

AGENDA
OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE DISSOLVED
REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH
WEDNESDAY, AUGUST 22, 2012
ADJOURNED REGULAR MEETING – 2:00 P.M.
REDONDO BEACH CITY COUNCIL CHAMBERS
415 DIAMOND STREET

The Oversight Board is the RDA Successor Agency's oversight board pursuant to Health and Safety Code section 34179(a)

CALL MEETING TO ORDER

ROLL CALL

SALUTE TO THE FLAG AND INVOCATION

A1. RED FOLDER ITEMS

Red folder items require immediate action, and came to the attention of the City subsequent to the 72-hour noticing requirement. These items require a 2/3 vote of the Oversight Board (or if less than 2/3 are present, a unanimous vote) to add to the Agenda.

A2. BLUE FOLDER ITEMS

Blue folder items are additional back up material to administrative reports and/or public comments received after the printing and distribution of the agenda packet for receive and file.

B. CONSENT CALENDAR

Business items, except those formally noticed for public hearing, or those pulled for discussion are assigned to the Consent Calendar. The Mayor or any Oversight Board Member may request that any Consent Calendar item(s) be removed, discussed, and acted upon separately. Items removed from the Consent Calendar will be taken up under the "Excluded Consent Calendar" section below. Those items remaining on the Consent Calendar will be approved in one motion following Oral Communications.

B1. APPROVAL OF AFFIDAVIT OF POSTING for the Oversight Board regular meeting of August 22, 2012.

B2. APPROVAL OF THE FOLLOWING MINUTES:

A. Regular meeting of the Oversight Board May 1, 2012.

C. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

This section is intended to provide members of the public with the opportunity to comment on any subject that does not appear on this agenda for action. This section is limited to 30 minutes. Each speaker will be afforded three minutes to address the Board. Each speaker will be permitted to speak only once. Written requests, if any, will be considered first under this section.

D. ORAL COMMUNICATIONS

Anyone wishing to address the Oversight Board on any Consent Calendar item on the agenda, which has not been pulled by the Board for discussion may do so at this time. Each speaker will be permitted to speak only once and comments will be limited to a total of three minutes.

E. EXCLUDED CONSENT CALENDAR ITEMS

F. EX PARTE COMMUNICATIONS

This section is intended to allow all elected officials the opportunity to reveal any disclosure or ex parte communication about the following public hearings.

G. PRESENTATIONS – None.

H. DISCUSSION ITEMS

H1. CONSIDERATION OF RESOLUTION NO. OB-1208-006 TO APPROVE AND ADOPT A RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(l).

ADOPT BY TITLE ONLY, RESOLUTION NO. OB-1208-006, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH APPROVING AND ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(l).

CONTACT: PETER GRANT, ASSISTANT CITY MANAGER

H2. CONSIDERATION OF RESOLUTION NO. OB-1208-007 APPROVING THE SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET

ADOPT BY TITLE ONLY, RESOLUTION NO. OB-1208-007, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING THE SUCCESSOR AGENCY ADMINISITRATIVE BUDGET FOR PERIOD OF JANUARY THROUGH JUNE 2013.

CONTACT: PETER GRANT, ASSISTANT CITY MANAGER

H3. CONSIDERATION OF RESOLUTION NO. OB-1208-008 ADOPTING A CREDIT FACILITY WITH BANK OF AMERICA.

ADOPT BY TITLE ONLY, RESOLUTION NO. OB-1208-008, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING A CREDIT FACILITY WITH BANK OF AMERICA, N.A. IN ORDER TO REFUND OBLIGATIONS RELATED TO THE REDONDO BEACH PFA REFUNDING REVENUE BONDS, SERIES 2001 (REDONDO PIER RECONSTRUCTION REFINANCING PROJECT).

CONTACT: PETER GRANT, ASSISTANT CITY MANAGER

H4. CONSIDERATION OF RESOLUTION NO. OB-1208-009 DIRECTING AND CONFIRMING THE TRANSFER OF HOUSING ASSETS AND FUNCTIONS TO THE REDONDO BEACH HOUSING AUTHORITY.

ADOPT BY TITLE ONLY, RESOLUTION NO. OB-1208-009, A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH DIRECTING AND CONFIRMING THE TRANSFER OF HOUSING ASSETS AND FUNCTIONS TO THE REDONDO BEACH HOUSING AUTHORITY

CONTACT: PETER GRANT, ASSISTANT CITY MANAGER

H5. RECEIVE AND FILE THE REPORT ON AGREED-UPON PROCEDURES AUDIT PURSUANT TO ABX1 26 FOR THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH.

CONTACT: PETER GRANT, ASSISTANT CITY MANAGER

I. STAFF ITEMS

I1. UPDATE REGARDING THE APPEAL OF THE REJECTED COOPERATIVE AGREEMENT LISTED ON PREVIOUS RECOGNIZED OBLIGATION PAYMENT SCHEDULES

J. ADJOURNMENT

CALL TO ORDER

An Inaugural meeting of the Oversight Board was called to order at 2:10 p.m. in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

ROLL CALL

Members Present: Barnett, Pak, Allen, Diels, Starr, Redella
Members Absent: Higdon
Officials Present: Peter Grant, Assistant City Manager
Marissa Christiansen, Assistant to the City Manager
Diana Moreno, Finance Director
Elizabeth Hull, Successor Agency Counsel
Diane Cleary, Minutes Secretary

OATH OF OFFICE OF BOARD MEMBERS

City Clerk Eleanor Manzano administered the Oath of Office to the Board Members.

ELECTION OF CHAIR AND VICE CHAIR

Member Pak nominated Member Diels as Chair.

Member Starr volunteer as Vice-Chair.

Motion Member Barnett, seconded by Member Pak, to approve Member Diels as Chair and Member Starr as Vice-Chair. Motion carried unanimously, with Member Higdon absent.

SALUTE TO THE FLAG

Chair Diels led the Members and audience in a Salute to the Flag followed by a moment of silence.

RED FOLDER ITEMS

None.

BLUE FOLDER ITEMS

None.

CONSENT CALENDAR

B1. APPROVAL OF AFFIDAVIT OF POSTING for the Oversight Board meeting on May 1, 2012.

Motion by Member Allen, seconded by Member Pak, to approve Consent Calendar Item B1.
Motion carried unanimously, with Member Higdon absent.

ORAL COMMUNICATIONS

None.

PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

None.

EXCLUDED CONSENT CALENDAR ITEMS

None.

EX PARTE COMMUNICATIONS

None.

PRESENTATIONS

PRESENTATION REGARDING AB 1X 26 AND OVERSIGHT BOARD DUTIES

Successor Agency Counsel Elizabeth Hull gave a brief overview of AB 1X 26 and 1X 27 and reviewed the following:

- Background
- Litigation
- Impact of Decision
- Successor Agency Duties
- Oversight Board
- OB Membership
- OB Obligations/Immunity
- OB Meetings
- Oversight Board Duties
- DOF Review
- Term

In response to Chair Diels, Successor Agency Counsel Elizabeth Hull indicated that the Board has immunity under the statute with no liability as long as acting within the scope of the duties.

In response to Member Starr, Successor Agency Counsel Elizabeth Hull stated the Department of Finance does not see the ROPS prior to the Board. She noted the process is Successor Agency audited by a third party, Oversight Board and then Department of Finance.

In response to Chair Diels, Successor Agency Counsel Elizabeth Hull stated the Board will have scheduled meetings twice a year reviewing the ROPS every six months, and then a special meeting can be called as needed.

In response to Chair Diels, Successor Agency Counsel Elizabeth Hull explained the hierarchy of the Board which includes review by the Successor Agency (City Council) which then goes to the Oversight Board and then reviewed by the Department of Finance.

H1. CONSIDERATION OF RESOLUTION DESIGNATING THE STAFF CONTACT FOR DEPARTMENT OF FINANCE INQUIRIES

ADOPT BY TITLE ONLY RESOLUTION NO OB1205-001 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH DESIGNATING AN OFFICIAL WHO THE STATE OF CALIFORNIA DEPARTMENT OF FINANCE MAY CONTACT PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179(H)

Assistant City Manager Peter Grant stated staff recommends that the Oversight Board appoint the City Manager as the point of contact with the Department of Finance.

In response to Member Starr, Assistant City Manager Peter Grant stated the goal is to ensure consistent point of contact in the organization who could refer inquiries out as needed for response.

Motion by Member Barnett, seconded by Member Starr, to adopt Resolution No. OB-1205-001 by title only. Motion carried unanimously, with Member Higdon absent.

Minutes Secretary Diane Cleary read Resolution No. OB-1205-001 by title only.

H2. CONSIDERATION OF RESOLUTION ESTABLISHING THE DATE AND TIME FOR REGULAR MEETINGS OF THE OVERSIGHT BOARD

ADOPT BY TITLE ONLY RESOLUTION NO OB-1205-002 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH PROVIDING THE TIME AND PLACE FOR HOLDING THE OVERSIGHT BOARD'S REGULAR MEETINGS

Assistant City Manager Peter Grant stated based on the due dates of the ROPS to the Department of Finance annually, staff recommends that the Oversight Board meet the second Tuesday of April and October every year at 2 p.m.

Motion by Member Pak, seconded by Member Allen, to adopt Resolution No. OB-1205-002 by title only. Motion carried unanimously, with Member Higdon absent.

Minutes Secretary Diane Cleary read Resolution No. OB-1205-002 by title only.

H3. CONSIDERATION OF RESOLUTION APPROVING THE ADMINISTRATIVE BUDGET FOR THE SUCCESSOR AGENCY

ADOPT BY TITLE ONLY RESOLUTION NO OB-1205-003 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH APPROVING THE SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(J)

Assistant City Manager Peter Grant stated law requires adoption of the administrative budget every six months along with the ROPS and stated staff is recommending an unbalanced budget since it is unknown how the county intends to fund the budget.

In response to Chair Diels, Assistant City Manager Peter Grant stated choices include rejecting the budget or bringing it into balance by either increasing the revenue assumptions from the county or decreasing the expenditures. He said staff will be reporting back to the Board at the next regularly scheduled meeting on the budget and noted there are appropriations available in

excess of revenue if the budget is adopted. He pointed out even though a deficit budget would be adopted, the Successor Agency doesn't have the means to actually spend itself into a deficit. He also explained that the parts of the administrative budget not being funded are obligations that could be stopped or delayed while waiting for the additional revenue.

Successor Agency Counsel Elizabeth Hull stated by statute, the Board is entitled to \$250k but it depends on when it is disbursed by the county which generally takes place in May and June.

In response to Member Barnett, Successor Agency Counsel Elizabeth Hull stated this item could be delayed but she noted the statute has already required that the administrative budget be approved earlier. She also stated she was unsure if any clarity will take place from the county within the next few weeks.

Member Pak believed there may not be enough time to figure out the budget and also noted it is more like a work in progress.

In response to Member Starr, Successor Agency Counsel Elizabeth Hull stated the statute requires a disbursement on May 16 and June 1 but the county has indicated they will not be making the May disbursement. She also pointed out that LA County is unique in that they disburse ten times a year, and is still trying to figure out if the funds have or have not been disbursed.

