OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY

A G E N D A

West Covina City Council Chambers
1444 West Garvey Avenue, West Covina, CA 91790

SPECIAL MEETING

Thursday, August 23, 2012
4:00 p.m.

Carrie A. Sutkin, Chairperson
Michael Touhey, Vice Chairperson
Luzmaria Chavez, Board Member
Robert R. Coghlan, Board Member
Mike Gregoryk, Board Member
Gerry Hertzberg, Board Member
Mike Lee, Board Member

AMERICANS WITH DISABILITIES ACT
The Board complies with the Americans with Disabilities Act (ADA). If you will need special assistance at Board Meetings, please call (626) 939-8433 (voice) or (626) 960-4422 (TTY) from 8 to 5 Monday through Thursday, at least 48 hours prior to the meeting to make arrangements.

AGENDA MATERIAL
Agenda material is available for review at the West Covina City Clerk's office, Room 317 in City Hall, 1444 W. Garvey Avenue, West Covina and at www.westcovina.org. Any writings or documents regarding any item on this agenda not exempt from public disclosure, provided to a majority of the Oversight Board that is distributed less than 72 hours before the meeting, will be made available for public inspection in the City Clerk's office, Room 317 of City Hall during normal business hours.

PUBLIC COMMENT
Any member of the public may address the Board on items within the Board's subject matter jurisdiction during Public Comments. The Board may not take action on matters not listed on the posted agenda. If you would like to address the Board, please complete a Speaker Card and submit to the Board Secretary. All comments are limited to three (3) minutes per speaker.
All speakers shall observe decorum and order as specified in the *Rules of Procedure of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency.*

Thursday, August 23, 2012
4:00 p.m.

I. CALL TO ORDER:

A. Roll Call

-Carrie A. Sutkin, Chairperson
-Michael Touhey, Vice Chairperson
-Luzmaria Chavez, Board Member
-Robert R. Coghlan, Board Member
-Mike Gregoryk, Board Member
-Gerry Hertzberg, Board Member
-Mike Lee, Board Member

B. Pledge of Allegiance

II. CHANGES TO AGENDA:

III. PUBLIC COMMENT:

This is the time set aside for public comments. Please step forward to the podium and state your name and city of residence for the record when recognized by the Chairperson.

IV. CONSENT AGENDA:

All matters listed under CONSENT CALENDAR are considered to be routine and can be acted on by one roll call vote. There will be no separate discussion of these items unless members of the Oversight Board request a specific item to be removed from the Consent Calendar for separate discussion or action.

No Consent Agenda Items

V. BUSINESS ITEM(S):

A. Oversight Board Legal Services

Recommended Actions
It is recommended that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency adopt the following resolution:

RESOLUTION NO. OB-_____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY APPROVING A RETAINER AGREEMENT WITH THE LAW FIRM OF HARPER & BURNS TO PROVIDE GENERAL COUNSEL SERVICES FOR THE OVERSIGHT BOARD TO THE SUCCESS AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY

B. Cooperative Agreement Between the City of West Covina ("City") and Successor Agency to the West Covina Redevelopment Agency ("Successor Agency) for Advance and Reimbursement of Administrative, overhead and Other Expenses

Recommended Actions
It is recommended that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency adopt the following resolution:

RESOLUTION NO. OB-_____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE COOPERATIVE AGREEMENT FOR THE ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE COSTS, ENFORCEABLE OBLIGATIONS, AND PROJECT RELATED EXPENSES ENTERED INTO BY AND BETWEEN THE CITY OF WEST COVINA AND THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

C. Consideration of the Schedule of Distribution of Future Tax Revenues (also Known as Recognized Obligation Payment Schedules "ROPS") and Successor Agency Administrative Budget Covering the Period of January 1, 2013 through June 30, 2013

Recommended Action
It is recommended that the Oversight Board review and approve Resolution No. OB-0011, approving the Schedule of Distribution of Future Tax Revenues (also known as the Recognized Obligation Payment Schedules "ROP") and the Successor Agency Administrative Budget for the period January 1, 2013 through June 30, 2013.

