. 9. Section 98.2 is added to the Revenue and Taxation Code, to read:

98.2. For the 2011–12 fiscal year, and each fiscal year thereafter, the computations provided for in Sections 98 and 98.1 shall be performed in a manner which recognizes that passthrough payments formerly required under the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code) are continuing to be made under the authority of Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code and those payments shall be recognized in the TEA calculations as though they were made under the Community Redevelopment Law. Additionally, the computations provided for in Sections 98 and 98.1 shall be performed in a manner that recognizes payments to a Redevelopment Property Tax Trust Fund, established pursuant to Section 34170.5 of the Health and Safety Code as if they were payments to a redevelopment agency as provided in subdivision (b) of Section 33670 of the Health and Safety Code.

SEC. 10. If a legal challenge to invalidate any provision of this act is successful, a redevelopment agency shall be prohibited from issuing new bonds, notes, interim certificates, debentures, or other obligations, whether funded, refunded, assumed, or otherwise, pursuant to Article 5 (commencing with Section 33640) of Chapter 6 of Part 1 of Division 24 of the Health and Safety Code.

SEC. 11. The sum of five hundred thousand dollars (\$500,000) is hereby appropriated to the Department of Finance from the General Fund for allocation to the Treasurer, Controller, and Department of Finance for administrative costs associated with this act. The department shall notify the Joint Legislative Budget Committee and the fiscal committees in each house of any allocations under this section no later than 10 days following that allocation.

SEC. 12. If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this act which can be given effect without the invalid provision or application and to this end, the provisions of this act are severable. The Legislature expressly intends that the provisions of Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code are severable from the provisions of Part 1.8 (commencing with Section 34161) of Division 24 of the Health and Safety Code, and if Part 1.85 is held invalid, then Part 1.8 shall continue in effect.

SEC. 13. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

SEC. 14. This act shall take effect contingent on the enactment of Assembly Bill 27 of the 2011–12 First Extraordinary Session or Senate Bill 15 of in the 2011–12 First Extraordinary Session and only if the enacted bill adds Part 1.9 (commencing with Section 34192) to Division 24 of the Health and Safety Code.

SEC. 15. This act addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation on January 20, 2011, pursuant to subdivision (f) of Section 10 of Article IV of the California Constitution.

SEC. 16. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

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# **AB1X 26 HANDBOOK**



Prepared January 2012

## Table of Contents

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Introduction .....	ii
AB1X26 .....	1
Glossary .....	4
AB1X26 Responsibilities .....	10
Appendix .....	20
• AB1X26 Date Matrix .....	20
• Recognized Obligation Payment Schedule .....	23

## Introduction

This handbook has been prepared to assist with the understanding and implementation of AB1X 26. It is not meant to be a legal guide nor should this Handbook be relied upon in taking actions required by the legislation. We advise that legal counsel be consulted before taking any actions pursuant to the legislation.

In upholding AB1X 26, the Supreme Court reformed certain deadline dates. The Court revised each effective date or deadline for performance of an obligation arising from part 1.85 of division 24 of the Health and Safety Code arising before May 1, 2012, to take effect four months later, except for actions to be taken by September 1, 2011 which are extended until January 13, 2012. Where a provision imposed obligations in both this and subsequent fiscal years, only the provision as it relates to obligations arising before May 1, 2012 is extended.

We hope you find this Handbook useful. If there are any questions, corrections or comments, please contact us by phone (909) 861-4335 or by our email addresses:

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## **AB1X 26**

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### **Redevelopment Agencies**

Under AB1X 26 redevelopment agencies are dissolved and replaced with Successor Agencies responsible for winding down the affairs of the redevelopment agencies including disposing of their assets. Upon the effective date of the legislation (June 29, 2011) Redevelopment agencies can no longer incur indebtedness, amend or modify existing agreements, increase pay, pay bonuses or hire employees, refund, restructure or refinance bonds or transfer money out of the Low and Moderate Income Housing Fund.

A dissolving redevelopment agency must adopt an Enforceable Obligation Schedule by August 28, 2011, perform obligations required by enforceable obligations, maintain reserves, preserve agency assets and cooperate with Successor Agencies. Employment agreements stay in place until September 30, 2011. The redevelopment agency must provide the Successor Agency with a draft Recognized Obligation Schedule by January 30, 2012.

Enforceable Obligations consists of bonds, loans, payments required by governments (except pass-through payments), court judgments and settlements, legal contracts and agreements and contracts necessary for continued administration. Enforceable Obligations do not include unencumbered assets transferred to cities or counties after January 1, 2011. After August 28<sup>th</sup>, redevelopment agencies can only pay obligations listed on the Enforceable Obligations Schedule.

Actions to determine the validity of a redevelopment plan or plan amendment that were commenced on or after January 1, 2011 may be brought within two years of the event.

### **Successor Agencies**

Successor Agencies become operative on February 1, 2012. On this date all assets, properties, contracts, and leases of the former redevelopment agency are transferred to the Successor Agency. The unencumbered assets transferred to cities and counties must be returned by February 1, 2012.

Communities may elect to become the Successor Agency for its former redevelopment agency. If no local agency elects to become the Successor Agency, a designated local authority shall be vested with the powers of the Successor Agency and the Governor shall appoint three residents of the county to serve as its board.

Successor Agencies shall create a Redevelopment Obligation Retirement Fund, continue payments on the Enforceable Obligation Schedule, maintain reserves, perform obligations required by Enforceable Obligations, dispose of assets and property, and enforce all rights for the benefit of taxing agencies. The Successor Agency will continue to oversee development of properties until contractual obligations can be transferred to other parties, use bond proceeds to continue funded activities and defease bonds and prepare administrative budgets. By March 1, 2012 the Successor Agency shall prepare a draft of the Recognized Obligation Payment Schedule for payments through July 1, 2012. From May 1, 2012 forward only payments listed on the Recognized Obligation Payment Schedule may be made by the Successor Agency.

Successor Agencies are entitled to an administrative allowance. Subject to approval of the Oversight Board, the administrative allowance is up to five percent of property tax for 2011-12 and three percent each year thereafter. The amount shall not be less than \$250,000 for any fiscal year unless agreed to by the Successor Agency.

### **Oversight Boards**

Oversight Boards must report their chairperson and members to the Department of Finance by May 1, 2012. Oversight Boards are to be composed of one member each appointed by the county board of supervisors, mayor, the largest special district by property tax share, the county supervisor of education, the Chancellor of the California Community Colleges, a public member appointed by the county board of supervisors and a member representing employees of the former redevelopment agency appointed by the mayor or the chair of the county board of Supervisors.

Oversight boards direct the staff of the Successor Agency, have fiduciary responsibilities to holders of enforceable obligations, approves actions of the Successor Agency and establishes the Recognized Payment Obligation Payment Schedule. It takes a majority of the Oversight Board to constitute a quorum and to vote to take action. On, or after July 1, 2016, a single oversight board for the county shall be appointed.

### **County Auditor-Controller**

The Auditor-Controller is required to audit each dissolved redevelopment agency's assets, liabilities, and tax-sharing obligations and determine the amount and terms of indebtedness by July 1, 2012. The Auditor-Controller also certifies the initial Recognized Payment Obligation Schedule.

Upon the effective date of the legislation the Auditor-Controller shall determine the amount of tax increment that would have been allocated to each redevelopment agency which are deemed property taxes by the AB1X 26 and shall deposit the amount in Redevelopment Property Tax Trust Fund. The Auditor-Controller administers the Trust Fund for the benefit of the holders of Enforceable Obligations and the taxing agencies that receive pass-through payments.

No later than November 1 and May 1 of each year, the Auditor-Controller provides estimates of the amounts to be distributed to the entities receiving the distributions and the Department of Finance.

From February 1, 2012 to July 1, 2012, after deducting administrative costs, and after making tax-sharing payments, the Auditor-Controller allocates moneys from the Redevelopment Property Tax Trust Fund, to the Successor Agencies. Should the Successor Agency report to the County Auditor-Controller no later than December 1 and May 1 that the amount in the Property Tax Trust Fund is insufficient to meet tax-sharing payments, Enforceable Obligations and the Successor Agencies administrative allowance, the Auditor-Controller shall verify that there are insufficient funds and report to the State Controller and the Department of Finance within ten days. If the State Controller concurs that there are insufficient funds, the Auditor-Controller shall first reduce the Successor Agency's administrative allowance and second, subordinate tax-sharing payments. If there are still insufficient funds, the county treasurer may loan the necessary funds.

No community may establish a new redevelopment agency if the former redevelopment agency has been dissolved until the Successor Agency has retired all the enforceable obligations of the former agency and only if the community adopts an ordinance to provide Continuation Payments.