Member Redella believed the funds will be disbursed eventually but it is just a matter of protecting their cash flow.

In response to Member Redella, Assistant City Manager Peter Grant referred to the administrative costs being reduced to meet administrative cost allowance restraint and said personnel costs or Internal Service Fund costs would be reduced.

Motion by Member Starr, seconded by Member Redella, to adopt Resolution No. OB-1205-003 by title only. Motion carried unanimously, with Member Higdon absent.

Minutes Secretary Diane Cleary read Resolution No. OB-1205-003 by title only.

H4. CONSIDERATION OF RESOLUTION APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE ("ROPS") FOR THE TIME PERIOD FROM JANUARY 1 2012 THROUGH JUNE 30 2012

ADOPT BY TITLE ONLY RESOLUTION NO OB1205-004 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(L)

Assistant City Manager Peter Grant gave a report and said four of the obligations are not related to Redevelopment Agency bonds to include the Cooperative Agreement, Attorney Fees, and two Community Development Block Grants. He also explained that most of the debt is old and the ROPS is not particularly complicated. He indicated that the Successor Agency has already approved the ROPS and it was transmitted April 15 up to the Department of Finance, but staff has not received any information or communication back yet. However, he believed that the ROPS should be good to go per legal counsel and interpretations of AB126.

In response to Chair Diels, Assistant City Manager Peter Grant stated the ROPS is largely from today back to January 1, approving only two months of look forward.

Member Barnett thanked Assistant City Manager Peter Grant for all of the information he provided, especially on the Cooperative Agreement. She gave a background on the Harbor Redevelopment Project and assumed that the 1990 Cooperative Agreement is good since nothing has been heard back from the Department of Finance.

Motion by Chair Diels, seconded by Member Pak, to adopt Resolution No. OB-1205-004 by title only. Motion carried unanimously, with Member Higdon absent.

Minutes Secretary Diane Cleary read Resolution No. OB-1205-004 by title only.

H5. CONSIDERATION OF RESOLUTION APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (“ROPS”) FOR THE TIME PERIOD FROM JULY 1 2012 THROUGH DECEMBER 31 2012

ADOPT BY TITLE ONLY RESOLUTION NO OB-1205-005 1205, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(L)

Assistant City Manager Peter Grant gave a report and said there is a drop from 12 to 9 items which includes no Community Development Block Grants or refunding of the pier bonds which has been paid off on the first ROPS.

In response to Member Barnett, Assistant City Manager Peter Grant explained that the remaining \$700k on the second ROPS is accounted for under the Letter of Credit.

Motion by Member Allen, seconded by Member Barnett, to adopt Resolution No. OB-1205-005 by title only. Motion carried unanimously, with Member Higdon absent.

Minutes Secretary Diane Cleary read Resolution No. OB-1205-005 by title only.

H6. DIRECT STAFF TO NEGOTIATE TERMS OF AMENDMENT AND EXTENSION OF THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT WITH BANK OF THE WEST RELATING TO THE REDONDO BEACH PUBLIC FINANCING AUTHORITY 2001 REFUNDING REVENUE BONDS

Assistant City Manager Peter Grant gave a report and said the Letter of Credit expired and the bank has since approached the Successor Agency and asked to extend the Letter of Credit without any collateral. He said this action will reduce the interest rate from about 8% to less than 1%, resulting in a significant savings to service the debt, which would then be passed through to the other taxing agencies. He said staff would need to come back to the Board between May 15 and May 26.

In response to Chair Diels, Assistant City Manager Peter Grant stated the interest rate is variable and the prior interest rate at 8% was fixed.

Finance Director Diana Moreno pointed out that the last Letter of Credit done by Bank of the West was for three years and did not anticipate the time period being any longer than this with all that has happened with redevelopment and successor agencies.

In response to Chair Diels, Assistant City Manager Peter Grant stated that staff is proposing as part of the ROPS that the debt outstanding is repaid in \$10k a month for approximately six to seven years. He said after three years, the bank would renegotiate again. He pointed out the savings would be \$50k to \$55k a year with interest rates at about 1%.

Motion by Member Barnett, seconded by Member Allen, to concur with staff recommendation. Motion carried unanimously, with Member Higdon absent.

COMMISSION ITEMS AND REFERRALS TO STAFF

The Board agreed to meet on May 17, 2012 at 2 p.m.

Staff and Members of the Board introduced themselves.

ADJOURNMENT: 3:10 P.M.

There being no further business, Chair Diels moved, seconded by Member Barnett, to adjourn the meeting at 3:10 p.m. to a Special Meeting on Thursday, May 17, 2012 in the Redondo Beach City Council Chambers, 415 Diamond Street, Redondo Beach, California. Motion carried unanimously, with Member Higdon absent.

Respectfully submitted,



Administrative Report

Board Action Date: August 22, 2012

To: CHAIRMAN AND MEMBERS OF THE OVERSIGHT BOARD

From: PETER GRANT, ASSISTANT CITY MANAGER

Subject: CONSIDERATION OF RESOLUTION NO. OB-1208-006 TO APPROVE AND ADOPT A RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(I)

RECOMMENDATION

Adopt the attached resolution by the title only, waiving further reading: A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH APPROVING AND ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(I).

EXECUTIVE SUMMARY

Pursuant to AB 1X 26, the Successor Agency has prepared a third Recognized Obligation Payment Schedule for the period of January to June 2013 (“ROPS 3”). The Successor Agency approved the ROPS 3 at the August 7, 2012 meeting. Upon Oversight Board approval, the ROPS 3 will be submitted to the County Auditor-Controller, the State Controller, and the State Department of Finance by the Successor Agency. The approved ROPS will also be posted on the City’s website.

BACKGROUND

On June 28, 2011, as part of the 2011-2012 State of California budget, companion bills Assembly Bill 1X 26 (“AB 26”) and Assembly Bill 1X 27 (“AB 27”) were enacted, dissolving the Redevelopment Agency of the City of Redondo Beach (“Agency”), unless the City of Redondo Beach (“City”) elected to participate in the “Alternative Voluntary Redevelopment Program” established by AB 27 and paid an annual “community remittance” payment to the County of Los Angeles. On July 18, 2011, a Petition for Writ of Mandate was filed in the Supreme Court of the State of California in the matter of California Redevelopment Association, et al. v. Ana Matosantos, et al., Case No. S194861 (“Legal Action”), challenging the constitutionality of AB 26 and AB 27 on behalf of cities, counties and redevelopment agencies. On December 29, 2011, the Supreme Court issued its opinion in the Legal Action, upholding AB 26, invalidating AB 27,

extending certain statutory deadlines under Health and Safety Code Sections 34170 through 34191, and dissolving all redevelopment agencies throughout the State, effective February 1, 2012.

The City elected to become the Successor Agency to the Agency by Resolution No. CC-1201-561, dated January 10, 2012. One of the responsibilities of the Successor Agency, is to prepare a Recognized Obligation Payment Schedule (“ROPS”), which sets forth the nature, amount, and source(s) of payment of all “enforceable obligations” of the Agency (as defined by law) to be paid by the successor agency after the Agency’s dissolution, covering the forward-looking six month fiscal period, which is to cover the period from January 1, 2013, through June 30, 2013. Only payments required pursuant to the ROPS may be made by the successor agency, after May 1, 2012.

The “enforceable obligations” listed in the ROPS may include the following: bonds; loans legally required to be repaid pursuant to a payment schedule with mandatory repayment terms; payments required by the federal government, preexisting obligations to the state or obligations imposed by state law; judgments, settlements or binding arbitration decisions that bind the agency; legally binding and enforceable agreements or contracts; contracts or agreements necessary for the continued administration or operation of the agency, including agreements to purchase or rent office space, equipment and supplies; and amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund of a redevelopment agency, which had been deferred as of June 29, 2011. However, the ROPS is to exclude pass-through payments to be made by the county after dissolution of the Agency and any agreements, contracts or arrangements between the City and the Agency, except any of the following agreements between the City and the Agency: (1) any written agreements between the City and the Agency entered into prior to December 31, 2010, solely for the purpose of securing or repaying indebtedness obligations to third parties; and (2) loan agreements entered into between the Agency and the City within two years of the date of creation of the Agency.

Pursuant to Health and Safety Code section 34177(l)(2), as modified by the Supreme Court’s opinion in the Legal Action Successor Agency, is required to prepare a ROPS covering the period from January 1, 2013, through June 30, 2013, by September 1, 2012. The ROPS is then submitted to the oversight board (“Approved ROPS”) for approval. The Approved ROPS is finally submitted to the county auditor-controller, the State Controller’s office and the State Department of Finance, and posted on the City’s website.

The Successor Agency has approved the ROPS covering the period from January 1, 2013 through June 30, 2013.

FISCAL IMPACT

The State's elimination of the Redevelopment Agency will have long-term negative impacts on Redondo Beach and cities throughout California that will not be able to be measured for years.

Submitted by:



Peter Grant
Assistant City Manager

Attachment:

- Resolution Adopting the ROPS 3

RESOLUTION NO. OB-1208-006

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH APPROVING AND ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(I)

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Redondo Beach (“Successor Agency”) elected to become the successor agency to the Redevelopment Agency of the City of Redondo Beach by Resolution No. CC-1201-561 on January 10, 2012; and

WHEREAS, Health and Safety Code section 34177(I)(2), as modified by the Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, requires the Successor Agency to prepare a recognized obligation payment schedule (“ROPS”) by September 1, 2012, covering the period from January 1, 2013 through June 30, 2013; and

WHEREAS, Health and Safety Code section 34177(I)(2) requires the Successor Agency to submit the ROPS to an external auditor, either the Los Angeles County Auditor-Controller or its designee, for the auditor’s review and certification as to its accuracy; and

WHEREAS, Health and Safety Code section 34177(I)(2) requires the Successor Agency to submit the ROPS certified by the external auditor (“Certified ROPS”) to the Successor Agency’s Oversight Board for its approval, and upon such approval, the Successor Agency is required to submit a copy of the approved ROPS (“Approved ROPS”) to the Los Angeles County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and post the Approved ROPS on the Successor Agency’s website; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH DOES HEREBY RESOLVE AS FOLLOWS:

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

SECTION 2. The approval of the ROPS through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the

environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act. The City Clerk is authorized and directed to file a Notice of Exemption with the appropriate official of the County of Los Angeles, California, within five (5) days following the date of adoption of this Resolution.

SECTION 3. The Oversight Board approves and adopts the ROPS, in substantially the form attached to this Resolution as Exhibit A, as required by Health and Safety Code Section 34177.

SECTION 4. The City Manager is hereby authorized and directed to take any action necessary to carry out the purposes of this Resolution and comply with applicable law regarding the ROPS, including submitting the ROPS to the Los Angeles County Auditor-Controller, or its designee, the submission of the Approved ROPS to the Los Angeles County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and posting the Approved ROPS on the Successor Agency's website.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED by the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Redondo Beach, at a special meeting held on the 22nd day of August, 2012.