RESOLUTION NO. OB-0011 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY FOR THE WEST COVINA REDEVELOPMENT AGENCY APPROVING A SCHEDULE OF DISTRIBUTION OF FUTURE TAX REVENUES, ALSO KNOW AS THE RECOGNIZED OBLIGATION BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 FOR THE SIX-MONTH FISCAL PERIOD COMMENCING JANUARY 1, 2013 AND ENDING JUNE 30, 2013, AND TAKING CERTAIN ACTINS IN CONNECTION THEREWITH

D. Update on Caltrans Condemnation of Properties Owned by the Former Redevelopment Agency.

Recommended Action
It is recommended that the Oversight Board receive and file this report.

E. Update on New Legislation – Assembly Bill 1585 (Perez)

The Oversight Board requested updates on new legislation. AB 1585 has recently been amended in the Senate on August 6, 2012 and August 13, 2012, while in committee was referred to the Senate Appropriations suspense file.

Recommended Action

This is an informational item only. No action is required.

VI. EXECUTIVE DIRECTOR/SUCCESSOR AGENCY REPORTS

A. Updates on Communications Between Successor Agency and Department of Finance.

VII. STUDY SESSION

No Items

VIII. BOARD MEMBERS' COMMENTS

IX. CLOSED SESSION

No Items

X. ADJOURNMENT

Copies of staff reports or other written documentation, if any, relating to each item of business described above are on file in the West Covina City Hall, City Clerk's Office, 1444 West Garvey Avenue, West Covina, CA 91790, and are available for public inspection upon request during regular business hours of 8:00 a.m. to 5:30 p.m., Monday through Thursday.

Should any person have a question concerning any of the above agenda items prior to the meeting described herein, he or she may contact Christopher J. Chung, Community Development Commission, either in person at the Community Development Commission Department at the West Covina City Hall, 1444 West Garvey Avenue, West Covina, CA 91790, or by calling via telephone at (626) 939-8401 during regular business hours.

OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY

AGENDA REPORT
Item No. V - A
Date: August 23, 2012

TO: Chairman and Members of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency

FROM: Andrew G. Pasmant, Executive Director

BY: Christopher J. Chung, Successor Agency Staff Member

SUBJECT: **OVERSIGHT BOARD LEGAL SERVICES**

It is recommended that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency adopt the following resolution:

> RESOLUTION NO. OB-____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY APPROVING A RETAINER AGREEMENT WITH THE LAW FIRM OF HARPER & BURNS TO PROVIDE GENERAL COUNSEL SERVICE FOR THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY

DISCUSSION:

At the direction of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency ("Oversight Board"), Successor Agency staff released a Request For Qualifications ("RFQ") for legal services to represent the Oversight Board. Chairperson Carrie Sutkin, Vice-Chairperson Mike Touhey and Board Member Mike Lee were selected to serve on an Ad Hoc Committee to review the RFQ responses and to interview the selected law firms.

At the August 2, 2012 Oversight Board meeting, staff presented the five (5) proposals that were received and the Oversight Board directed the Ad Hoc Committee to proceed with review of proposals and interview of selected law firms. Ad Hoc Committee invited two (2) law firms, Colantuno & Levin, PC and the Law Offices of Harper and Burns, LLP to be interviewed on August 8, 2012. Carrie Sutkin was unable to attend the August 8, 2012 interviews and Oversight Board Member Michael Gregoryk served as a replacement. The Ad Hoc Committee selected the Law Offices of Harper and Burns, LLP to represent the Oversight Board based on hourly rate (lowest), experience and no known conflict of interest (has not worked for County of LA, State, affected taxing entities or the City).

The proposal from the Law Offices of Harper and Burns, LLP is attached as Attachment No. 3 and a matrix of all proposals submitted is attached as Attachment No. 4.

As the Oversight Board does not have any funds of its own to pay for such legal services, the retention of the law firm for the Oversight Board is also subject to the approval of a Cooperation Agreement between the City and Successor Agency and inclusion of the Cooperation Agreement and Oversight Board Legal Services within the Recognized Obligation Payment Schedule ("ROPS"). As the ROPS for this fiscal year have already been approved and the Department of Finance is not allowing any revisions, a Cooperation Agreement is needed to provide a loan from the City to the Successor Agency whereby the City will advance payments to the Successor Agency for legal services for July 2012 to December 2012 to be reimbursed under the Recognized Obligation Payment Schedule for January 1, 2013 to June 2013.