## Glossary

**Administrative Budget** – The budget for the administrative costs of the successor agencies. 34171(a)

**Administrative Cost Allowance** – For Successor Agencies, and subject to the approval of the Oversight Board, up to five percent of the property tax allocated to the Successor Agency for 2011-12 and up to three percent of the property tax allocated to the Redevelopment Obligation Trust Fund for 2012-13 and each year thereafter. The Administrative Cost Allowance shall not be less than \$250,000 for any fiscal year or such lesser amount as agreed to the Successor Agency. The Administrative Cost Allowance shall exclude administrative costs that can be paid from bond proceeds or from sources other than property taxes. 34171(b)

**Community** – City or county that created a redevelopment agency.

**Designated local authority** – If no local agency elects to serve as a Successor Agency a "designated local authority" shall be immediately formed and vested with all the powers and duties of a Successor Agency. The Governor shall appoint three residents of the county to serve as the governing board of the authority.

**Effective Date** – The date AB1X 26 and was enacted by the Legislature: June 28, 2011.

**Emergency Refunding Bonds** – To avoid default on outstanding bonds or lines of credit obtained from a financial institution, a redevelopment agency may issue Emergency Refunding Bonds. Both the county treasurer and the State Treasurer must approve the issuance. Emergency Refunding Bonds can provide funds only for any single debt service payment due prior to February 1, 2012, and that is more than 20 percent larger than a level debt service payment would be for that bond, or for a letter of credit that expires prior to February 1, 2012. The principal amount is not to be increased except if Emergency Refunding Bonds are issued for the purpose of paying off a line of credit, and only in the amount of the line of credit payment as well as costs of issuance. 34162(c)

**Enforceable Obligation** – Obligations of the former redevelopment agency to be paid by the redevelopment agency until the Successor Agency is formed and then paid by the Successor Agency. Enforceable Obligations include:

- Bonds
- Loans borrowed by the redevelopment agency for a lawful purpose, including money borrowed from the Low and Moderate Income Housing Fund to the extent they are legally required to be repaid pursuant of a required repayment schedule.

- Payments required to the federal government, preexisting obligations to the state or obligations imposed by state law, or legally enforceable payments required in connection with the agencies' employees. Tax-sharing payments are not Enforceable Obligations as they will be paid by the county auditor-controller.
- Judgments or settlements entered by a competent court of law or binding arbitration.
- Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy.
- Contracts or agreements necessary for the continued administration or operation of the redevelopment agency including agreements to purchase or rent office space, equipment and supplies, and pay-related expenses.
- Amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund that had been deferred that had been deferred as of the effective date of Part 1.9 provided that the repayment schedule is approved by the Oversight Board.

Enforceable Obligations do not include any agreements, contracts or arrangements between the community and the former redevelopment agency except: 1) written agreements entered at the time of issuance and not later than December 31, 2010, and loan agreements within two years of creating the redevelopment agency or project area. 34167(d) & 34171(d)

**Enforceable Obligation Payment Schedule (EOPS)** – The EOPS is to be adopted by August 28, 2011 (within 60 days of the effective date of AB 26). After the adoption of the EOPS, the redevelopment agency and Successor Agency cannot make any payments not listed on the EOPS. The EOPS is to include all of the following:

- The project name associated with the obligations
- The Payee
- A short description of the nature of the work, product, service, facility, or other thing of value for which payment is to be made
- The amount of payments obligated to be made by month through December 2011

Payment schedules for bonds and employee agreements may be aggregated. The Schedule shall be adopted at a public meeting of the redevelopment agency and posted on the redevelopment agency's web site. The schedule may be amended at any public meeting. The EOPS shall be transmitted by mail or electronic means to the county auditor-controller and the Department of Finance. A notification providing the internet web site location shall meet this requirement. 34169

**Former redevelopment agency** – A redevelopment agency that has been dissolved in accordance with AB 26

**Indebtedness Obligation** – Means bonds, notes, certificates of participation, or other evidence of indebtedness issued or delivered by the redevelopment agency, or by a joint exercise of powers authority to third-party investors or bondholders to finance redevelopment projects. 34171(e)

**Initial Recognized Obligation Payment Schedule** – The former redevelopment agency is to prepare an initial recognized obligation payment schedule by September 30, 2011. 34169(h) See Recognized Obligation Schedule

**Oversight Board** – The Oversight Board directs the staff of the Successor Agency to perform work in furtherance of the Oversight Board's duties and responsibilities. The Oversight Board shall have fiduciary responsibilities to the holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues. 34179

Each Successor Agency shall have an Oversight Board composed of seven members:

1. One member appointed by the county board of supervisors
2. One member appointed by the mayor of the community
3. One member appointed by the largest Special District (see Special District) by property tax share with territory within the territorial jurisdiction of the former redevelopment agency
4. One member appointed by an elected county supervisor of education or the county board of education if there is no elected supervisor of education
5. One member appointed by the Chancellor of the California Community Colleges
6. One member of the public appointed by the county board of supervisors
7. One member representing the employees of the former redevelopment agency appointed by the mayor or chair of the county board of supervisors from the largest recognized employee organization

Any individual may simultaneously be appointed to up to five Oversight boards and may hold an office in a city, county, special district or community college district.

There are special provisions when the redevelopment agency was formed by joint powers authority, if there is no eligible Special District, a charter city and county. The Governor may appoint members if a position has not been filled by May 15, 2012.

**Recognized Obligation** – Means an obligation listed in the Recognized Obligation Payment Schedule 34171(g)

**Recognized Obligation Payment Schedule (ROPS)** – The Recognized Obligation Payment Schedule mean the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period. 31171(h)

The Successor Agency is required to prepare a ROPS before each six month fiscal period. The ROPS shall identify one or more of the following sources of payment (not required for the EOPS):

- Low and Moderate Income Housing Fund
- Bond Proceeds
- Reserve Balances
- Administrative Cost Allowance
- The Redevelopment Property Tax Trust Fund
- Other revenue sources including rents, concessions, asset sale proceeds, interest earning and any other revenues derived from the former redevelopment agency, as approved by the Oversight Board

The ROPS is not deemed valid unless:

- The draft ROPS is prepared by the Successor Agency by March 1, 2012. From October 1, 2011, to July 1, 2012, the initial draft shall project the dates and amounts of scheduled payments that the former redevelopment agency would have made. The initial draft shall be certified by an external auditor [the county auditor-controller].
- The certified ROPS is approved by the Oversight Board
- A copy of the approved ROPS is submitted to the county auditor-controller, the State Controller and the Dept. of Finance and posted on the Successor Agency's web site.

The ROPS shall be forward looking to the next six months. The first ROPS for January 1 2012 through June 30, 2012 shall be submitted to the State Controller's Office and the Department of Finance by April 15, 2011.

Each January 16<sup>th</sup> and each June 1<sup>st</sup>, the county auditor-controller allocates revenue from the Redevelopment Property Tax Trust Fund money to each Successor Agency for payments listed on the ROPS for each six month period. 34182(a)(2) & 34185

Commencing May 1, 2012, the ROPS shall supersede the Statement of Indebtedness which shall no longer be prepared for dissolved redevelopment agencies. 34177(a)(2)

**Redevelopment Obligation Retirement Fund** – The Successor Agency shall create the Redevelopment Retirement Trust Fund in its treasury. 34170.5(a).

Each January 16<sup>th</sup> and each June 1<sup>st</sup>, the county auditor-controller allocates revenue from the Redevelopment Property Tax Trust Fund money to each Successor Agency for payments listed on the ROPS for each six month period. 34182(a)(2) & 34185

Commencing May 1, 2012, the Successor Agency may pay from the Redevelopment Obligation Retirement only those payments listed on the ROPS. 34177(a)(3) (or from sources other than those listed on the ROPS with the approval of the Oversight Board). 34177(a)(4)

**Redevelopment Property Tax Trust Fund (the Trust Fund)** – The county auditor-controller shall create within the county treasury a Redevelopment Property Tax Trust fund for property tax revenues related to each former redevelopment agency, for administration by the county auditor-controller. 34170.5(b) The county auditor-controller shall administer the Trust fund for the benefit of the holders of form redevelopment agency enforceable obligations and the taxing entities that receive pass-through payment and distributions of property taxes.