PASSED, APPROVED AND ADOPTED this 22nd day of August, 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Oversight Board Chairperson

ATTEST:

Oversight Board Secretary

Successor Agency Contact Information

Name of Successor Agency: City of Redondo Beach
County: Los Angeles

Primary Contact Name: Marissa Christiansen, Assistant to the
Primary Contact Title: City Manager, 415 Diamond St.,
Address: Redondo Beach, CA 90277
Contact Phone Number: 310-372-1171 ext. 2224
Contact E-Mail Address: marissa.christiansen@redondo.org

Secondary Contact Name: Doug Kaku
Secondary Contact Title: Grants Financial Administrator
Secondary Contact Phone Number: 310-372-1171 ext.2490
Secondary Contact E-Mail Address: doug.kaku@redondo.org

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency: City of Redondo Beach

	Total Outstanding Debt or Obligation
Outstanding Debt or Obligation	\$ 35,212,093
Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	-
B Enforceable Obligations Funded with RPTTF	8,491,603
C Administrative Allowance Funded with RPTTF	125,000
D Total RPTTF Funded (B + C = D)	8,616,603
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$ 8,616,603
E Enter Total Six-Month Anticipated RPTTF Funding	8,616,603
F Variance (D - E = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$ -
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))	
G Enter Estimated Obligations Funded by RPTTF <i>(Should be the same amount as RPTTF approved by Finance, including admin allowance)</i>	114,109 *
H Enter Actual Obligations Paid with RPTTF	714,883 **
I Enter Actual Administrative Expenses Paid with RPTTF	125,000 **
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	(725,774)
K Adjustment to RPTTF	\$ 9,342,377.00

Certification of Oversight Board Chairman:
Pursuant to Section 34177(m) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Obligation Payment Schedule for the above named agency.

_____	_____
Name	Title
_____	_____
Signature	Date

* RDA tax increment was received (January 20, 2012) during this period of time and not RPTTF as specified on the form supplied by the CA Dept. of Finance.
** Amounts were paid with RDA tax increment during this period of time and not RPTTF as specified on the form supplied by the CA Dept. of Finance.

Name of Successor Agency:

City of Redondo Beach

County:

Los Angeles

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)

January 1, 2013 through June 30, 2013

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area
Grand Total						
1	Letter of Credit and Reimbursement Agreement	February 26, 2009	September 1, 2022	Bank of the West	Letter of Credit for 2001 Refunding Redondo Pier Reconstruction	All
2	1996 Tax Allocation Bonds	July 1, 1996	7/1/2026	US Bank	Improvements within South Bay Center project area	All
3	1990 Cooperative Agreement	June 19, 1990	open	City of Redondo Beach	Advance from Harbor funds	All
4	County Deferral Loans	11/15/1993 & 2/14/1984	open	County of Los Angeles	South Bay Center & Aviation Project Areas	All
5	RDA Bonds	FY 2012-13	6/30/2013	Citigroup	Bond remarketing	All
6	RDA Bonds	FY 2012-13	6/30/2013	BLX Group	Bond arbitrage rebate calculations	All
7	RDA Bonds	FY 2012-13	6/30/2013	US Bank	Bond Trustee	All
8	Administration Costs	FY 2012-13	June 30, 2013	City of Redondo Beach	Annual amount estimated to be paid to the City for Agency administration services	All
9						
10						
11						
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16						
17						
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19						
20						

Name of Successor Agency:

County:

Oversight Board Approval Date: _____

Item #	Project Name / Debt Obligation	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	Funding Source						
				LMIHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	Six-Month Total
	Grand Total	\$ 35,212,093	\$ 9,114,679	\$ -	\$ -	\$ -	\$ 125,000	\$ 8,491,603	\$ -	\$ 8,616,603
1	Letter of Credit and Reimbursement Agreement	710,000	120,000					60,000		60,000
2	1996 Tax Allocation Bonds	12,243,511	839,883					547,442		547,442
3	1990 Cooperative Agreement	7,878,526	7,878,526					7,878,526		7,878,526
4	County Deferral Loans	14,103,786	TBD					-		-
5	RDA Bonds	6,000	6,000					-		-
6	RDA Bonds	9,000	9,000					-		-
7	RDA Bonds	11,270	11,270					5,635		5,635
8	Administration Costs	250,000	250,000				125,000			125,000
9										-
10										-
11										-
12										-
13										-
14										-
15										-
16										-
17										-
18										-
19										-
20										-

Name of Successor Agency:

City of Redondo Beach

County:

Los Angeles

**Pursuant to Health and Safety Code section 34186 (a)
 PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS I)
 January 1, 2012 through June 30, 2012**

Page/Form	Line	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	LMIHF		Bond Proceeds	
						Estimate	Actual	Estimate	Actual
		Grand Total				\$ -	\$ -	\$ -	\$ -
RPTTF	1	2001 Refunding Revenue Bonds Redondo Pier Reconstruction	US Bank	Redondo Pier reconstruction refinancing project	All				
RPTTF	2	Letter of Credit and Reimbursement Agreement	Bank of the West	Letter of Credit for 2001 Refunding Redondo Pier Reconstruction	All				
RPTTF	3	1996 Tax Allocation Bonds	US Bank	Improvements within South Bay Center project area	All				
RPTTF	4	1990 Cooperative Agreement	City of Redondo Beach	Advance from Harbor funds	All				
RPTTF	5	County Deferral Loans	County of Los Angeles	South Bay Center & Aviation Project Areas	All				
RPTTF	6	Attorney Fees	Best Best & Krieger, LLP	Fees associated with dissolution of the Redevelopment Agency	All				
RPTTF	7	Community Development Block Grant	City of Redondo Beach	Final salaries & benefits resulting from the dissolution of the Redevelopment Agency per labor contract	All				
RPTTF	8	Community Development Block Grant	Housing Rights Center	Remaining Housing Rights contract costs	All				
RPTTF	9	RDA Bonds	Citigroup	Bond remarketing	All				
RPTTF	10	RDA Bonds	BLX Group	Bond arbitrage rebate calculations	All				
RPTTF	11	RDA Bonds	US Bank	Bond Trustee	All				
ADMIN	1	Administration Costs	City of Redondo Beach	Annual amount estimated to be paid to the City for Agency administration services	All				

Name of Successor Agency:

County:

Page/Form	Line	Project Name / Debt Obligation	Reserve Balance		Admin Allowance		RPTTF		Other	
			Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
		Grand Total	\$ -	\$ -	\$ 250,000	\$ 125,000	\$ 3,665,577	\$ 714,883	\$ -	\$ -
RPTTF	1	2001 Refunding Revenue Bonds Redondo Pier Reconstruction					1,752,250	24,380		
RPTTF	2	Letter of Credit and Reimbursement Agreement					740,000	30,677		
RPTTF	3	1996 Tax Allocation Bonds					532,734	532,734		
RPTTF	4	1990 Cooperative Agreement					257,212	80,780		
RPTTF	5	County Deferral Loans					231,201	-		
RPTTF	6	Attorney Fees					125,648	23,452		
RPTTF	7	Community Development Block Grant					5,398	5,398		
RPTTF	8	Community Development Block Grant					8,000	8,000		
RPTTF	9	RDA Bonds					2,999	1,577		
RPTTF	10	RDA Bonds					4,500	2,250		
RPTTF	11	RDA Bonds					5,635	5,635		
ADMIN	1	Administration Costs			250,000	125,000				



Administrative Report

Board Action Date: August 22, 2012

To: MEMBERS OF THE OVERSIGHT BOARD

From: PETER GRANT, ASSISTANT CITY MANAGER

Subject: CONSIDERATION OF RESOLUTION NO. OB-1208-007 APPROVING THE SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET

RECOMMENDATION

Approve and adopt by motion the resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Redondo Beach approving the Successor Agency's administrative budget pursuant to Health and Safety Code Section 34177(j).

EXECUTIVE SUMMARY

Pursuant to Health and Safety Code Section 34172, the Redevelopment Agency of the City of Redondo Beach ("Agency") was dissolved as of February 1, 2012. The City of Redondo Beach ("RDA Successor Agency") is the successor agency of the Agency. The Oversight Board is responsible for approving the actions of the RDA Successor Agency pursuant to Health and Safety Code Section 34179.

BACKGROUND

Pursuant to Health and Safety Code Section 34177(j), the RDA Successor Agency is required to prepare a proposed administrative budget ("Budget") and submit it for approval to the Oversight Board. The Budget is required to include all of the following: (1) estimated amounts for RDA Successor Agency administrative costs for the period between January 1, 2013 through June 30, 2013; (2) proposed sources of payment for all administrative costs; (3) proposals for arrangements for administrative and operations services provided by the City of Redondo Beach.

Pursuant to Health and Safety Code Section 34179(h), because the Department of Finance may review Oversight Board actions, the Oversight Board's action to approve the Budget is not effective for three business days, pending a request for review by the DOF.

FISCAL IMPACT

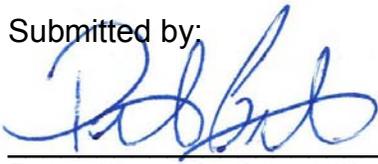
Funding

\$125,000 State Department of Finance
\$125,000 Total

Expenditures

\$125,000 Administrative Budget
\$125,000 Total

Submitted by:



Peter Grant, Assistant City Manager

ATTACHMENTS

- Oversight Board Resolution No. 1208-007
- Proposed Successor Agency Administrative Budget

RESOLUTION NO. OB-1208-007

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH, APPROVING THE SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(j)

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Redondo Beach ("RDA Successor Agency") is the successor agency to the dissolved Redevelopment Agency of the City of Redondo Beach ("Agency"), confirmed by Resolution No. CC-1201-561 adopted on January 10, 2012; and

WHEREAS, Health and Safety Code section 34179(a) provides that each successor agency shall have an oversight board composed of seven members; and

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

WHEREAS, Health and Safety Code section 34177(j) requires the RDA Successor Agency to prepare a proposed administrative budget ("Administrative Budget") and submit it to the Oversight Board for the Oversight Board's approval; and

WHEREAS, the RDA Successor Agency has submitted the Administrative Budget to the Oversight Board.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH DOES HEREBY RESOLVE AS FOLLOWS:

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

Section 2. CEQA Compliance. The approval of the Administrative Budget through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

Section 3. Approval of the Administrative Budget. The Oversight Board hereby approves and adopts the Administrative Budget, in substantially the form attached to this Resolution as Exhibit A, pursuant to Health and Safety Code Section 34177.