FISCAL IMPACT:

The cost for general counsel for the Oversight Board will be an obligation of the former redevelopment agency and is reflected in the revised Recognized Obligation Payment Schedule for January 1, 2013 to June 2013 for an estimated annual cost of $10,000 and the Successor Agency will need to recover any expenditures advanced for the next 6 months as part of a reimbursement (Cooperation Agreement). The Agreement is based on an agreeable hourly rate of $175 per hour in minimum increments of 15 minutes. Attendance at Oversight Board meetings shall be billed at actual time or a minimum of two (2) hours, whichever is greater.

Prepared By:

Christopher J. Chung
CDC Director

Attachments:

Attachment No. 1 – Resolution
Exhibit "A" - Agreement for Attorney Services
Attachment No. 2 – Harper and Burn, LLP Proposal responding to RFQ
Attachment No. 3 – Matrix of proposals submitted.

ATTACHMENT NO. 1

RESOLUTION NO. OB - _____

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY APPROVING A RETAINER AGREEMENT WITH THE LAW FIRM OF HARPER & BURNS TO PROVIDE GENERAL COUNSEL SERVICE FOR THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY

WHEREAS, the City Council of the City of West Covina ("City") previously approved and adopted Redevelopment Plans for the various Redevelopment Project Areas ("Redevelopment Plans") covering certain properties within the City (the "Project Areas"); and

WHEREAS, as part of the 2011-12 State budget bill, The California Legislature enacted, and the Governor signed, AB 1X 26 requiring that each redevelopment agency be dissolved; and

WHEREAS, the City Council of the City of West Covina adopted the necessary resolutions electing to become the Successor Agency to the former Redevelopment Agency (Community Development Commission) of the City of West Covina ("Successor Agency") pursuant to Health and Safety Code sections 34171 and 34173; and

WHEREAS, AB 1X 26 provides that each Successor Agency shall have and Oversight Board and the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency ("Oversight Board") has requested the services of independent legal counsel; and

WHEREAS, after following a process which involved the request and submission of responses to Requests for Qualifications ("RFQ") by various law firms, interviews by a selection Oversight Board Ad Hoc Committee ("sub-committee"), and recommendation by the sub-committee; and

WHEREAS, the sub-committee has selected the law firm of Harper & Burns, LLP, to recommend to the Oversight Board to serve as General Counsel.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency, as follows:

SECTION 1. The foregoing recitals are incorporated into this Resolution by this reference and constitute a material part of this Resolution.

SECTION 2. The Oversight Board of the City of West Covina hereby approves the Agreement for Legal Services with the law firm of Harper & Burns, LLP in substantially the form attached hereto as Exhibit "A" effective upon acceptance by the Successor Agency to the West Covina former Redevelopment Agency.

SECTION 3. The Chairperson to the Oversight Board is authorized to execute the Agreement for Legal Services and to forward the same to the Successor Agency for review and approval.

SECTION 4. The Oversight Board Secretary shall certify to the approval and adoption of this Resolution, and it shall thereupon take effect and be in full force.

APPROVED AND ADOPTED this 23rd day of August, 2012.

Carrie Sutkin, Chairperson
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

ATTEST

Susan Rush, Secretary
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

I, SUSAN RUSH, SECRETARY TO OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY, HEREBY CERTIFY that the foregoing resolution was duly adopted by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a special meeting held on the 23rd day of August, 2012, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Susan Rush, Secretary
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

Exhibit "A"

AGREEMENT FOR ATTORNEY SERVICES

THIS AGREEMENT is made and entered into this ___day of August, 2012, by and between the CITY OF WEST COVINA, a municipal corporation, Los Angeles County, California, (the "City") on behalf of the OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY (the "Oversight Board"), and HARPER & BURNS LLP, Orange, California (the "Attorney").