The county auditor-controller shall prepare estimates of the allocation and distribution of the property tax revenues deposited in the Trust and provide those estimates to the Department of Finance and the taxing entities receiving distributions no later than March 1, 2012 and each November 1<sup>st</sup> and May 1<sup>st</sup> of each year. 34182(c)(3)

The county auditor-controller may charge the Trust Fund for the costs of administration, audit and oversight. 34182(d)(e) & 34183(d)

Beginning February 1, 2012 the county auditor-controller shall first deduct its administrative costs, providing there are sufficient funds, allocate the money in the Trust Fund in the following order:

- Pass-through payments to taxing entities no later than May 16, 2012, and each January 16<sup>th</sup> and June 1<sup>st</sup> of each year
  - To Successor Agencies on May 16, 2012 and each May 16<sup>th</sup> and January 1<sup>st</sup> and June 1<sup>st</sup> of each year for payments in the following order:
    - Debt service for tax allocation bonds
    - Payments for revenue bonds but only to the extent that the pledged revenues are insufficient and tax increment revenues were also pledged for the bonds
    - Payments for other debts and obligations listed on the ROPS to be paid with tax increment revenue
    - The administrative cost allowance for the Successor Agency
    - Any remaining moneys to local agencies and school entities
- 34183(a)(2) & 34185

If the Successor Agency reports no later than April 1, 2012, and each December 1<sup>st</sup> and May 1<sup>st</sup> thereafter to the county auditor-controller that the allocation from the Trust Fund to the Redevelopment Obligation Retirement Fund, and other funds, are insufficient to fund payments for the next six months, the deficiency shall be deducted: first from the property taxes that would have been distributed to taxing entities; second from subordinated pass-through payments and third from the Successor's Administrative Cost Allowance until all funds have been exhausted. 34183(b)

Whenever a Recognized Obligation has been retired, the auditor-controller shall pay the property tax revenues associated with that obligation to pay other Recognized Obligations and then as property taxes to the taxing entities. 34187

**Successor Agency** – Means the community (or member of a joint authority as specified in Section 34173) that authorized the creation of each redevelopment agency. 34171(j)

Except for the provisions of the Community Redevelopment Law that are repealed, restricted or limited by AB 26, all authority, rights, powers, duties and obligations of the former redevelopment agencies are vested in the Successor Agencies. 34173(a) All assets, properties, contracts, leases, books and records, buildings, and equipment of the former redevelopment agency are transferred on October 1, 2011, to the control of the Successor Agency. 34175(b)

Successor Agencies are required to do the following:

- Continue to make payments due for enforceable obligations
- Maintain reserves in the amount required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds
- Perform obligations required pursuant to any Enforceable Obligations
- Remit unencumbered balances of the redevelopment agency funds to the county auditor-controller for distribution to taxing entities
- Dispose of the assets and properties of the former redevelopment agency as directed by the Oversight Board
- Enforce all former redevelopment agency rights for the benefit of taxing entities, including, but not limited to, continuing to collect loans, rents and other revenues due the redevelopment agency
- Effectuate the transfer of housing functions and assets to the appropriate entity
- Expeditiously wind down the affairs of the redevelopment agency with the direction of the Oversight Board
- Continue to oversee development of properties until the contracted work has been completed or transferred to other parties
- Prepare a proposed administrative budget and submit it to the Oversight Board for approval
- Provide administrative cost estimates from its approved administrative budget that are to be paid for each six month period to the county auditor-controller
- Before each six month period prepare a Recognized Obligation Payment Schedule

**Special District** – A local agency, other than a city, county, or school entity that receives a share of property taxes from the project areas of the former redevelopment agency. The Special District with the largest property tax share in the territorial jurisdiction of the former redevelopment agency becomes a member of the Oversight Board 34179 (a)(3) If there is no eligible special district the County may appoint a public member 34179(a)(9)

**Taxing Entities** – Means cities, counties, a city and county, special districts and School Entities 34171(k)

## AB1X26 Responsibilities

### Auditor-Controller

- Commencing with the effective date of the legislation, the auditor-controller shall review the activities of redevelopment agency to determine if an asset transfer occurred after Jan. 1, 2011 between the communities and the redevelopment agencies and order the available assets to be returned to the redevelopment agency or Successor Agency
  - Transfer housing responsibilities and all right, powers, duties and obligations to the appropriate entity pursuant to Section 34176
  - Terminate any agreement between the dissolved redevelopment agency obligating the redevelopment agency to fund any debt service obligation of the public entity for the construction or operation of facilities owned or operated by the public entity where the Oversight Board finds that early termination would be in the best interests of the taxing entities
  - Determine whether any contracts, agreements or other arrangements between the dissolved redevelopment agency and private party should be renegotiated or terminated to reduce liabilities and increase revenues to the taxing entities. The Oversight Board may approve such agreements when they would be in the best interest of the taxing entities
- Create in the County treasury a Redevelopment Property tax Trust Fund for the property tax revenues related to each former redevelopment agency
- Conduct, or cause to be conducted, an agreed upon procedures audit of each redevelopment agency in the county that is to be dissolved to be completed by July 12, 2012, to establish each redevelopment agency's assets and liabilities, tax-sharing obligations, the amounts ad terms of redevelopment agency indebtedness, and certify the initial Recognized Obligation Payment Schedule 34182(a)(1)
- By July 15, 2012, provide the State Controller's office a copy of all audits performed, and maintain the audit documentation and working papers 34182(b)
- Determine the amount of tax increment that would have been allocated to the former redevelopment agencies. These amounts are deemed property tax revenues. The Auditor-Controller shall calculate the property tax revenues using the last equalized roll, and pursuant to statutory formulas or contractual agreements with other taxing entities, deposit that amount into the Redevelopment Property Tax Trust Fund. 34182(c)(1)
- Administer the Redevelopment Property Tax Trust Fund for the benefit of the holders of the former redevelopment agency enforceable obligations and taxing entities that receive pass-through payments and distributions of property taxes pursuant to the legislation 34182(c)(2)

- Prepare estimates of amounts to the entities receiving the money and the State Department Finance of property tax revenues to be allocated and distributed no later than March 1, 2012, and each November 1<sup>st</sup> and May 1<sup>st</sup> of each year.
- Disburse the proceeds of assets sales or reserve valances to taxing entities  
34182(c)(4)
- By February 1, 2012, report the following information to Controller's office and Department of Finance
  - Amount of property tax remitted to the Redevelopment Property Tax Trust Fund for each former redevelopment agency
  - The sums of property tax remitted pursuant to tax-sharing agreements
  - The sums remitted to Successor Agencies for payment of debt service payments listed on the Recognized Payment Obligation Schedule
  - The sums remitted each Successor Agency for administrative costs
  - The sums paid to each city, county and special district, and the total amount allocated to schools
  - Any amount not distributed due to insufficiency of funds.  
34182 & 34183
- On October 1 and July 1 of each year, after deducting administrative costs, allocate the money in the Redevelopment Property Tax Trust Fund, in the following order:
  - Amount of property tax remitted to the Redevelopment Property Tax Trust Fund for each former redevelopment agency
  - The sums of property tax remitted pursuant to tax-sharing agreements
  - The sums remitted to Successor Agencies for payment of debt service payments listed on the Recognized Payment Obligation Schedule
  - The sums remitted each Successor Agency for administrative costs
  - The sums paid to each city, county and special district, and the total amount allocated to schools
  - Any amount not distributed due to insufficiency of funds.  
34182 & 34183
- Shall set aside sufficient funds to pay the State Controller's audit costs
- Commencing May 16, 2012, and each Jan. 16<sup>th</sup> and June 1<sup>st</sup> thereafter, transfer from the Redevelopment Property Tax Trust Fund of each Successor Agency to the Redevelopment Obligation Retirement Fund an amount specified in the Recognized Obligation Payment Schedule for payment of obligations
- May audit adjustments to Recognized Obligation Payment Schedules due to differences between estimates and actual payments 34186
- Commencing May 1, 2012, whenever a Recognized Obligation is paid off or retired, to the extent the money is not required for other Recognized Obligations, distribute the money to taxing entities as property taxes 34187
- Commencing February 1, 2011, the county auditor-controller shall make the calculations required by Section 97.4 of the Revenue and Taxation Code in such a manner that the calculations shall result in cities, counties, and special districts annually remitting to the Educational Revenue Augmentation Fund the same amounts they would have remitted but for the dissolution of redevelopment agencies Revenue & Taxation Code 97.401

- Calculations of the Tax Equity Allocation for qualifying cities shall recognize that tax-sharing payments are continuing as if they are being made in accordance with the Community Redevelopment Law, and that payments to the Redevelopment Property Tax Trust Fund are considered payments to a redevelopment agency pursuant to Section 33670(b) of the Health & Safety Code Revenue & Taxation Code 98.2

**California Law Revision Commission** – shall draft a Community Redevelopment Law cleanup bill for consideration by the Legislature not later than January 1, 2013.  
34189(b)

**Chancellor of the California Community Colleges**

- Appoints one member of the Oversight Board 34179(a)(4)
- On and after July 1, 2016, in each county when there is a single Oversight Board, the Chancellor appoints one member, and public member 34179(a)(j)

**County Board of Supervisors**

- Appoints one member of the Oversight Board 34179(a)(1)
- Appoints a public member to the Oversight Board 34179(a)(6)
- May appoint a member to the Oversight Board if there are no Special Districts within the territorial jurisdiction of the former redevelopment agency 34179(a)(9)
- On and after July 1, 2016, in each county when there is a single Oversight Board, the county board of supervisors appoints one member, and public member 34179(a)(j)

**County Superintendent of Education**

- Appoints one member of the Oversight Board 34179(a)(4)
- On and after July 1, 2016, in each county when there is a single Oversight Board, the county supervisor of education appoints one member, and public member 34179(a)(j)

**County Treasurer** – May loan any funds from the county treasury that are necessary to ensure prompt payments of the redevelopment agency debts 34183(c)

**Communities**

- Shall have no authority to create or otherwise establish a new redevelopment agency or community development commission 34166 34172(a)
- Community may elect to retain the housing assets and functions previously performed by the redevelopment agency 34176(a)