Section 4. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this

Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 5. Certification. The City Clerk of the City of Redondo Beach, acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

Section 6. Effective Date. Pursuant to Health and Safety Code section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for three (3) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED AND ADOPTED this 22nd day of August, 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Oversight Board Chairperson

ATTEST:

Oversight Board Secretary

EXHIBIT A

SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET

[Attached behind this page]

**SUCCESSOR AGENCY
TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH
JULY 1, 2012 TO JUNE 30, 2013**

	July - December 2012	January - June 2013	Fiscal Year 2012-13
Sources of Payment			
Administrative Costs Allowance	125,000	125,000	250,000
Total Sources of Payment	125,000	125,000	250,000
Administrative Costs ¹			
Personnel ²	51,800	51,799	103,599
Legal Fees	28,000	28,000	56,000
Training/Meetings	1,250	1,250	2,500
Mileage Reimbursement	50	50	100
Postage	125	125	250
Office Supplies	25	25	50
Property Tax Consulting	990	991	1,981
Audit Services	3,642	3,643	7,285
Investment Custodial Services	1,750	1,750	3,500
Internal Service Fund/Overhead Allocations	37,368	37,367	74,735
Total Administrative Costs	125,000	125,000	250,000

¹ Does not include bond-related administrative costs identified separately on the Recognized Obligation Payment Schedule (ROPS).

² Provides for partial salary and benefit costs of the Assistant City Manager, the Budget, Revenue and Payroll Manager, the Harbor Facilities Manager, and the Grants Financial Administrator.



Administrative Report

Board Action Date: August 22, 2012

To: CHAIRMAN AND MEMBERS OF THE OVERSIGHT BOARD

From: PETER GRANT, ASSISTANT CITY MANAGER

Subject: CONSIDERATION OF RESOLUTION NO. OB-1208-008 ADOPTING A CREDIT FACILITY WITH BANK OF AMERICA

RECOMMENDATION

Adopt the attached resolution by title only, waiving further reading: A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING A CREDIT FACILITY WITH BANK OF AMERICA IN ORDER TO REFUND OBLIGATIONS RELATED TO THE REDONDO BEACH PUBLIC FINANCING AUTHORITY REFUNDING REVENUE BONDS, SERIES 2001 (REDONDO PIER RECONSTRUCTION REFINANCING PROJECT)".

EXECUTIVE SUMMARY

Presented for approval is a Credit Facility (loan agreement), between Bank of America, and the Successor Agency. The amount to be financed is \$693,000. If approved, the loan will close in September 2012 for the purpose of refunding outstanding obligations of the former Redevelopment Agency. The refunding will result in an interest expense savings of approximately \$120,000.

BACKGROUND

On June 1, 1993, the Redevelopment Agency of the City of Redondo Beach issued \$3,560,000 of Pier Reconstruction Project Tax Allocation and Revenue Bonds (the "1993 Bonds"). The 1993 Bonds were refunded on November 1, 2001, by the issuance of \$2,965,000 of 2001 Redondo Beach Public Financing Authority (Refunding Revenue Bonds (Pier Reconstruction and Refinancing Project) (the "2001 Bonds"). The 2001 Bonds were payable from loan payments to be made by the Redevelopment Agency under a Loan Agreement, dated as of November 1, 2001, by and between the Redevelopment Agency and the Redondo Beach Public Financing Authority (the "Authority"). The 2001 Bonds were issued as variable rate demand obligations and were further supported by a Letter of Credit described below. Interest payable on the

Administrative Report

August 22, 2012

Refinancing with Bank of America

Page 2

2001 Bonds was usually less than one percent. The 2001 Bonds are scheduled to mature on September 1, 2022.

Allied Irish Bank (“AIB”) originally provided the Letter of Credit for the 1993 Bonds and the 2001 Bonds. However, in 2009, AIB advised the Redevelopment Agency that it would no longer provide a Letter of Credit.

The Redevelopment Agency replaced the original Letter of Credit with a three-year Letter of Credit provided by Bank of the West (BOW), under the terms of a Letter of Credit and Reimbursement Agreement (the “Reimbursement Agreement”), dated February 1, 2009. Additionally, the Redevelopment Agency was required to collateralize the Letter of Credit by depositing \$1 million in a money market/demand deposit account with BOW for a corresponding three-year term commencing on March 2, 2009, and maturing March 2, 2012.

The State mandated dissolution of redevelopment agencies effective February 1, 2012. The terms of the Letter of Credit expired on February 26, 2012. The Successor Agency was not able to renew or replace the terms of the Reimbursement Agreement as the provisions of ABx26 were unclear as to the power of the Successor Agency to do so. Pursuant to the terms of the Reimbursement Agreement and the 2001 Bonds, the trustee for the 2001 Bonds, drew on the full amount of the Letter of Credit and purchased the outstanding 2001 Bonds. BOW then became the owner of the 2001 Bonds.

Additionally, in compliance with the Reimbursement Agreement, BOW exercised the collateral account of the Redevelopment Agency to reduce the outstanding balance of the 2001 Bonds, charged an interest rate of 10 percent on the remaining payments of the 2001 Bonds and Reimbursement Agreement, and reduced the remaining term of the principal due on the 2001 Bonds to seven years instead of ten years as a “term-out” provision under the Reimbursement Agreement. Staff did not believe these terms to be acceptable over the long-term and requested Successor Agency approval to seek alternative financing for the 2001 Bonds, the results of which follow.

The Successor Agency received two bids to refinance the existing obligations. The first was from the Bank of the West (“BOW”), which currently holds the existing obligations of the Successor Agency. BOW provided terms as follows:

- Finance \$693,000, which includes the remaining balance on the Authority Bonds (\$669,030), accrued interest (\$12,641), and bank fees (estimated at \$11,000) for a period of three years at a fixed rate of 4.5%, or
- Finance the remaining balance on the Authority Bonds, accrued interest and bank fees for a period of five years at 6.0%, and

- BOW mandated that the City transfer two bank accounts with a combined average balance of \$1.1 million from Bank of America to BOW.

Bank of America, which holds the majority of City's bank accounts, provided another proposal with terms as follows:

- Finance the amount of \$693,000 to the Successor Agency over a period of seven years at a fixed rate of 5.75%, or
- Finance the outstanding amount for a term of five years at a fixed rate of 5.0%.

The Successor Agency approved the Bank of America (BoFA) seven-year term loan at 5.75% on August 7, 2012. This loan most closely represents the 2001 Bonds' maturity schedule.

Proceeds of the loan will be utilized to pay off existing principal and accrued interest of the 2001 Bonds held by BOW. Costs of this new loan include a loan origination fee of \$1,000 and payment of bank legal fees estimated at \$11,329. Principal on the proposed BoFA Credit Facility will be repaid annually commencing in September of 2013, with interest to be paid semi-annually in March and September of each year. Security for the Credit Facility is the original pledge of tax increment revenue generated from the former Redevelopment Agency of the City of Redondo Beach project area which was originally pledged to the 2001 Redondo Beach Public Financing Authority Refunding Revenue Bonds for the Pier Reconstruction Project.

The Successor Agency's ability to contract with BoFA to provide a loan refunding and refinancing of the 2001 Bonds is authorized by Section 34177.5 of the Health and Safety Code and by provisions of the recently enacted AB 1484, so long as the net interest cost to maturity of the Credit Facility plus the principal amount thereof is less than the net interest cost to maturity of the 2001 Bonds plus the principal amount thereof. A schedule showing exiting debt service under the Reimbursement Agreement, compared to the proposed debt service under the Credit Facility is attached.

COORDINATION

The recommendation required coordination with the Financial Services department, City Treasurer's Office, and City Manager's Office. Best Best & Krieger LLP worked with Bank of America, the City Attorney's Office in preparing the refinancing documents.

FISCAL IMPACT

Funding

Bank of America
Credit Facility \$693,000

Total \$693,000

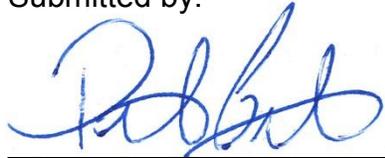
Expenditures

Bank of the West
Payoff on Bonds of:
Principal \$669,030
Accrued Interest 12,641

Bank of America
Loan Fees 11,329

\$693,000

Submitted by:



Peter Grant, Assistant City Manager

Attachments: Credit Facility with Bank of America
Resolution No. OB-1208-008 Adopting the Credit Facility
Debt Service Schedule

RESOLUTION NO. OB-1208-008

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING A CREDIT FACILITY WITH BANK OF AMERICA, N.A. IN ORDER TO REFUND OBLIGATIONS RELATED TO THE REDONDO BEACH PFA REFUNDING REVENUE BONDS, SERIES 2001 (REDONDO PIER RECONSTRUCTION REFINANCING PROJECT)

WHEREAS, pursuant to Health and Safety Code Section 34173(d), the City of Redondo Beach (“Successor Agency”) is the successor agency to the dissolved Redevelopment Agency of the City of Redondo Beach, confirmed by Resolution No. CC-1201-561 adopted on January 10, 2012; and

WHEREAS, the Redevelopment Agency of the City of Redondo Beach (the “Agency”) entered into a loan agreement, dated as of November 1, 2001 (the “Loan Agreement”) with the Redondo Beach Public Financing Authority (the “Authority”); and

WHEREAS, the Authority issued its \$2,965,000 of 2001 Redondo Beach Public Financing Authority Refunding Revenue Bonds (the “Bonds”), which were secured by and payable from payments of the Agency under the Loan Agreement; and

WHEREAS, the Bonds were further secured by a letter of credit of Bank of the West (the “Bank”), delivered under a Letter of Credit and Reimbursement Agreement (the “Reimbursement Agreement”) dated as of February 1, 2009, between the Bank and the Agency; and

WHEREAS, the terms of the Letter of Credit expired on February 26, 2012, and the Agency was unable to renew or replace the Letter of Credit as a result of the implementation of ABX26; and

WHEREAS, the Bank, pursuant to the terms of the Reimbursement Agreement, purchased all of the Bonds, exercised on collateral held by it, and charged the rate of 10% per annum on the payments remaining to be paid under the Loan Agreement and the Reimbursement Agreement; and

WHEREAS, Bank of America, N.A., has presented the Successor Agency with a Credit Facility representing a repayment schedule of the same term or shorter than that represented by the Bonds and the Reimbursement Agreement with an annual interest rate of 5.75%; and

WHEREAS, Section 34177.5(a)(1) of the California Health and Safety Code provides that a successor agency may incur indebtedness in order to refund bonds or

other indebtedness of the former agency so long as the total interest cost to maturity on the refunding indebtedness plus the principal amount thereof does not exceed the total remaining interest cost to maturity on the indebtedness to be refunded plus the principal amount thereof, and the principal amount of the refunding indebtedness does not exceed the principal amount of the indebtedness to be refunded to establish a debt service reserve fund and to pay costs of issuance; and

WHEREAS, the Successor Agency has approved the Credit Facility at its meeting of August 7, 2012; and

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

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

Section 2. Findings. The Oversight Board hereby finds that:

a) The total interest cost to maturity of the Credit Facility plus the principal amount thereof does not exceed the total interest cost to maturity on the Loan Agreement and Reimbursement Agreement plus the principal amount thereof; and

b) The principal amount of the Credit Facility does not exceed the principal amount of the Loan Agreement and the Reimbursement Agreement to establish a debt service reserve fund and to pay costs of issuance.