RECITALS

WHEREAS, the City desires to employ Attorney to perform legal services for the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency (the "Oversight Board"); and

WHEREAS, the Attorney is prepared and able to provide all legal services required and necessary to perform the duties and fulfill the obligations of the Attorney for the Oversight Board; and,

COVENANTS

NOW, THEREFORE, it is mutually agreed by the Parties hereto as follows:

SECTION 1. AGREEMENT FOR SERVICES. The City employs Attorney to render and Attorney agrees to render all legal services for the Oversight Board pursuant to the provisions of this Agreement.

SECTION 2. SCOPE OF SERVICES. The Attorney will perform and fulfill all duties and obligations including, but not limited to:

(a) Advise the Oversight Board on legal authority and liability for actions taken in the ordinary course of business;

(b) Advise the Oversight Board on actions necessary to protect the Board members from personal liability and protect the assets of the dissolved agency from liability and attachment;

(c) Review and advise the Board on recommendations from City/Successor Agency on refinancing matters, overseeing completion of redevelopment projects, and disposition of property and other assets;

(d) Provide advice on legislative matters which may affect the Board (exclusive lobbying);

(e) Represent the Board in connection with any inquiry, investigation, audit or other proceedings of state regulatory agencies;

(f) Represent the Board in any litigation brought by or against or otherwise involving the Board, or assist the Board in contracting for specialized litigation counsel and overseeing outside counsel's work; and

(g) Engage in any other legal matters reasonably requested by the Board.

SECTION 4. ASSIGNED ATTORNEYS. John Harper is hereby designated as the Attorney for the Oversight Board. All communication with the Attorney and work assignment to the Attorney by the Oversight Board shall be through the Executive Director's/City Manager's office, or as otherwise provided for in the Oversight Board's Bylaws and Rules of Procedures. It is the intention of the Parties that Mr. Harper will perform all the required duties on an as-needed basis. Attorney Colin Burns may be assigned to perform services if necessary as a result of a scheduling conflict.

SECTION 5. COMPENSATION. All general services shall be provided by the Attorney at the rate of $175.00 per hour payable on a monthly basis. Attendance at the Oversight Board meetings shall be compensated on an actual time basis, with a minimum billing of two (2) hours. Travel time shall not be billed. The annual cap of services is $10,000 per annum, unless amended by Oversight Board and Attorney.

SECTION 6. TERM. The Attorney shall serve at the pleasure of the Oversight Board and this Agreement may be terminated with or without cause upon written notice by the City Council acting on behalf of the Oversight Board.

SECTION 7. INSURANCE. As a condition to execution of this Agreement, the Attorney will deliver to the City evidence of professional liability and malpractice insurance from a reputable insurance carrier in the amount of $1 million dollars. The Attorney further agrees to maintain such insurance at all times during the term of this Agreement.

SECTION 8. AMENDMENT. This Agreement may be amended from time to time in writing as mutually agreed by the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first written above.

CITY OF WEST COVINA, on behalf of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency

By: _____

HARPER & BURNS LLP

By: _____
John R. Harper

On behalf of the Oversight Board to the Successor Agency of the former West Covina Redevelopment Agency, I hereby agree to: (i) retain Harper & Burns, LLP ("the firm") to provide legal services to the Oversight Board, as client, as described above; (ii) consent to the

firm's acceptance of payment from City of West Covina in its role as Successor Agency of the former West Covina RDA.

By: _____ Date: _____
Carrie Sutkin
Title: Chair, Oversight Board to the Successor
Agency of the West Covina RDA

On behalf of the City of West Covina in its capacity as Successor Agency of the former Pomona Redevelopment Agency, I hereby agree to: (i) the retention of Harper & Burns, LLP ("the firm") by the Oversight Board to the Successor Agency of the former West Covina Redevelopment Agency, and (ii) that the Successor Agency of the former West Covina Redevelopment Agency will be responsible for the payment of such services but will not be a client of the firm with respect to the services provided to the Oversight Board.