Community development commissions retain their authority to act in its capacity as a housing authority or for any other community development purpose except to act as a redevelopment agency, to act 34176(c)

## **Department of Finance**

- Has the authority to require any documents associated with enforceable obligation  
34167(i) 34177(a)(2)
- May review a redevelopment agency action regarding the Enforceable Obligations  
Schedule and initial Recognized Obligation Payment Schedule 34169(i)
- Has standing to file a judicial action to prevent a violation of the Act and obtain  
injunctive relief 34177(a)(2)
- May review an Oversight Board action within three days of the action. In the event  
that the Department requests a review it shall have ten days to approve the action  
or return it to the Oversight Board for reconsideration and such action shall not be  
effective until approved by the Department 34179(h)
- May approve budget augmentations for the State Controller to reflect the  
reimbursement of audit costs 34183(d)
- Amount distributed to school districts as local property taxes shall not impact  
school revenue limits for 2011-12 and will count against revenue limits thereafter  
pursuant to Education Code Section 41204.3 34194.1 (in AB 27)

## **Governor**

- May appoint individuals to fill any Oversight Board member position that has not  
been filled by May 15, 2012, or that remains vacant for more than 60 days  
34179(b)
- May appoint members to fill vacancies to the single Oversight Board established on  
or after July 1, 2016 that has not been filled by July 15, 2016 or is vacant more than  
60 days

## **Oversight Board**

- Approves amendments to the Enforceable Obligation Payment Schedule adopted by  
Successor Agency 34177(a)(1)
- Not prevented, with the prior approval of the Oversight Board from making  
payments for Enforceable Obligations from sources other than those listed in the  
Recognized Obligation Payment Schedule 34177(a)(4)
- Direct the Successor Agency in the expeditiously winding down of the affairs of the  
redevelopment agency
- Approve the administrative budget of the Successor Agency 34177(j)
- The members of the Oversight Board shall elect one of their members as  
chairperson 34179(a)
- The Oversight Board may direct the staff of the Successor Agency to perform work  
in furtherance of the Oversight Board's duties and responsibilities. 34179(c)
- Oversight Board members shall have personal immunity from suit for their actions  
taken within the scope of their responsibilities as Oversight Board members  
34179(d)

- A majority of the total membership of the Oversight Board shall constitute a quorum. A majority vote of the total membership of the Oversight Board is required for the Oversight Board to take action 34179€
- The Oversight Board is deemed a local agency for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974
- All notice required by law for proposed Oversight Board actions shall also be posted on the Successor Agency's web site or the Oversight Board's internet web site 34179(f)
- Each member of an Oversight Board shall serve at the pleasure of the entity that appointed the member 34179(g)
- Oversight Board actions are subject to review by the Department of Finance. As such, the Oversight Board actions shall not be effective for three days pending a request for review by the Department. Each Oversight Board shall designate an official to whom the Department of Finance may make requests for information and provide the Department with the telephone number and email contact information.
- Oversight Boards shall have fiduciary responsibilities to holders of Enforceable Obligations and taxing entities that benefit from the distributions of property tax and other revenues. 34179(i)
- The provisions of Division 4 (commencing with Section 1000) of the Government Code shall apply to Oversight Boards. An individual may simultaneously be appointed to up to five oversight boards and may hold an office in a city, county, special district, school district or community college district 34179(i)
- Commencing July 1, 2016, in each county where there is more than one Oversight Board, there shall be only one Oversight Board 34179(j)
- Any Oversight Board for a given Successor Agency shall cease to exist when all of the indebtedness of the dissolved redevelopment agency has been repaid.
- All of the following Successor Agency actions shall first be approved by the Oversight Board 34180
  - The establishment of new repayment terms for outstanding loans where the terms have not been specified prior to the date of enactment
  - Refunding of outstanding bonds or other debt in order to provide for savings or debt spikes provided that no additional debt is created and debt service is not accelerated
  - Setting aside amounts of reserves required by indentures, trust indentures or similar documents
  - Merging of project areas
  - Continuing the acceptance of federal or state grants or financial assistance from public or private sources where the assistance is conditioned upon matching funds
  - If the Community wants to retain any properties or other assets for future redevelopment activities funded by their own resources, it must reach a compensation agreement with the other taxing entities to provide payments in proportion with their shares of base property taxes
  - Establishment of the Recognized Obligation Payment Schedule
  - A request by a Successor Agency to enter into an agreement with the Community

- A request by a Successor Agency or taxing entity to pledge property tax revenues pursuant to valid agreements with the Community pursuant to Section 34178
- The Oversight Board shall direct the Successor Agency to do all of the following 34181
  - Dispose of all assets and properties that were funded by tax increment, or to transfer assets that were constructed and used for a governmental purpose to the appropriate public jurisdiction
  - Cease performance and terminate all existing agreements that do not qualify as Enforceable Obligations

**Redevelopment Agencies**

- Shall incur no new indebtedness, including: 34161
  - Issue or sell bonds
  - Indebtedness from prohibited sources of repayment (income and revenues of the agency, sales tax revenue, loan repayments or contributions from state and federal sources
  - Refund, restructure or refinance indebtedness
  - Take out or accept loans from any public agency or private lending institution
  - Execute trust deed or mortgages
  - Pledge or encumber revenues or assets 34162
  - Make loans or advances
  - Purchase mortgage or construction loans
  - Enter into contracts
  - Amend or modify existing agreements, obligations or commitments
  - Dispose of assets
  - Acquire real property
  - Transfer, assign, vest or delegate any of its assets, funds, rights, powers or ownership interests 31463
  - Prepare, approve, adopt, amend or merge redevelopment plans
  - Prepare, formulate, amend or otherwise modify an implementation plans
  - Prepare, formulate, amend or otherwise modify relocation plans
  - Prepare, formulate, amend or otherwise modify a redevelopment housing plan
  - Direct or cause the development, rehabilitation or construction of housing units unless required to do so by an Enforceable Obligation
  - Make and new findings or declarations of blight
  - Provide or commit financial assistance 34164
  - Enter new partnerships or joint powers authorities
  - Impose new assessments pursuant to Section 7280.5 of the Revenue & Taxation Code (sales taxes)
  - Increase pay, benefits, or contributions of any sort for any officer, employee, consultant or contractor
  - Provide optional or discretionary bonuses
  - Increase the number of staff beyond the number employed on Jan. 1, 2011

- Bring an action to determine the validity of any issuance or proposed issuance of revenue bonds
- Begin any condemnation proceeding or process to acquire real property by eminent domain
- Prepare or have prepared a draft environment impact report 34165
- Nothing in the legislation shall interfere with a redevelopment agency's authority to pursuant to Enforceable Obligations make payments due, enforce existing covenants and obligations, and perform its obligations 34167(h)
- Until Successor Agencies are authorized, redevelopment agencies shall do all of the following:
  - Continue schedules payments of Enforceable Obligations
  - Perform obligations required by Enforceable Obligations including observing covenants for continuing disclosure and preserving the tax-exempt status of interest payable on outstanding bonds
  - Set aside or maintain reserves in the amount required by indentures
  - Preserve all assets, minimize all liabilities and preserve the records of the redevelopment agencies
  - Cooperate with Successor Agencies and provide necessary information
  - Take all reasonable measures to avoid trigger an event of default under any Enforceable Obligation 34169(g)
  - Within 60 days (August 28, 2011) adopt and Enforceable Obligation Schedule 34169(g)
  - Prepare a preliminary draft of the initial Recognized Obligation Payment Schedule and provide to the Successor Agency 34169(h)
- Each redevelopment agency shall designate an official from whom the Department of Finance may make requests for information regarding Enforceable Obligation Schedules and Recognized Obligation Payment Schedules 34169(i)
- Prior to its dissolution a redevelopment agency shall retain the authority or meet and confer over matters within its scope of representation (per Government Code 3500) 34190(b)
- Redevelopment agencies, prior to and during their winding down and dissolution shall retain the authority to bargain over matters within the scope of representation 34190(d)

### **State Controller**

- Has the authority to require any documents associated with enforceable obligation 34167(i) 34177(a)(2)
- Has standing to file a judicial action to prevent a violation of the Act and obtain injunctive relief 34177(a)(2)
- May audit and review any county auditor-controller action pursuant to the legislation. As such, any auditor-controller action will not be effective for three business days pending a request for review from the Controller in which case the Controller shall have ten days to approve the auditor-controller's action or return it to the auditor-controller 34182(f)

- May recover the costs of audit and oversight from the Redevelopment Property Tax Trust Fund by presenting the auditor-controller and invoice 34183(d)
- May audit adjustments to Recognized Obligation Payment Schedules due to differences between estimates and actual payments 34186