Section 3. CEQA Compliance. The approval of the Credit Facility through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act. The Oversight Board Secretary is authorized and directed to file a Notice of Exemption with the appropriate official of the County of Los Angeles, California, within five (5) days following the date of adoption of this Resolution.

Section 4. Approval of the Credit Facility. The Oversight Board hereby approves the Credit Facility delivered under the terms of the Credit Agreement, in substantially the form presented to this meeting, and the Chairman of the Oversight Board, is hereby Authorized to execute and deliver the Credit Facility with such changes therein as such officer may approve, such execution to be conclusive evidence of the approval thereof.

Section 5. Other Acts. The Chairman, the Executive Director, the Assistant Executive Director, the Financial Services Director and the City Clerk are hereby authorized to execute and deliver such certificates and agreements which are deemed

necessary to effectuate the provisions of this Resolution, and any prior actions taken are hereby ratified and approved.

Section 6. Certification. The City Clerk of the City of Redondo Beach shall certify to the adoption of this Resolution.

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

PASSED, APPROVED AND ADOPTED this 22nd day of August, 2012.

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairman

ATTEST:

Oversight Board Secretary



Administrative Report

Board Action Date: August 22, 2012

To: CHAIRMAN AND MEMBERS OF THE OVERSIGHT BOARD

From: PETER GRANT, ASSISTANT CITY MANAGER

Subject: RESOLUTION NO. OB-1208-009 BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH DIRECTING AND CONFIRMING THE TRANSFER OF HOUSING ASSETS AND FUNCTIONS TO THE REDONDO BEACH HOUSING AUTHORITY

RECOMMENDATION

It is recommended that the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Redondo Beach adopt Resolution No. OB-1208-009 directing and confirming the transfer of housing assets and functions to the Redondo Beach Housing Authority pursuant to Health and Safety Code sections 34177 and 34181.

BACKGROUND

Pursuant to Health and Safety Code section 34172, the Redevelopment Agency of the City of Redondo Beach ("Agency") was dissolved as of February 1, 2012. The City of Redondo Beach ("Successor Agency") is the successor agency of the Agency. The Oversight Board is responsible for approving the actions of the Successor Agency pursuant to Health and Safety Code section 34179.

Pursuant to Health and Safety Code section 34176, the City of Redondo Beach, as the entity that authorized the creation of the Agency, could elect to retain the housing assets and functions of the Agency upon the Agency's dissolution. If the City declined, 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, would transfer to the local housing authority within the territorial jurisdiction of the Agency selected by the City, or to the State of California Department of Housing and Community Development, if no local housing authority existed. The City elected not to retain the housing assets and functions, and transferred them to the Redondo Beach Housing Authority ("Authority"), as provided in Resolution No. CC-1201-567, adopted on January 31, 2012.

Transfer of Housing Assets and Functions

Pursuant to Health and Safety Code section 34177(g), the Successor Agency is required to effectuate the transfer of housing functions and assets to the appropriate entity designated pursuant to Health and Safety Code section 34176. Pursuant to Health and Safety Code section 34181(c), the Oversight Board must direct the Successor Agency to transfer housing responsibilities and all rights, powers, duties and obligations along with any encumbered housing funds to the appropriate entity pursuant to Health and Safety Code section 34176. Because the City chose not to retain the housing functions, by statute, that responsibility falls to the Authority. The Oversight Board is statutorily required to direct the transfer to the entity selected by the City under Health and Safety Code Section 34176. Exhibit A to Resolution No. OB-1208-009, attached to this staff report, provides a list of dissolved Agency housing assets to be considered by the Oversight Board for transfer by the Successor Agency to the Authority.

Pursuant to Health and Safety Code section 34179(h), because the State of California Department of Finance may review Oversight Board actions, the Oversight Board's action to direct the Successor Agency to transfer housing assets, responsibilities and all rights, powers, duties and obligations, is not effective for five business days, pending a request for review by the DOF.

Additionally, pursuant to the recently enacted AB 1484, the Authority, as the recipient of the housing assets, filed with the Department of Finance, prior to August 1, 2012, a form identifying the assets which have been transferred to the Authority as a result of the dissolution of the Agency and the City's decision to no become the housing successor agency. The Department of Finance has thirty days from the date of receipt of the inventory to object to any of the assets or transfers identified in the inventory. Any funds transferred to the Authority pursuant to this action must be maintained in a Low and Moderate Income Housing Asset Fund and will be used in accordance with the housing related provisions of the Community Redevelopment Law.

COORDINATION

The Financial Services Department prepared and submitted to DOF the listing of housing assets transferred to the Housing Authority by the dissolved Redevelopment Agency in coordination with the City Manager's Office, the Recreation and Community Services Department, and the City Attorney's Office.

FISCAL IMPACT

The State's elimination of the Redevelopment Agency will have long-term negative impacts on Redondo Beach and cities throughout California that we will not be able to measure for years.

Submitted by:



Peter Grant
Assistant City Manager

Attachment: Resolution OB-1208-009
Listing of Housing Assets

RESOLUTION NO. OB-1208-009

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH DIRECTING AND CONFIRMING THE TRANSFER OF HOUSING ASSETS AND FUNCTIONS TO THE REDONDO BEACH HOUSING AUTHORITY

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Redondo Beach (“Successor Agency”) is the successor agency to the Redevelopment Agency of the City of Redondo Beach (“Agency”), confirmed by Resolution No. CC-1201-561 adopted on January 10, 2012; and

WHEREAS, pursuant to Health and Safety Code section 34176, the City of Redondo Beach, as the entity that authorized the creation of the Agency, elected not to retain the housing assets and functions previously performed by the Agency, and instead elected to transfer all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the Agency, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, to the Redondo Beach Housing Authority (“Authority”), as provided in Resolution No. CC-1201-567 adopted on January 31, 2012; and

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

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

WHEREAS, pursuant to Health and Safety Code section 34181(c), the Successor Agency’s oversight board (“Oversight Board”) is to direct the Successor Agency to transfer housing responsibilities and all rights, powers, duties and obligations to the appropriate entity pursuant to Health and Safety Code section 34176;

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH, DOES HEREBY RESOLVE AS FOLLOWS:

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

Section 2. CEQA Compliance. The approval of the transfer of the Agency’s housing assets and functions to the Authority through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the

California Environmental Quality Act. The City Clerk, acting on behalf of the Oversight Board, is authorized and directed to file a Notice of Exemption with the appropriate official of the County of Los Angeles, California, within five (5) days following the date of adoption of this Resolution.

Section 3. Designation and Transfer of Housing Assets and Functions. The Oversight Board hereby directs and confirms the transfer of the designated assets set forth in Exhibit A attached to this Resolution, along with the transfer of all rights, powers, liabilities, duties and obligations associated with the housing activities of the Agency, to the Authority pursuant to Health and Safety Code sections 34176, 34177 and 34181.

Section 4. Implementation. The City Manager, acting on behalf of the Oversight Board, is hereby authorized and directed to take any action necessary to carry out the purposes of this Resolution and comply with applicable law.

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

Section 6. Certification. The City Clerk, acting on behalf of the Oversight Board, shall certify to the adoption of this Resolution.

Section 7. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED AND ADOPTED THIS 22nd day of August, 2012

Chairperson

ATTEST:

Oversight Board Secretary

EXHIBIT A

**HOUSING ASSETS OF THE DISSOLVED REDEVELOPMENT AGENCY OF THE
CITY OF REDONDO BEACH**

[Attached behind this page]

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF REDONDO BEACH)

I, _____, as secretary to the Oversight Board, do hereby certify that the foregoing Resolution No. _____ was duly introduced and adopted at a regular meeting of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Redondo Beach on the _____ day of August, 2012 by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Oversight Board Secretary

**DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)**

Former Redevelopment Agency: Redevelopment Agency of the City of Redondo Beach

Successor Agency to the Former Redevelopment Agency: City of Redondo Beach

Entity Assuming the Housing Functions of the former Redevelopment Agency: Redondo Beach Housing Authority

Entity Assuming the Housing Functions Contact Name: William P. Workman Title City Manager Phone (310) 372-1171 E-Mail Address bill.workman@redondo.org

Entity Assuming the Housing Functions Contact Name: Joe Hoefgen Title Director of Recreation and Community Services Phone (310) 372-1171 E-Mail Address joe.hoefgen@redondo.org

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list. The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property	X
Exhibit B- Personal Property	
Exhibit C - Low-Mod Encumbrances	X
Exhibit D - Loans/Grants Receivables	X
Exhibit E - Rents/Operations	
Exhibit F- Rents	
Exhibit G - Deferrals	X

Prepared By: **Marni Ruhland**

Date Prepared: **August 1, 2012**

**City or County of Redondo Beach
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

Item #	Type of Asset a/	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant b/	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition by the former RDA	Interest in real property (option to purchase, easement, etc.)
1	Low-Mod Housing	1801 Aviation Way	-	79,100	15,120	Yes	Bond Restrict	02/01/12	Yes	No	No	09/23/93	Affordability Restriction
2	Low-Mod Housing	1801 Aviation Way	-	79,100	22,140	Yes	Issuer Loan	02/01/12	Yes	No	No	09/23/93	Lender
3	Low-Mod Housing	101-115 S Francisca Ave	-	87,928	17,586	Yes	Def Pymt Loan	02/01/12	Yes	No	No	05/01/95	Affordability Restriction
4	Low-Mod Housing	2001 Artesia Blvd	-	50,565	835	Yes	Silent 2nd	02/01/12	Yes	No	No	10/18/10	Lender
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a/ Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit B - Personal Property

**City or County of Redondo Beach
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

Item #	Type of Asset a/	Description	Carrying Value of Asset	Date of transfer to Housing Successor Agency	Acquisition cost funded with Low-Mod Housing Fund monies	Acquisition costs funded with other RDA funds	Acquisition costs funded with non-RDA funds	Date of acquisition by the former RDA
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a/ Asset types any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low and moderate income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

**City or County of Redondo Beach
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

Item #	Type of housing built or acquired with enforceably obligated funds a/	Date contract for Enforceable Obligation was executed	Contractual counterparty	Total amount currently owed for the Enforceable Obligation	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant b/	Current owner of the property	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition of the property
1	Low-Mod Housing	11/19/96	Various	952,290	No	Resolution	Housing Authority	Yes	No	No	n/a
2	Low-Mod Housing	06/15/10	Watt Communities	239,502	Yes	Coop Agree	Watt Comm	Yes	No	No	n/a
3	Low-Mod Housing	n/a	Unencumbered	7,011,464	No	n/a	Housing Authority	Yes	No	No	n/a
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a/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

**City or County of Redondo Beach
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

Item #	Was the Low-Mod Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
1	Loan	12,635.00	03/25/02	Rosario Rodriguez	Home Rehab	Yes	Refi/Home Sale	4%	12,635.00
2	Loan	5,444.00	12/26/02	Clara Murrin	Home Rehab	Yes	Refi/Home Sale	4%	5,444.00
3	Loan	47,000.00	05/14/02	Patricia Rillera	Home Rehab	Yes	Refi/Home Sale	4%	47,000.00
4	Loan	23,454.00	04/28/03	Linda Lee	Home Rehab	Yes	Refi/Home Sale	4%	23,454.00
5	Loan	44,800.00	04/17/03	Tia Milton	Home Rehab	Yes	Refi/Home Sale	4%	44,800.00
6	Loan	40,450.00	09/20/05	Bruce Harrington	Home Rehab	Yes	Refi/Home Sale	4%	40,450.00
7	Loan	39,500.00	04/29/04	Lynn Kacoullas	Home Rehab	Yes	Refi/Home Sale	4%	39,500.00
8	Loan	29,314.00	07/19/06	Elaine Mannick	Home Rehab	Yes	Refi/Home Sale	4%	29,314.00
9	Loan	45,500.00	08/17/05	Bonnie Amster	Home Rehab	Yes	Refi/Home Sale	4%	45,500.00
10	Loan	70,000.00	12/29/06	Erlinda Nevarez	Home Rehab	Yes	Refi/Home Sale	4%	70,000.00
11	Loan	121,066.00	05/21/07	William Pique	Home Rehab	Yes	Refi/Home Sale	4%	121,066.00
12	Loan	50,000.00	02/15/06	Walter Schonborg	Home Rehab	Yes	Refi/Home Sale	4%	50,000.00
13	Loan	95,400.00	02/07/08	Mona Whitney	Home Rehab	Yes	Refi/Home Sale	4%	95,400.00
14	Loan	74,000.00	02/07/08	Doug Black	Home Rehab	Yes	06/01/12	4%	-
15	Loan	54,911.00	07/28/08	Beverley Whitaker	Home Rehab	Yes	Refi/Home Sale	4%	54,911.00
16	Loan	17,000.00	04/22/08	Charles Stiley	Home Rehab	Yes	Refi/Home Sale	4%	17,000.00
17	Loan	26,150.00	07/14/09	Delores Valencia	Home Rehab	Yes	Refi/Home Sale	4%	26,150.00
18	Loan	80,000.00	09/24/09	Herminda Banda	Home Rehab	Yes	Refi/Home Sale	4%	80,000.00
19	Loan	8,000.00	03/25/10	Beverley Whitaker	Home Rehab	Yes	Refi/Home Sale	4%	8,000.00
20	Loan	82,628.00	07/28/11	Russell Richer	Home Rehab	Yes	Refi/Home Sale	4%	82,628.00
21	Loan	65,370.00	07/28/11	Ruth Ethridge	Home Rehab	Yes	Refi/Home Sale	4%	65,370.00
22	Loan	2,200,000.00	06/21/95	Corp Fund for Housing	Proj Development	Yes	06/21/40	2%	2,854,234.79

**City or County of Redondo Beach
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

Item #	Type of payment a/	Type of property with which they payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant c/	Item # from Exhibit A the rent/operation is associated with (if applicable)
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a/ May include revenues from rents, operation of properties, residual receipt payments from developers, conditional grant repayments, costs savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

**City or County of Redondo Beach
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

Item #	Type of payment a/	Type of property with which the payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant c/	Item # from Exhibit A the rent is associated with (if applicable)
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a/ May include rents or home loan payments.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

**City or County of Redondo Beach
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

Item #	Purpose for which funds were deferred	Fiscal year in which funds were deferred	Amount deferred	Interest rate at which funds were to be repaid	Current amount owed	Date upon which funds were to be repaid
1	HSC 33690(c)(1)	2009-2010	1,403,671	0%	246,740	06/30/15
2	HSC 33690.5(c)(1)	2010-2011	288,991	0%	288,991	06/30/15
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Administrative Report

Board Action Date: August 22, 2012

To: CHAIRMAN AND MEMBERS OF THE OVERSIGHT BOARD

From: PETER GRANT, ASSISTANT CITY MANAGER

**Subject: RECEIVE AND FILE THE REPORT ON AGREED-UPON PROCEDURES
AUDIT PURSUANT TO ABX1 26 FOR THE FORMER
REDEVELOPMENT AGENCY OF THE CITY OF REDONDO BEACH**

RECOMMENDATION

Receive and file the report on agreed-upon procedures required by California Health and Safety Code Section 34182.

EXECUTIVE SUMMARY

California Health and Safety Code Section (HSC) 34182 required each county auditor/controller to conduct an agreed-upon procedures (AUP) audit of each former redevelopment agency (RDA) by July 1, 2012. This is not an audit in the traditional sense, rather it is to determine whether or not the Successor Agency is complying with rules and procedures of RDA dissolution determined by the State's Controller and Department of Finance (DOF) and the L.A. County Auditor-Controller. Exhibit 1 of the attached report summarizes the audit findings.

BACKGROUND

On February 1, 2012, the State mandated the dissolution of all RDAs. Shortly thereafter, the County Auditor-Controller was required to conduct AUP audits of all former RDAs. The County assigned outside audit firms to perform the audits and required them to be completed by July 1, 2012. The accounting firm of Moss, Levy & Hartzheim was assigned to the former Redondo Beach RDA to verify and document the following regarding its dissolution:

- Assets and liabilities
- Pass-through obligations
- Amounts and terms of indebtedness as reflected on the ROPS (January through June 2012 and July through December 2012).

The AUP audit report for the former RDA is attached. Exhibit 1 is a summary of the findings regarding the audit and relates to the ROPS filed with the DOF. The remainder of the report reflects details of the procedures followed by the accounting firm, its results and finding, as well as a comparative asset listing of the former RDA for the periods 2010, 2011 and through January 31, 2012.

The majority of the findings of the audit firm relate to items rejected by the DOF on the ROPS schedule. These are the advance from the Harbor Funds (\$7,878,526) and legal fees (\$125,648). The advance from the Harbor Funds has been appealed to the DOF as directed by the Oversight Board on May 1. The legal fees of \$125,648 will be absorbed in the Successor Agency's budget and were removed from the ROPS for the period July through December, 2012.

Although "questionable obligations" have been identified, the Successor Agency was reimbursed for these amounts in the first revenue distribution by the County. The bond remarketing (\$2,999) and bond trustee (\$5,635) expenses are readily identifiable in the RDA's general ledger and documented by invoices. The auditors received these back up documents; however, they were required to classify them as "questionable obligations" because they were not specifically identified in bond documents. It is unlikely there will be any issues or further follow up regarding these items as they are relatively small expenses in the ROPS report.

The auditors' findings do not impact revenue distribution to the Successor Agency.

COORDINATION

The audit report required coordination among the Financial Services department, the accounting firm of Moss, Levy & Harzheim, LLP, and L.A. County Auditor-Controller staff.

FISCAL IMPACT

There is no change to the revenue distribution received by the Oversight Board as a result of the AUP.

Submitted by:



Peter Grant
Assistant City Manager

Attachment: Report on Agreed-Upon Procedures Audit



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
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JUDI E. THOMAS
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JAMES L. SCHNEIDERMAN

August 1, 2012

Honorable John Chiang
Controller, State of California
P.O. Box 942850
Sacramento, CA 94250-5872

Dear Mr. Chiang:

**REPORT ON AGREED-UPON PROCEDURES AUDIT PURSUANT TO ABX1 26
OF THE FORMER REDEVELOPMENT AGENCY OF
THE CITY OF REDONDO BEACH**

California Health and Safety Code (HSC) Section 34182 requires each county Auditor-Controller (A-C) to conduct, or cause to be conducted, an agreed-upon procedures (AUP) audit of each former redevelopment agency (RDA or Agency) in their respective county by July 1, 2012. The audits are to establish each RDA's assets and liabilities; to document and determine each agency's pass-through payment obligations to other taxing entities; and to determine and document the amount and terms of any indebtedness incurred by the former RDA.

We have completed the AUP engagement of the former RDA of the City of Redondo Beach, the results of which are attached. The procedures performed were agreed upon by the California State Controller's Office, California Department of Finance (Finance), and Los Angeles County (LAC) A-C. The initial Recognized Obligation Payment Schedule (ROPS) was prepared by, and is the responsibility of, the RDA's Successor Agency's management. Our responsibility was to apply the AUP.

Except for those obligations listed as "questionable", the obligations we reviewed are, to the best of our knowledge, allowable pursuant to the HSC prior to the passage of Assembly Bill 1484 on June 27, 2012. Questionable obligations identified during this engagement are summarized in Exhibit 1. Supporting documentation related to terms and amounts for each obligation reviewed during this engagement are available for review upon request.

The AUP were completed by Moss, Levy, & Hartzheim, LLP, an independent Certified Public Accounting (CPA) firm, and LAC A-C staff. The attached documents constitute our report on the AUP, and include a summary of the review of a sample of obligations

Honorable John Chiang
August 1, 2012
Page 2

from the Agency's ROPS (Exhibit 1); the AUP (Attachment A); the results of procedures performed by the independent CPA firm (Attachments B and C); and the results of procedures performed by A-C staff (Attachment D). In addition, we have attached a copy of the Finance ROPS review and final approval letter (Attachment E).

This report is intended solely for the information and use of the LAC A-C, the Successor Agency, the Successor Agency Oversight Board, and applicable State agencies, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

If you have any questions regarding these reports, please contact the RDA Audit Manager at RDAaudits@auditor.lacounty.gov.

Very truly yours,

Wendy L. Watanabe
Auditor-Controller

WLW:JET:JLS:SJL

Attachments

c: Ana J. Matosantos, Director, California Department of Finance
Successor Agency Oversight Board
Doug Kaku, Grants Financial Administrator, Agency of the Former RDA for the City
of Redondo Beach

Review of a Sample of Obligations from the Recognized Obligation Payment Schedule for the Successor Agency of the City of Redondo Beach RDA

State Department of Finance – Approval Letter

The original Recognized Obligation Payment Schedule (ROPS) submitted by the Successor Agency of the City of Redondo Beach RDA totaled **\$35,252,391**. The final ROPS approved by the State Department of Finance totaled **\$27,373,865**. The State Department of Finance determined that the items below were not enforceable obligations:

(January 1, 2012 – June 30, 2012)

Project Name/ Debt Obligation	Description	Total Outstanding Debt or Obligation
1990 Cooperative Agreement	Advance from Harbor Funds	\$7,878,526
Administration Costs	Admin allowance in excess of allowance limit	125,648
Total		\$8,004,174

(July 1, 2012 – December 31, 2012)

Project Name/ Debt Obligation	Description	Total Outstanding Debt or Obligation
1990 Cooperative Agreement	Advance from Harbor Funds	\$7,878,526
Total		\$7,878,526

Questionable Obligations

The agreed-upon procedures performed by the independent CPA firm and the Auditor-Controller determined that the following sample items for period January to June 2012 were questionable obligations:

Project Name/Debt Obligation	Description	Total Outstanding Debt or Obligation
RDA Bonds	Bond remarketing	\$2,999
RDA Bonds	Bond trustee	5,635
Total		\$8,634

June 2012 Disbursement to Successor Agency

The total obligations approved for the six-month period from July 1 to December 31, 2012 by the State Department of Finance is **\$538,372**. Based on the available RDA funds, less pass-through payments paid directly by the Auditor-Controller and the administrative fees, the Auditor-Controller remitted **\$538,372** for the six-month period from July 1 to December 31, 2012 to the Successor Agency, City of Redondo Beach on June 1, 2012.