**Successor Agency** – defined as successor agencies to former redevelopment agencies 34173(a)

- If not performed by the redevelopment agency, each Successor Agency shall designate an official from whom the Department of Finance may make requests for information regarding Enforceable Obligation Schedules and Recognized Obligation Payment Schedules 34169(i)
- Create a Redevelopment Obligation Retirement Fund within its treasury to be administered by the Successor Agency 34170.5(a)
- Successor Agencies are vested with all authority, rights, powers, duties, and obligations previously vested with the former redevelopment agencies except provisions of the Community Law that are repealed, restricted or revised
- All assets, properties, contracts, leases, books and records, buildings, and equipment of former redevelopment agencies are transferred on February 1, 2012, to the control of the successor agency for administration.
- Continue to make payments due for Enforceable Obligations
- May amend Enforceable Obligation Payment Schedule at any public meeting subject to the approval of the Oversight Board
- Commencing May 1, 2012, pay only those payments listed on the Recognized Obligation Payment Schedule 34177(a)(3)  
Not prevented, with the prior approval of the Oversight Board from making payments for Enforceable Obligations from sources other than those listed in the Recognized Obligation Payment Schedule 34177(a)(4)
- Maintain reserves in the amount required by indentures of trust, indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds 34177(b)
- Perform obligations required pursuant to any Enforceable Obligation 34177(c)
- Remit unencumbered balances of redevelopment agency funds to the county auditor-controller for distribution to the taxing entities 34177(d)
- Dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board. The disposal is to be done expeditiously and in a manner aimed at maximizing value. 34177(e)
- Enforce all former redevelopment agency rights for the benefit of the taxing entities, including, but not limited to, continuing to collect loans, rents and other revenues that were due to the redevelopment agency
- Effectuate the transfer of housing functions and assets to appropriated entity 34177(g)
- Expeditiously wind down the affairs of the redevelopment agency in accordance with the direction of the Oversight Board 34177(h)

- Continue to oversee development of properties until the contracted work has been completed or the contractual obligations of the former redevelopment agency can be transferred to other parties. Bond proceeds can be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case, the proceeds may be used to defease the bonds. 34177(i)
- Prepare the proposed administrative budget and submit it to the Oversight Board for approval 34177(j)
- Provide the county auditor-controller the administrative cost estimates for each six month period, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund 34177(k)
- Before each six-month fiscal period, prepare a Recognized Obligation Payment Schedule 34177(l)
- The Successor Agency shall pay for all of the costs of meetings of the Oversight Board and may include such costs in its administrative budget 34179(c)
- Differences between actual payments of Recognized Obligations and past estimates on the Recognized Obligation Payment Schedule must be reported in subsequent Recognized Obligation Schedules and accounts adjusted 34186
- A Successor Agency shall constitute a public agency within the meaning of 3501(c) 34190(c)
- A Successor Agency shall become the employer of all employees of the redevelopment agency as of the date of the redevelopment agency's dissolution. The Successor Agency shall be deemed a successor employer and shall be obligated to recognize and to meet and confer with employee organizations, shall bargain over matters within the scope of representation 34190(e)
- Former redevelopment agency employees subsequently employed by Successor Agencies shall, for a minimum of two years, transfer their status and classification to the successor agency and shall not be required to requalify. Any such individuals shall have the right to compete for employment under the civil service system of the Successor Agency 34190(h)

### **Taxing Entities**

- Has the authority to require any documents associated with enforceable obligation 34167(i)
- Has standing to file a judicial action to prevent a violation of the Act and obtain injunctive relief 34177(a)(2)

## AB1X 26 Date Matrix

<u>Dates</u>	<u>Responsible Party</u>	<u>Action</u>	<u>Authority</u>
Dec. 31, 2010		Duly authorized written agreements entered into by Dec. 31, 2010 are valid	34178
As of Jan. 1, 2011	Redevelopment Agencies	Cannot increase deposits to L&M Fund beyond Jan. 1, 2011 level	
		Cannot transfer funds out of L&M Fund except for required payments	
June 28, 2011	Legislature	Effective Date of AB 26 & AB 27	
June 28, 2011	Redevelopment Agencies	All redevelopment agencies are dissolved	34172(a)(1)
June 28, 2011	Redevelopment Agencies		34162
		Prohibited Activities	
		- Sell or issue bonds	
		- incur indebtedness	
		- Refund indebtedness that existed as of Jan. 1, 2011	
		- Refund bonds issues by other agencies	
		- Exercise optional redemptions	
		- Modify payment schedule	
		- Take out loans from government agencies	
		- Execute deeds of trust	
		- Pledge or encumber revenues or assets	
		Cannot increase number of staff beyond Jan 1, 2011	34165 (e)
	Redevelopment Agencies	May extend leases six months	34163(c)(1)
	State Controller	Review agencies to determine asset transfers between communities and agencies after Jan. 1, 2011. Order invalid community-agency assets returned to redevelopment agencies.	34167.5
<b>Jan. 13, 2012</b>	Redevelopment Agencies	Adopt Enforceable Obligation Payment Schedule	34167.5(h) 34169(g)
<b>Jan. 13, 2012</b>	Community	Community creating the RDA electing not to serve as Successor Agency must file resolution to that effect Auditor-Controller	34173(d)(1)

<b>Jan. 29, 2012</b>	Redevelopment Agencies	Deliver preliminary draft of Recognized Obligation Schedule to Successor Agency	34169(h)
<b>Jan. 29, 2012</b>	Redevelopment Agencies	Employee agreements stay in place until this date	34167(g)
<b>Feb. 1, 2012</b>	Community	Redevelopment agencies are dissolved and Successor Agencies established	34170(a)
<b>Feb. 1, 2012</b>	Auditor-Controller	Creates the Redevelopment Property Tax Trust Fund	34170.5(b)
<b>Feb. 1, 2012</b>	Successor Agency	Creates the Redevelopment Obligation Retirement Fund	34170.5(a)
<b>Feb. 1, 2012</b>	Successor Agency	Provisions for Successor Agency become operative	34170(a)
		All assets, properties, contracts, leases, etc. transferred to Successor Agencies	34175(b)
		Cannot accelerate payments before July 1, 2012, unless required before effective dated of legislation.	34177(a)(5)
		Only Enforceable Obligations may be paid until a Recognized Obligation Payment Schedule becomes operative.	37177(a)(1)
<b>Feb. 1, 2012</b>	Community	Entity assuming housing functions may act pursuant to the Community Redevelopment Law	34176(c)
<b>Feb. 1, 2012</b>	Auditor-Controller	Beginning February 1st, the Auditor-Controller shall make calculations for ERAF payments based on the amount deposited by each former RDA into the Redevelopment Property Tax Trust Fund (Tax Fund)	Rev. & Tax Code 97.401
<b>Feb. 1, 2012</b>	Auditor-Controller	Order invalid community-agency assets returned to Successor Agency if not already returned to former redevelopment agency.	34167.5
<b>Feb. 1, 2012</b> through July1, 2012	Auditor-Controller	Between Oct. 1, 2011 and July 1, 2012, and each fiscal year thereafter, after deducting administrative costs allocate monies from each redevelopment agencies' Redevelopment Trust Fund to make tax-sharing payments	34183(a)(1)
<b>March 1, 2012</b>	Auditor-Controller	Auditor-Controller prepares estimates of property tax revenues to be distributed from the Redevelopment Property Tax Trust Fund to the entities receiving distributions and Dept. of Finance [1 of 2 dates]	34182(c)(3)
<b>March 1, 2012</b>	Successor Agency	Prepare initial draft Recognized Obligation Schedule projecting dates and payment amounts from Oct. 1, 2011 through July 1, 2012	34177(l)(2)(A)

<b>April 1, 2012</b>	Auditor-Controller	Beginning April 1, 2012, and each April 1 <sup>st</sup> and Dec. 1 <sup>st</sup> thereafter, if the Successor Agency reports insufficient funds in the Redevelopment Property Tax Trust Fund, the Auditor-Controller notifies the Dept. of Finance and State Controller if Successor Agency reports a shortfall in the Trust Fund (1 Of 2 reports).	34183(b)
<b>April 1, 2012</b>	Successor Agency	Submits first Recognized Obligation Payment Schedule for Jan. 1, 2012 through June 30, 2012 to State Controller and Dept. of Finance	34177(l)(3)
<b>May 1, 2012</b>	Successor Agency	- Only payments listed on the Recognized Obligation Payment Schedule may be made. - Recognized Obligation Payment Schedule supersedes Statement of Indebtedness which will no longer be required	34177(a)(3)
<b>May 1, 2012</b>	Oversight Board	Reports chairperson and members to Dept. of Finance	34179(a)
<b>May 1, 2012</b>	Auditor Controller	When Recognized Obligation is paid off, distributes as property taxes money associated with paying the obligation.	34187
<b>May 1, 2012</b>	Governor	Appoints member to Oversight Board for positions not filled or vacant for six months.	34179(b)
<b>May 16, 2012</b> and each May 16 and Jan. 16 thereafter	Auditor-Controller	Transfers an amount of funds from the Redevelopment Property Tax Trust Fund to Successor Agencies for 1) debt service payments, 2) payment of Recognized Obligations, 3) Successor Agency administrative costs and 4) any remaining moneys to taxing entities as property taxes (1 of 2 payments)	34183(a)
<b>May 16, 2012</b> and each May 16 and Jan. 16 thereafter	Auditor-Controller	Transfers to the Redevelopment Property Tax Trust Fund of each Successor Agency an amount of property tax revenues equal to the specified in the Recognized Obligation Retirement Fund	34185
		- Remaining funds in Trust Fund paid to taxing entities	34183(a)(4)
<b>July 1, 2012</b>	Auditor-Controller	Audits of Redevelopment agency assets and liabilities should be completed	34182(a)(1)

<b>July 15, 2012</b>	Auditor-Controller	Provides State Controller with copies of all audits	34182(b)
May 1 <sup>st</sup> of each year	Auditor-Controller	Estimates property taxes to be distributed from the Redevelopment Property Tax Trust Fund and provide estimates to Dept. of Finance (1 of 2 estimates)	34183(b)
May 1 <sup>st</sup> of each year	Auditor-Controller	Each May 1st, if the Successor Agency reports insufficient funds in the Redevelopment Property Tax Trust Fund, the Auditor-Controller notifies the Dept. of Finance and State Controller if Successor Agency reports a shortfall in the Trust Fund (1 Of 2 reports).	34183(b)
June 1, 2012	Auditor-Controller	Transfers an amount of funds from the Redevelopment Property Tax Trust Fund to Successor Agencies for 1) debt service payments, 2)payment of Recognized Obligations, 3) Successor Agency administrative costs and 4) any remaining moneys to taxing entities as property taxes (1 of 2 payments)	34183(a)
October 1, 2012	Auditor-Controller	Submits Trust Fund expenditures to State Controller and Dept. of Finance	34182(d)
January 1, 2013	California Law Revision Commission	Drafts Community Redevelopment Law cleanup bill	
July 1, 2016	County	Appoints a single Oversight Board	34179(j)
July 15, 2016	Governor	May appoint members to vacant single Oversight Boards	34179(k)

## Instructions for Enforceable Obligation Payment Schedule (EOPS)

### General Instructions:

Agencies may review the sample forms provided and either write in information on the blank forms, or email HdLCC for a worksheet version.

"Other Obligations" have been included with its own form.

Although not required, an agency may be interested in completing one set of forms for each of its project areas.

### Specific Instructions by Column Heading:

Column Name	Description and Examples	Clarifications
<b>Project Name</b>	Names of projects associated with the enforceable obligation payment, which include the following:	Refer to ABX1 26, §34167(d) for the definition of an enforceable obligation. <u>Please note:</u> for each listed item, supporting documentation is not required to be provided in the EOPS, however, it is advisable to maintain such documentation.
	<b>Bonds:</b> Includes debt service, reserve set-asides and any other payments related to the repayment of bonds, notes, interim certificates, debentures, or other obligations. Examples include tax allocation bonds, revenue bonds, certificates of participation (COPs), and California Infrastructure and Economic Development Bank (IBANK) bonds. Other payments related to bonds could include fiscal agent fees, letter of credit bank fees, continuing disclosure fees, etc.	Includes bonds as defined by H&S Code §33602 and issued pursuant to Government Code §5838. On the form, bond payments may be grouped together, however, it is recommended that non-housing and housing bond payments be entered under separate project names.
	<b>Loans or Moneys Borrowed by Agency:</b> Includes loans or moneys borrowed for legal purposes. Examples include loans from the LMIHF and <i>certain</i> loans from the sponsoring entity—i.e. the city, county, or city and county that created the agency. Other examples include repayment of loans from other public agencies, such as CalHFA, HUD Section 108.	This schedule should include all City - Agency loan agreements. The list of Enforceable Obligations to be approved by the Successor Agency has differing requirements, and Agencies should review with legal counsel prior to making any decisions.
	<b>Payments:</b> required by the federal and state governments or in connection with agency employees.	Includes payments such as salaries, pension payments, pension obligation debt service, and unemployment payments. Does not include pass-through payments.
	<b>Judgments and settlements.</b>	Includes payments related to court or other binding decisions.
	<b>Legally binding and enforceable agreements or contracts:</b> Includes all obligations of agency not listed above, both housing and non-housing. <u>Please note:</u> report all regardless of source of funding, such as those that will be funded with bond or other debt proceeds. Examples include obligations such as construction contracts, Disposition and Development Agreements (DDAs), Owner Participation Agreements (OPAs), pre-development loans, Community Facilities District (CFD) reimbursements, rental subsidies, and professional services contracts. Also includes agreements pledging future receipt of tax increment to other entities, such as a matching grant or promissory note.	Per ABX1 26, §34167.(d)(5), includes any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy. However, as noted above, pursuant to ABX1 26, §34171.(d)(2), the definition of enforceable obligations to be paid by a Successor Agency does not include any agreements, contracts, or arrangements between the sponsoring entity and the agency, except for the two categories of loans described above in Cell C13 above. <u>Please note:</u> list all other sponsoring entity and agency agreements in the "Other Obligations" section of this EOPS Form. <u>Please also note:</u> discuss with your legal counsel whether an agreement such as an Exclusive Negotiation Agreement (ENA) should be listed as an enforceable obligation under §34167 and §34169 Enforceable Obligations, or included in the "Other Obligations Payment Schedule" portion of this form.
	<b>Contracts or agreements necessary for continued administration or operation of agency</b> such as, but not limited to, office space rent, equipment, supplies, insurance, and services.	Per ABX1 26, §34167.(d)(5), includes contracts or agreements necessary for continued administration or operation of the agency including, but not limited to, agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to §33127 and for carrying insurance pursuant to §33134.
<b>Payee</b>	Recipient of debt or obligation payments.	Include name of public agency, entity or other organization to receive payment.
<b>Initial Date</b>	Date the Agency entered into the debt or obligation payments	
<b>Description</b>	Description of the nature of the work, product, service, facility or other thing [sic] of value for which payment is to be made.	
<b>Source of Repayment</b>		
<b>Total Outstanding Debt or Obligation</b>	Total remaining debt or obligation, including principal and interest, as applicable.	Although this amount is not required by §34169, it may be prudent to include the total amount for purposes of preparing the Recognized Obligation Payment Schedule (ROPS) or SOI. <u>Please note:</u> estimate for the remaining term of obligation. The SOI is a good source for this data.
<b>Total Due During Fiscal Year</b>	Total payments (including principal and interest) for FY 2011/12.	While not required to be included on the Schedule, this column is included to help with monthly payment calculations for those payments that are budgeted on an annual basis, rather than on a monthly basis.
<b>Payments by Month</b>	Payments remitted in each month from August through December 2011. <u>Please note:</u> payments that have to be made in the month prior to their due date should be listed in the month preceding the actual debt service payment due date.	Notations should be made in cases where an agency is estimating the amount to be paid in any given month.
<b>Other Obligations - Payment Schedule</b>	Include all other obligations of Agency, such as contractual and statutory pass-through payments. Also include any other obligations required by the CRL, such as housing fund deficit repayments.	Please include § 33401, 33607.5 and 33607.7 passthrough payments. Also includes sponsoring entity and agency agreements not included elsewhere. Include any other statutorily required payments.

## RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34169 (h) (\*)

Project Name / Debt Obligation	Payee	Initial Date	Description	Source of Repayment	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by Month					Total
							Aug**	Sept	Oct	Nov	Dec	
1) 1999 Tax Allocation Bonds Series A	Bank of New York	13-Nov-99	Bonds issue to fund non-housing projects	Tax Increment Revenues	9,888,000.00	441,000.00			220,000.00			220,000.00
2) 1999 Tax Allocation Bonds Series B	Bank of New York	13-Nov-99	Bonds issue to fund housing projects	Tax Increment Revenues	2,472,000.00	110,000.00			55,000.00			55,000.00
3) 2005 Tax Allocation Bonds	Bank of Zurich	12-May-05	Bonds issue to fund non-housing projects	Tax Increment Revenues	32,660,000.00	2,675,000.00			1,337,500.00			1,337,500.00
4) State CalHFA Loan	CalHFA	1-Sep-06	Loan for affordable housing project	Tax Increment Revenues	1,790,000.00	200,000.00					100,000.00	100,000.00
5) City Loan entered into on 6/30/1987	City of SOS	30-Jun-87	Loan for public works project	Tax Increment Revenues	5,100,000.00	500,000.00					500,000.00	500,000.00
6) OPA	Developer XYZ	14-Jul-93	Tax increment reimbursement	Tax Increment Revenues	5,000,000.00	250,000.00					125,000.00	125,000.00
7) Contract for construction	KLM Construction	11-Dec-10	Construct road intersection	Bond Proceeds	100,000.00	100,000.00			25,000.00	25,000.00	25,000.00	75,000.00
8) Contract for consulting services	Cool Consulting Inc	13-Jan-11	Project administration	Bond Proceeds	10,000.00	10,000.00				5,000.00	1,000.00	6,000.00
9) Lease of Office Space	Coldwell Banker		Office space rent	Tax Increment Revenues	60,000.00	15,000.00		1,250.00	1,250.00	1,250.00	1,250.00	5,000.00
10) Employee Costs	Employees of Agency		Payroll for employees	Tax Increment Revenues	500,000.00	500,000.00	20,000.00	41,666.67	41,666.67	41,666.67	41,666.67	186,666.68
11) Agency insurance costs	Protect U Insurance		Errors and omissions insurance	Tax Increment Revenues		12,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	5,000.00
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<b>Totals - This Page</b>	57,580,000.00	4,813,000.00	21,000.00	43,916.67	1,681,416.67	73,916.67	794,916.67	2,615,166.68
<b>Totals - Page 2</b>								
<b>Totals - Page 3</b>								
<b>Totals - Page 4</b>								
<b>Totals - Other Obligations</b>	102,321,000.00	3,756,800.00	-	-	-	-	1,878,400.00	1,878,400.00
<b>Totals - All Pages</b>	159,901,000.00	8,569,800.00	21,000.00	43,916.67	1,681,416.67	73,916.67	2,673,316.67	4,493,566.68

\* This Enforceable Obligation Payment Schedule (EOPS) is to be adopted by the redevelopment agency no later than late 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.)