PURSUANT TO THE REDEVELOPMENT
AGENCY DISSOLUTION BILL (ABX1 26) OF 2011

CITY OF REDONDO BEACH
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

**COUNTY OF LOS ANGELES
REDEVELOPMENT AGENCY DISSOLUTION BILL (ABX1 26) OF 2011
AGREED-UPON PROCEDURES**

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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ON APPLYING AGREED-UPON PROCEDURES**Wendy L. Watanabe
Auditor-Controller
County of Los Angeles
500 West Temple Street, Room 525
Los Angeles, CA 90012

We have performed the agreed-upon procedures enumerated in the Auditor-Controller's Statement of Work-Attachment A as set forth in Los Angeles County Work Order 7-96MLH, which were generally agreed to by the California State Controller's Office, Department of Finance, and the Los Angeles County Auditor-Controller, solely to assist you in ensuring that the dissolved redevelopment agency is complying with its statutory requirements with respect to ABX1 26. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures at your direction as set forth in Attachment A of Los Angeles County Work Order 7-96MLH.

Attachment A of this report identifies the results of the procedures performed.

Attachment B identifies the findings noted as a result of the procedures performed.

Attachment C is a schedule listing the name and balance of each asset from the audited financial statements of the redevelopment agency for the fiscal years ended June 30, 2010 and June 30, 2011 and unaudited asset balances as of January 31, 2012 to be transferred to the Successor Agency.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A through Attachment C. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

This report is intended solely for the information and use of the Los Angeles County, the Successor Agency, and the applicable State agencies, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP

Culver City, California

May 17, 2012

**COUNTY OF LOS ANGELES
REDEVELOPMENT AGENCY DISSOLUTION BILL (ABX1 26) OF 2011
AGREED-UPON PROCEDURES FOR CITY OF REDONDO BEACH
ATTACHMENT A – AGREED-UPON PROCEDURES AND RESULTS**

We performed the following procedures according to Attachment A as set forth in Los Angeles County Work Order 7-96MLH.

A. Redevelopment Agency Dissolution and Restrictions

1. Based on the Enforceable Obligation Payment Schedule (EOPS) for the period August 1 through December 31, 2011 provided by the Auditor Controller:

- a. For all obligations listed, identify the payee, a description of the nature of the work/service agreed to, and the amount of payment(s) made by month through December 31, 2011, and compare it to the legal document that forms the basis for the obligation. Note any discrepancies. Any obligations for which the Successor Agency cannot produce a supporting legal document, or for which the supporting legal document does not support the obligation, should be noted as “questionable” in the AUP report.

Results

See Item No.1 in Attachment B.

- b. Identify all obligations listed on the EOPS that were entered into after June 29, 2011.

Results

Not applicable. All obligation listed on the EOPS were entered before June 29, 2011.

2. Based on the EOPS for the period January 1 through June 30, 2012 provided by the Auditor-Controller:

- a. Identify and document the project name and project area associated with each obligation.

Results

Not applicable. Communication from the Auditor-Controller has stated no procedures are to be performed on the EOPS for the period January 1 through June 30, 2012 to sample.

- b. For each obligation, identify the payee, a description of the nature of the work/service agreed to, and the amount of payments to be made by month through June 30, 2012, and compare it to the legal document that forms the basis for the obligation. Note any discrepancies. Any obligations for which the Successor Agency cannot produce a supporting legal document, or for which the supporting legal document does not support the obligation, should be noted as “questionable” in the AUP report.

Results

Not applicable. Communication from the Auditor-Controller has stated no procedures are to be performed on the EOPS for the period January 1 through June 30, 2012 to sample.

**COUNTY OF LOS ANGELES
REDEVELOPMENT AGENCY DISSOLUTION BILL (ABX1 26) OF 2011
AGREED-UPON PROCEDURES FOR CITY OF REDONDO BEACH
ATTACHMENT A – AGREED-UPON PROCEDURES AND RESULTS**

2. Continued – Based on the EOPS for the period January 1 through June 30, 2012 provided by the Auditor-Controller:

- c. Identify all obligations listed on the EOPS that were entered into after June 29, 2011.

Results

Not applicable. Communication from the Auditor-Controller has stated no procedures are to be performed on the EOPS for the period January 1 through June 30, 2012 to sample.

3. With regard to the Low and Moderate Income Housing Fund (L&M) of the former redevelopment agency:

- a. Inquire and document whether the former redevelopment agency transferred the L&M Fund to the Successor Agency.

Results

The L&M Fund was not transferred to the Successor Agency.

- b. If the L&M Fund was transferred, document the date of transfers and summarize the manner in which the transfer was performed. (e.g., the accounting fund, X, and bank account, Y, were retitled in the name of the Successor Agency.)

Results

The L&M Fund was not transferred to the Successor Agency.

- c. Document the total value of the L&M Fund transferred to the redevelopment agency's Successor Agency and the date of transfer.

Results

Not applicable. The former redevelopment agency did not transfer L&M Fund to the Successor Agency.

4. With regard to the housing activities and assets of the former redevelopment agency.

- a. Inquire and document whether the housing activities and/or assets were transferred to the Successor Agency.

Results

The housing activities were transferred to the Redondo Beach Housing Authority.

- b. If housing activities were transferred, obtain the underlying documentation authorizing the transfer (e.g., resolution of the city or county assuming the housing activity from the redevelopment agency).

Results

As documented in Resolution No. CC-1201-567-C, dated January 31, 2012, the City Council elected not to retain the housing assets and functions previously performed by the former redevelopment agency and selected the Redondo Beach Housing Authority as transferee of all rights, powers, assets, liabilities, duties, and obligations associated with the housing assets and functions of the dissolved Redevelopment Agency of the City of Redondo Beach, excluding any amounts on deposit in the former redevelopment agency of the City's Low and Moderate Income Housing Fund.

**COUNTY OF LOS ANGELES
REDEVELOPMENT AGENCY DISSOLUTION BILL (ABX1 26) OF 2011
AGREED-UPON PROCEDURES FOR CITY OF REDONDO BEACH
ATTACHMENT A – AGREED-UPON PROCEDURES AND RESULTS**

4. Continued - With regard to the housing activities and assets of the former redevelopment agency.
 - c. If the transfer included assets, obtain a list of the assets and their reported value from the Successor Agency.

Results

Not applicable, the transfer of the housing activities did not include assets.

B. Successor Agency

2. With regard to the administrative responsibilities and assets of the former redevelopment agency:
 - a. Inquire and document whether the former redevelopment agency transferred its administrative responsibilities to the Successor Agency (e.g., documents and records, etc), and the date of the transfer.

Results

As documented in Resolution No. CC-1201-561, dated January 10, 2012, the City of Redondo Beach elected to serve as the Successor Agency, which indicated the transfer the administrative responsibilities from the former redevelopment agency to the Successor Agency.

- b. Inquire whether the former redevelopment agency transferred assets other than real property to the Successor Agency (e.g., cash and investments).

Results

Through inquiry with the Grants Financial Director, in February 2012, the former redevelopment agency has transferred its cash, LAIF, and bonds by retitling the bank statements in the name of the Successor Agency. However, all former redevelopment agency fund groups in the City's accounting system were not transferred or retitled to the Successor Agency.

- c. If assets other than real property were transferred, document the transfer date, and summarize the manner in which the transfer(s) were performed (e.g., accounting fund, X, and bank account, Y, were renamed in the name of the Successor Agency), and the total value of the assets transferred.

Results

Through inquiry with the Grants Financial Director, in February 2012, the former redevelopment agency has transferred its cash, LAIF, and bonds by retitling the bank statements in the name of the Successor Agency. However, all former redevelopment agency fund groups in the City's accounting system were not transferred or retitled to the Successor Agency.

- d. Inquire if real property was transferred from the redevelopment agency to the Successor Agency.

Results

The former redevelopment agency has no real property on its books and records.

**COUNTY OF LOS ANGELES
REDEVELOPMENT AGENCY DISSOLUTION BILL (ABX1 26) OF 2011
AGREED-UPON PROCEDURES FOR CITY OF REDONDO BEACH
ATTACHMENT A – AGREED-UPON PROCEDURES AND RESULTS**

2. Continued - With regard to the administrative responsibilities and assets of the former redevelopment agency:
 - e. If real property was transferred, examine and document evidence of the transfer(s), such as re-recorded titles filed at the Registrar-Recorder/County Clerk.

Results

The former redevelopment agency has no real property on its books and records.

3. Determine if the Successor Agency has established the Redevelopment Obligation Retirement Fund(s) in its accounting system.

Results

The Successor Agency has not established the Redevelopment Obligation Retirement Fund in its accounting system or by Resolution.

4. Obtain audited financial statements of the redevelopment agency for the fiscal years ended June 30, 2010 and June 30, 2011. Prepare a schedule listing the name and balance of each asset shown in the government-wide financial statements for each of the two years, as of June 30th (or the fiscal year end, if different). Obtain unaudited asset balances as of January 31, 2012 from the Successor Agency which are comparable to the 2010 and 2011 amounts and include those on the schedule (marked as “unaudited”). If the Successor Agency is unable to provide comparable balances, indicate the reason and leave the 2012 column blank. Include the comparative asset listing as an attachment to the AUP report.

Results

See Attachment C - Comparative Asset Listing for details.

C. Draft Recognized Obligation Payment Schedule (ROPS)

5. Obtain a list of all payments from the Successor Agency’s general ledger or the period February 1 through May 31, 2012. Trace and agree payments made by the Successor Agency to a corresponding obligation on the draft ROPS provided by the Auditor-Controller. Note any discrepancies. It is anticipated that auditors will review all payments for smaller former RDAs, and review a sample of payments for larger former RDAs. The specific number of payments to be examined for each RDA will be determined during the review in consultation with the Auditor-Controller.

Results

See Item No. 2 in Attachment B.

6. Compare each enforceable obligation from the draft ROPS provided by the Auditor-Controller to the legal document that forms the basis for the obligation (e.g., contract, bond indenture, etc.) Note any discrepancies. Any obligations for which the Successor Agency cannot produce a supporting legal document, or for which the supporting legal document does not support the obligation, should be noted as “questionable” in the AUP report.

Results

See Item No. 3 in Attachment B.