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

Project Area(s) All

**OTHER OBLIGATION PAYMENT SCHEDULE**  
Per AB 26 - Section 34167 and 34169 (\*)

Project Name / Debt Obligation	Payee	Initial Date	Description	Source of Repayment	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month					
							Aug**	Sept	Oct	Nov	Dec	Total
1) Section 33676 Payments	Comm College		Payments per former CRL 33676	Tax Increment Revenues	1,866,000.00	50,400.00					25,200.00	25,200.00
2) Section 33676 Payments	County Office of Ed		Payments per former CRL 33676	Tax Increment Revenues	1,248,000.00	34,000.00					17,000.00	17,000.00
3) Section 33676 Payments	Unified SD		Payments per former CRL 33676	Tax Increment Revenues	1,248,000.00	34,000.00					17,000.00	17,000.00
4) Pass Through Agreement	County		Payments per former CRL 33401	Tax Increment Revenues	76,000,000.00	3,156,000.00					1,578,000.00	1,578,000.00
5) Pass Through Agreement	County Cemetary		Payments per former CRL 33401	Tax Increment Revenues	840,000.00	35,000.00					17,500.00	17,500.00
6) Pass Through Agreement	Flood Control Dist		Payments per former CRL 33401	Tax Increment Revenues	2,352,000.00	97,000.00					48,500.00	48,500.00
7) Statutory Payments	City		Payments per CRL 33607.5 and .7	Tax Increment Revenues	4,465,000.00	66,000.00					33,000.00	33,000.00
8) Statutory Payments	Mosquito Abatment		Payments per CRL 33607.5 and .7	Tax Increment Revenues	213,000.00	2,000.00					1,000.00	1,000.00
9) Statutory Payments	Unified SD		Payments per CRL 33607.5 and .7	Tax Increment Revenues	8,270,000.00	81,000.00					40,500.00	40,500.00
10) Statutory Payments	Comm College		Payments per CRL 33607.5 and .7	Tax Increment Revenues	1,022,000.00	10,000.00					5,000.00	5,000.00
11) Statutory Payments	County Office of Ed		Payments per CRL 33607.5 and .7	Tax Increment Revenues	683,000.00	7,000.00					3,500.00	3,500.00
12) Section 33676 Payments	Comm College		Payments per former CRL 33676	Tax Increment Revenues	1,866,000.00	50,400.00					25,200.00	25,200.00
13) Section 33676 Payments	County Office of Ed		Payments per former CRL 33676	Tax Increment Revenues	1,248,000.00	34,000.00					17,000.00	17,000.00
14) Housing Fund Deficit	City housing fund		Repayment for housing fund	Tax Increment Revenues	1,000,000.00	100,000.00					50,000.00	50,000.00
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<b>Totals - Other Obligations</b>					<b>102,321,000.00</b>	<b>3,756,800.00</b>	-	-	-	-	<b>1,878,400.00</b>	<b>1,878,400.00</b>
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\*\* Include only payments to be made after the adoption of the EOPS.

Name of Redevelopment Agency: \_\_\_\_\_

Project Area(s) \_\_\_\_\_

## RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34169 (h) (\*)

	Project Name / Debt Obligation	Payee	Initial Date	Description	Source of Repayment	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by Month					Total
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Totals - Other Obligations													
Totals - All Pages													

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

Name of Redevelopment Agency: \_\_\_\_\_

Project Area(s) \_\_\_\_\_

**OTHER OBLIGATION PAYMENT SCHEDULE**  
Per AB 26 - Section 34167 and 34169 (\*)

	Project Name / Debt Obligation	Payee	Initial Date	Description	Source of Repayment	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month					Total
								Aug**	Sept	Oct	Nov	Dec	
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Totals - Other Obligations						-	-	-	-	-	-	-	-
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\*\* Include only payments to be made after the adoption of the EOPS.

## **HdL Coren & Cone**

### **Services**

HdL Coren & Cone provides property tax services to 180 California cities and their redevelopment agencies.

The HdLCC team has over 200 years combined experience in every aspect of city government: finance, management, auditing, economic development and legislative consulting. The company's reputation for thoroughness and its approach of quiet and cordial relations with the business community and state and county agencies have always served its clients well.

HdLCC's property tax information system is the most technologically advanced in California. We also provide our clients with property tax data on the City's computers and/or network, including software for easy use. Our software provides access to parcels by name, address, assessor's parcel number, as well as the ability to consolidate parcels by geographic area and print specialized reports.

### **Successor Agencies**

The responsibilities of the Successor Agency are complex and time consuming. HdLCC Coren & Cone is prepared to assist Successor Agencies with individual requirements such as preparing Redevelopment Obligation Payment Schedules, monitoring of the repayment of debt obligations, reporting requirements, staffing for Oversight Boards, and liaison with the County Auditor-Controller, the State Controller, the Department of Finance, Special Districts and local educational agencies. We are prepared to take complete staff responsibilities, including supervising and monitoring on-going projects, programs and activities.

We are also prepared to assist county auditor-controllers with the interpretation and calculation of redevelopment tax-sharing agreements and AB 1290 and SB 211 calculations.

## **AGENDA TRANSMITTAL**

**MEETING DATE:** April 5, 2012

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**BOARD AGENDA ITEM:** Overview and Discussion of Roles, Responsibilities and Procedures of the Oversight Board, Including Review of Future Action on the Recognized Obligation Payment Schedule, Enforceable Obligation Payment Schedule and Administrative Budget

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**FISCAL IMPACT:** None

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**BACKGROUND:** On June 28, 2011, Gov. Jerry Brown signed ABX1-26 (AB26) which dissolved Redevelopment Agencies and, among other things, created Oversight Boards to approve the orderly dissolution of the Agencies. After the Supreme Court upheld the constitutionality of AB26, all aspects regarding the dissolution process became effective on February 1, 2012.

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**STAFF REPORT:** The California Health & Safety Code sections provide guidance regarding the role and responsibilities of the Oversight Board:

1. Section 34179 provides for
  - a. The formation of oversight boards to the successor agencies of former redevelopment agencies, and defines the board's composition
  - b. Indicates a majority of the board constitutes a quorum
  - c. Requires oversight boards to comply with the Brown Act, the California Public Records Act and the Political Reform Act of 1974
  - d. States that oversight boards have a fiduciary responsibility to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenue.
  
2. Section 34180 requires a successor agency's actions to be reviewed and approved by an oversight board, including:
  - a. The establishment of new repayment terms for outstanding loans where the terms have not been specified
  - b. If a City wished to retain any properties or other assets for future redevelopment activities funded from its own funds
  - c. Establishment of the Recognized Obligation Payment Schedule
  - d. A request by the successor agency to enter into an agreement with the City of Suisun City
  
3. Section 34181 requires an oversight board to direct the successor agency to take certain actions regarding the sale or transfer of various assets and determinations about the validity of various types of agreements.

At upcoming meetings, the Board will consider the following items:

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**PREPARED BY:**

Jason Garben, Economic Development Director

**REVIEWED/APPROVED BY:**

Suzanne Bragdon, Executive Director

1. 7/1-12/31/2012 Recognized Obligations Payment Schedule (ROPS) – The schedule lists the financial obligations of the former redevelopment agency, including payments related to contracts and agreements, project-specific costs, bond payments and other miscellaneous payments for this period. This schedule is to be approved by April 15.
2. Successor Agency Administrative Budget – AB26 provides for an administrative allowance to allow a successor agency to wind down a former redevelopment agency and administer an oversight board. The law allows for a minimum of \$250,000 per fiscal year up to 5 percent of the property tax allocated to the successor agency for the 2011-12 fiscal year. This budget is to be approved by April 15.
3. Bond Reserve Set-Asides – California Health & Safety Code Section 34180(c) requires approval of the oversight board to set aside amounts in reserves as required by indentures, trust indentures or similar documents governing the issuance of outstanding redevelopment agency bonds. Staff will review the reserve set-aside requirements of the Successor Agency.
4. Update on Successor Agency Assets – Staff will review the assets of the former Redevelopment Agency of the City of Suisun City, including real property, leases, contracts, agreements and other assets so that the Oversight Board has the information and background needed to consider approval of Successor Agency actions.

To conduct business in an orderly fashion, Staff will prepare for future Board actions resolutions that

- Adopt by-laws and rules of procedure
- Establish date, time and location of future meetings and
- Designate a contact person for California Department of Finance inquiries

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**RECOMMENDATION:** It is recommended that the Board receive the Roles, Responsibilities and Procedures of the Oversight Board, conduct appropriate discussion and provide Staff direction for future action.

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**ATTACHMENTS:**

1. California Health & Safety Code § 34179-34181

shall be modified in the manner described in Section 34191. All other dates shall be modified only as necessary to reflect the appropriate fiscal year or portion of a fiscal year.

CHAPTER 4. OVERSIGHT BOARDS

34179. (a) Each successor agency shall have an oversight board composed of seven members. The members shall elect one of their members as the chairperson and shall report the name of the chairperson and other members to the Department of Finance on or before January 1, 2012. Members shall be selected as follows:

- (1) One member appointed by the county board of supervisors.
- (2) One member appointed by the mayor for the city that formed the redevelopment agency.
- (3) One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is of the type of special district that is eligible to receive property tax revenues pursuant to Section 34188.
- (4) One member appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.
- (5) One member appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.
- (6) One member of the public appointed by the county board of supervisors.
- (7) One member representing the employees of the former redevelopment agency appointed by the mayor or chair of the board of supervisors, as the case may be, from the recognized employee organization representing the largest number of former redevelopment agency employees employed by the successor agency at that time.
- (8) If the county or a joint powers agency formed the redevelopment agency, then the largest city by acreage in the territorial jurisdiction of the former redevelopment agency may select one member. If there are no cities with territory in a project area of the redevelopment agency, the county superintendent of education may appoint an additional member to represent the public.
- (9) If there are no special districts of the type that are eligible to receive property tax pursuant to Section 34188, within the territorial jurisdiction of the former redevelopment agency, then the county may appoint one member to represent the public.
- (10) Where a redevelopment agency was formed by an entity that is both a charter city and a county, the oversight board shall be composed of seven members selected as follows: three members appointed by the mayor of the city, where such appointment is subject to confirmation by the county board of supervisors, one member appointed by the largest special district, by

property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is the type of special district that is eligible to receive property tax revenues pursuant to Section 34188, one member appointed by the county superintendent of education to represent schools, one member appointed by the Chancellor of the California Community Colleges to represent community college districts, and one member representing employees of the former redevelopment agency appointed by the mayor of the city where such an appointment is subject to confirmation by the county board of supervisors, to represent the largest number of former redevelopment agency employees employed by the successor agency at that time.

(b) The Governor may appoint individuals to fill any oversight board member position described in subdivision (a) that has not been filled by January 15, 2012, or any member position that remains vacant for more than 60 days.

(c) The oversight board may direct the staff of the successor agency to perform work in furtherance of the oversight board's duties and responsibilities under this part. The successor agency shall pay for all of the costs of meetings of the oversight board and may include such costs in its administrative budget. Oversight board members shall serve without compensation or reimbursement for expenses.

(d) Oversight board members shall have personal immunity from suit for their actions taken within the scope of their responsibilities as oversight board members.

(e) A majority of the total membership of the oversight board shall constitute a quorum for the transaction of business. A majority vote of the total membership of the oversight board is required for the oversight board to take action. The oversight board shall be deemed to be a local entity for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974.

(f) All notices required by law for proposed oversight board actions shall also be posted on the successor agency's Internet Web site or the oversight board's Internet Web site.

(g) Each member of an oversight board shall serve at the pleasure of the entity that appointed such member.

(h) The Department of Finance may review an oversight board action taken pursuant to the act adding this part. As such, all oversight board actions shall not be effective for three business days, pending a request for review by the department. Each oversight board shall designate an official to whom the department may make such requests and who shall provide the department with the telephone number and e-mail contact information for the purpose of communicating with the department pursuant to this subdivision. In the event that the department requests a review of a given oversight board action, it shall have 10 days from the date of its request to approve the oversight board action or return it to the oversight board for reconsideration and such oversight board action shall not be effective until approved by the department. In the event that the department returns the

oversight board action to the oversight board for reconsideration, the oversight board shall resubmit the modified action for department approval and the modified oversight board action shall not become effective until approved by the department.

(i) Oversight boards shall have fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188. Further, the provisions of Division 4 (commencing with Section 1000) of the Government Code shall apply to oversight boards. Notwithstanding Section 1099 of the Government Code, or any other law, any individual may simultaneously be appointed to up to five oversight boards and may hold an office in a city, county, city and county, special district, school district, or community college district.

(j) Commencing on and after July 1, 2016, in each county where more than one oversight board was created by operation of the act adding this part, there shall be only one oversight board appointed as follows:

(1) One member may be appointed by the county board of supervisors.

(2) One member may be appointed by the city selection committee established pursuant to Section 50270 of the Government Code. In a city and county, the mayor may appoint one member.

(3) One member may be appointed by the independent special district selection committee established pursuant to Section 56332 of the Government Code, for the types of special districts that are eligible to receive property tax revenues pursuant to Section 34188.

(4) One member may be appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.

(5) One member may be appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.

(6) One member of the public may be appointed by the county board of supervisors.

(7) One member may be appointed by the recognized employee organization representing the largest number of successor agency employees in the county.

(k) The Governor may appoint individuals to fill any oversight board member position described in subdivision (j) that has not been filled by July 15, 2016, or any member position that remains vacant for more than 60 days.

(l) Commencing on and after July 1, 2016, in each county where only one oversight board was created by operation of the act adding this part, then there will be no change to the composition of that oversight board as a result of the operation of subdivision (b).

(m) Any oversight board for a given successor agency shall cease to exist when all of the indebtedness of the dissolved redevelopment agency has been repaid.

34180. All of the following successor agency actions shall first be approved by the oversight board:

(a) The establishment of new repayment terms for outstanding loans where the terms have not been specified prior to the date of this part.

(b) Refunding of outstanding bonds or other debt of the former redevelopment agency by successor agencies in order to provide for savings or to finance debt service spikes; provided, however, that no additional debt is created and debt service is not accelerated.

(c) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

(d) Merging of project areas.

(e) Continuing the acceptance of federal or state grants, or other forms of financial assistance from either public or private sources, where assistance is conditioned upon the provision of matching funds, by the successor entity as successor to the former redevelopment agency, in an amount greater than 5 percent.

(f) (1) If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.

(2) If no other agreement is reached on valuation of the retained assets, the value will be the fair market value as of the 2011 property tax lien date as determined by the county assessor.

(g) Establishment of the Recognized Obligation Payment Schedule.

(h) A request by the successor agency to enter into an agreement with the city, county, or city and county that formed the redevelopment agency that it is succeeding.

(i) A request by a successor agency or taxing entity to pledge, or to enter into an agreement for the pledge of, property tax revenues pursuant to subdivision (b) of Section 34178.

34181. The oversight board shall direct the successor agency to do all of the following:

(a) Dispose of all assets and properties of the former redevelopment agency that were funded by tax increment revenues of the dissolved redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, and fire stations, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value.

(b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations.

(c) Transfer housing responsibilities and all rights, powers, duties, and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund to the appropriate entity pursuant to Section 34176.

(d) Terminate any agreement, between the dissolved redevelopment agency and any public entity located in the same county, obligating the redevelopment agency to provide funding for any debt service obligations of the public entity or for the construction, or operation of facilities owned or operated by such public entity, in any instance where the oversight board has found that early termination would be in the best interests of the taxing entities.

(e) Determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval. The board may approve any amendments to or early termination of such agreements where it finds that amendments or early termination would be in the best interests of the taxing entities.

CHAPTER 5. DUTIES OF THE AUDITOR-CONTROLLER

34182. (a) (1) The county auditor-controller shall conduct or cause to be conducted an agreed-upon procedures audit of each redevelopment agency in the county that is subject to this part, to be completed by March 1, 2012.

(2) The purpose of the audits shall be to establish each redevelopment agency’s assets and liabilities, to document and determine each redevelopment agency’s passthrough payment obligations to other taxing agencies, and to document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency and certify the initial Recognized Obligation Payment Schedule.

(3) The county auditor-controller may charge the Redevelopment Property Tax Trust Fund for any costs incurred by the county auditor-controller pursuant to this part.

(b) By March 15, 2012, the county auditor-controller shall provide the Controller’s office a copy of all audits performed pursuant to this section. The county auditor-controller shall maintain a copy of all documentation and working papers for use by the Controller.

(c) (1) The county auditor-controller shall determine the amount of property taxes that would have been allocated to each redevelopment agency in the county had the redevelopment agency not been dissolved pursuant to the operation of the act adding this part. These amounts are deemed property tax revenues within the meaning of subdivision (a) of Section 1 of Article XIII A of the California Constitution and are available for allocation and distribution in accordance with the provisions of the act adding this part.