COUNTY OF LOS ANGELES
REDEVELOPMENT AGENCY DISSOLUTION BILL (ABX1 26) OF 2011
AGREED-UPON PROCEDURES FOR CITY OF REDONDO BEACH
ATTACHMENT B – FINDINGS

Attachment B

- 1 Procedure A.1a – Questionable – Differences noted between the obligation selected by the Auditor-Controller on the EOPS for the period August 1, 2011 through December 31, 2011 and supporting documents.
- Obligation No. 4 for 2011 Cooperative Agreement: The City provided the legal documentation to support the nature of obligation. The outstanding obligation reported on the EOPS was an estimate of the L&M fund balance in the amount of \$22,814,200 to be reported on the Statement of Indebtedness submitted to the County of Los Angeles. In addition, the FY2012-13 “opt-in” payment in the amount of \$223,021, which was eventually ruled invalid, was required by the State of California to re-establish the former redevelopment agency. The sum of this amount is \$23,037,221 which is a \$1,201 variance from the \$23,038,422 listed on the EOPS. However, this obligation was removed on the ROPS from the January 2012 to June 2012.
 - Obligation No. 5 for 1993 Cooperative Agreement: The City provided the legal documentation to support the nature of the obligation. However, the legal documentation was unable to support the outstanding obligation in the amount of \$1,293,886 on the EOPS. As the 1993 Cooperative Agreement was established for the former redevelopment agency’s administration costs, we reviewed the general ledger and noted that the fiscal year 2011-2012 budget amount for the administration costs is \$1,570,122 which is different than the ROPS amount above. However, this obligation was removed on the ROPS from January 2012 to June 2012.
 - Obligation No. 9 for Over Advancement of Tax Increment: The City was unable to provide the legal documentation to verify the outstanding obligation because the City has not received the invoice for fiscal year 2011-2012 payment which is usually billed in August annually by the County. The City used the fiscal-year 2010-11 tax increment payment in the amount of \$50,477 as an estimate to report on the EOPS. However, this obligation was removed on the ROPS from January 2012 to June 2012.
 - Obligation No. 11 for Home Rehabilitation Program: The City was unable to provide the legal documentation to verify the nature of obligation; however, the City stated individual loan documents are available to support the obligation if requested. However, the City provided the loan recap schedule and general ledger as of June 30, 2011 to support the outstanding obligation of \$985,274 on the EOPS. However, this obligation was removed on the ROPS from January 2012 to June 2012.
 - Obligation No. 13 for LINC-Redondo Beach Seniors: The City provided the legal documentation to support the validity of the obligation. There is a \$5,009 discrepancy between the general ledger amount aggregated in funds 900 and 901 that total \$2,863,522 and the EOPS amount of \$2,868,531. However, this obligation was removed on the ROPS from January 2012 to June 2012.

**COUNTY OF LOS ANGELES
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AGREED-UPON PROCEDURES FOR CITY OF REDONDO BEACH
ATTACHMENT B – FINDINGS**

2 Procedure C.5 – Differences noted between payments listed on the general ledger and ROPS provided by the Auditor - Controller.

Differences are noted as follows:

	<u>Total Count</u>	<u>Total Amount</u>
Total payments per the draft Recognized Obligation Payment Schedule (ROPS) for February 2012 through April 2012	3	\$ 2,485,551
Total payments made per the general ledger for February 2012 through April 2012	14	<u>1,299,669</u>
Total difference between the ROPS and the actual payments made as of April 2012		<u>\$ 1,185,882</u>

3 Procedure C.6 – Questionable – Differences noted between the obligations selected by the Auditor-Controller on the ROPS provided by the Auditor-Controller and supporting documents.

- Obligation No. 4 on the ROPS for the 1990 Cooperative Agreement – Harbor Center Project: the City provided legal agreement and amortization schedule for the obligation. However, in according to the amortization schedule, the outstanding balance as of January 31, 2011 should be \$7,878,526 which is different from the outstanding obligation in the amount of \$7,929,175 present on the ROPS. The discrepancy for this obligation is \$50,649.
- Obligation No. 7 on the ROPS for attorney services rendered by Best, Best & Krieger - the City provided the legal documentation to verify the nature of obligation. However, this legal documentation could not support the outstanding obligation in the amount of \$125,648 on the ROPS because the amount on the ROPS is an estimate and the attorney service agreement is a per diem billing contract. In addition, payments made for these attorney services during January 1, 2012 to April 30, 2012 were recorded in the general ledger in the amount of \$16,466. Thus, the discrepancy is \$109,182. Additional payments were made in the months of May 2012 and June 2012 and were included in the ROPS which was subsequent to the time of this agreed upon procedures report. Thus, this accounts for \$3,978 of the \$109,182 discrepancy.
- Obligation No. 9 for Housing Rights Center Contract costs funded by Community Development Grant - the City provided the legal agreement to verify the nature of the obligation. However, this documentation could not support the total outstanding obligation in the total of \$8,000 on the ROPS because the amount on the ROPS is an estimate. The total payments made for Housing Center contract costs during the period from January 1, 2012 to April 30, 2012 were \$1,960. The ROPS also included total payments of \$6,910 which were paid during the period from October 2011 to December 2011 which was outside of the ROPS schedule time frame period from January 2012 to June 2012 and also accounts for part of the discrepancy. Thus, the discrepancy within the ROPS time frame for agreed upon procedures testing was \$6,040.

**COUNTY OF LOS ANGELES
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ATTACHMENT B – FINDINGS**

- 3 Continued - Procedure C.6 – Questionable – Differences noted between the obligations selected by the Auditor-Controller on the ROPS provided by the Auditor-Controller and supporting documents.
- Obligation No. 10 for bank services rendered by Citigroup - The City did not provide the legal agreement for the obligation to support the nature of obligation and the outstanding obligation other than as “bank services.” As stated by clients, this bank service fee is associated with the 2001 Refunding Revenue Bond and the 1996 Tax Allocation Bond. These bond agreements were provided by the City but the amount of service charge is not listed. The payment made for this bank service during the period of January 1, 2012 to April 30, 2012 was \$828 as recorded in the general ledger. Thus, based on not being able to verify the service fees charged compared to the bond document which does not list service fees, the discrepancy is \$2,999.
 - Obligation No. 12 rendered by US Bank - The City did not provide legal agreement for the obligation to support the nature of obligation and the outstanding obligation other than as “bank services.” The City indicated this bank service fee is associated with the 2001 Refunding Revenue Bond and the 1996 Tax Allocation Bond. These bond agreements were provided by the City but the amount of service charge is not listed. The payment made for this bank service during the period of December 1, 2011 to April 30, 2012 was \$5,635 recorded in the general ledger. Thus, the discrepancy is \$5,635, based on not being able to verify the fees for services other than those listed in the general ledger.

**COUNTY OF LOS ANGELES
REDEVELOPMENT AGENCY DISSOLUTION BILL (ABX1 26) OF 2011
AGREED-UPON PROCEDURES FOR CITY OF REDONDO BEACH
ATTACHMENT C – COMPARATIVE ASSET LISTING**

Comparative Asset Listing:

	<u>Audited As of June 30, 2010</u>	<u>Audited As of June 30, 2011</u>	<u>Unaudited As of January 31, 2012</u>
Cash and investments	\$ 12,477,038	\$ 12,420,107	\$ 12,094,677
Allowance/Unrealized Gain/Loss			168,789
Receivables:			
Account	6,237		
Taxes	60,543	123,499	
Interest	67,677	72,815	72,816
Loan	3,809,806		965,774
Note			2,854,235
Due from the City			6,459
Due from other governments	<u>85,096</u>	<u>6,993</u>	<u>534</u>
Total Assets	<u>\$ 16,506,397</u>	<u>\$ 12,623,414</u>	<u>\$ 16,163,284</u>

Successor Agency – Redondo Beach

The results of those procedures performed by the Auditor-Controller (A-C) are as follows:

Procedure B.1.a

Inspect evidence that the successor agency was established by February 1, 2012. .

Results

No exceptions were noted as a result of performing this procedure.

Procedure B.1.b

Inspect evidence that the oversight board members were appointed and their names were submitted to the Department of Finance (Finance) by May 1, 2012.

Results

The appointed oversight board member names have not been submitted to Finance as of July 1, 2012.

Procedure C.1

Obtain a copy of the draft ROPS from the successor agency.

Results

No exceptions were noted as a result of performing this procedure.

Procedure C.2

Inspect evidence that the initial draft Recognized Obligation Payment Schedule (ROPS) was prepared by March 1, 2012 by the successor agency.

Results

The successor agency submitted the draft ROPS on March 14, 2012.

Procedure C.3

Determine if the certified draft ROPS was approved by the oversight board. If the certified draft ROPS was not approved by the date of this report, we noted as a finding.

Results

No exceptions were noted as a result of performing this procedure.

Procedure C.4

Determine if the draft ROPS was submitted to the County A-C, State Controller, Finance.

Results

No exceptions were noted as a result of performing this procedure.

Procedure E.1

Obtain a copy of pass-through payment agreements from the successor agency.

Results

No exceptions were noted as a result of performing this procedure. The successor agency has asserted that they have provided the Auditor-Controller with copies of all pass-through agreements.

Procedure E.2

Obtain a list of pass-through obligations from the successor agency as of January 31, 2012, including the recipient and terms of each pass-through obligation.

Results

The Successor Agency provided a list of pass-through obligations, which are only County Entities, and identified the obligations as unpaid.

Procedure E.3

Obtain a list of pass-through payments made between July 1, 2011 and January 31, 2012 and verified payments.

Results

As indicated, the City of Redondo Beach Successor Agency did not make any pass-through payments. However, the Auditor-Controller distributed the County Entities' share of contractual pass-through payments for the period from November 1, 2011 to January 31, 2012 as follows:

Pass-through Taxing Entity	Pass-through Amount Paid
County Entities	\$472,423.98
City	0
Special Districts	0
Schools	0
TOTAL	\$472,423.98



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 30, 2012

Bill Workman, City Manager
City of Redondo Beach
415 Diamond Street
Redondo Beach, CA 90277

Dear Mr. Workman:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Redondo Beach submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 30, 2012 for the periods of the January to June 2012 and July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January to June 2012 ROPS

- Form A, item 4 in the amount of \$7.9 million for a loan from the City to the former redevelopment agency (RDA). HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA. The loan was not issued within the first two years of the RDA's establishment date.
- Administrative expenses in the amount of \$125,648. HSC section 34171 (b) limits administrative expenses for 2011-12 to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated is \$164,136. Therefore, \$125,648 of the claimed \$375,648 is not an EO. Item 6 on Form A and item 1 on Form C were considered administrative expenses.

July to December 2012 ROPS

- Form A, item 3 in the amount of \$7.9 million for a loan from the City to the former RDA. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA. The loan was not issued within the first two years of the RDA's establishment date.

Except for items disallowed in whole or in part as enforceable obligations noted above, Department of Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1 property tax allocations. If your oversight board

Mr. Workman
May 30, 2012
Page 2

disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. Therefore as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available in the RPTTF.

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Mr. Peter Grant, Assistant City Manager, City of Redondo Beach
Ms. Marissa Christiansen, Assistant to the City Manager, City of Redondo Beach
Mr. Doug Kaku, Grants Financial Administrator, City of Redondo Beach
Ms. Kristina Burns, Program Specialist III, Los Angeles County

11. UPDATE REGARDING THE APPEAL OF THE REJECTED COOPERATIVE AGREEMENT LISTED ON PREVIOUS RECOGNIZED OBLIGATION PAYMENT SCHEDULES

No staff report included – update will be provided at meeting