By: _____ Date: _____
Michael Touhey
Title: Mayor, City of West Covina
in its capacity as Successor Agency
of former West Covina RDA

ATTACHMENT NO. 2

HARPER | BURNS LLP

PROPOSAL FOR LEGAL SERVICES
TO THE OVERSIGHT BOARD

July 24, 2012

PREPARED FOR THE
City of West Covina

LAW OFFICES OF
HARPER & BURNS LLP
A LIMITED LIABILITY PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

JOHN R. HARPER*
ALAN R. BURNS
COLIN R. BURNS

Of Counsel
JUDI CURTIN*
MICHAEL MONTGOMERY*

*A PROFESSIONAL CORPORATION

453 SOUTH GLASSELL STREET
ORANGE, CALIFORNIA 92866

TELEPHONE (714) 771-7728
FACSIMILE (714) 744-3350

John R. Harper
jrharper@harperburns.com

July 18, 2012

Via Federal Express

Susan Rush, Assistant City Clerk
City of West Covina
City Clerk's Office
1444 West Garvey Avenue
West Covina, California 91765

Adhoc Committee
Oversight Board to the Successor Agency to the Redevelopment Agency for the City of West Covina

Re: Response to Request for Qualifications for Legal Services for the Oversight Board to the Successor Agency to the Redevelopment Agency

Members of the Oversight Board:

This proposal of the Law Offices of Harper & Burns LLP to provide legal services to the Oversight Board for the City of West Covina is provided in response to the City's Request for Proposals.

The Firm would be pleased to provide the Oversight Board legal services by one of its partners, John Robert Harper. Mr. Harper has been a public agency lawyer for in excess of thirty (30) years, serving as City Attorney and Redevelopment Agency Counsel to numerous cities in Orange, Riverside, and San Bernardino Counties, as well as water and sewer agencies and school districts. In that capacity, he and the Firm have extensive experience in all phases of public agency representation, including public contracts, affordable housing, public works contracting, complex real property transaction, including negotiation of development agreements and DDA's.

Mr. Harper currently represents redevelopment agencies through the dissolution process and currently is counsel to Successor Agencies and to Oversight Boards. Mr. Harper is also a nationally recognized municipal bond counsel.

Sincerely,

HARPER & BURNS LLP

John R. Harper

Enclosures

HARPER | BURNS LLP

ATTORNEY PROFILE

John Robert Harper
Partner

jrharper@harperburns.com

CALIFORNIA STATE BAR NO.:
82306

AREAS OF PRACTICE:
Municipal Law
Government Finance

EDUCATION:
University of La Verne, School of Law
(J.D. 1978, Magna Cum Laude)
University of Redlands
(B.A. 1968)

MEMBERSHIPS/ADMISSIONS:
State Bar of California
Assn. of California Water Agencies
League of California Cities
Orange County City Attorneys Assn.
Inland Empire City Attorneys Assn.
American Bar Association
Orange County Bar Association
California Trial Lawyers Association
Moody's Muni. Bond Lawyers of U.S.

In the course of his thirty-three years of practice, Mr. Harper has represented exclusively public agencies in all areas of municipal law, as a city attorney, general counsel and special counsel in municipal finance and litigation, principally the areas of land use and planning, environmental law, risk management, real property and eminent domain. Mr. Harper has been City Attorney in a minimum of two cities since 1981.

Mr. Harper has been an arbitrator for the National Association of Securities Dealers and the Municipal Securities Rulemaking Board since 1980 and has taught mediation and arbitration techniques on behalf of the United States Department of Labor, Public Agency Division, throughout the United States. Mr. Harper has also been involved in innumerable mediation and arbitration sessions related to public employees and public labor relations, including successfully negotiating resolution to several public employee strikes.

Mr. Harper was the first Chairman of the Coto de Caza Specific Plan Board of Review, appointed by Supervisor Thomas Riley and Gaddi Vasquez. Mr. Harper is, and has been since 2010, a Chairman of the Citizens Bond Oversight Commission for the City of San Juan Capistrano.

Before receiving his law degree, Mr. Harper served as a personnel consultant to public agencies statewide, as Assistant Superintendent for Employee Relations in the Corona-Norco Unified School District (1972-1978), and provided nationwide labor relations training through the U.S. Department of Labor.

From 1978 to the present, Mr. Harper has devoted his law practice to the representation of municipal clients, including cities, school districts, water districts, and other public agencies. Mr. Harper has been the City Attorney /Redevelopment Agency Counsel/Successor Agency Counsel for the City of Norco since 1991. Mr. Harper is General Counsel for the Trona Unified School District and the Rubidoux Community Services District, has served as General Counsel for the Lake Arrowhead Community Services District, the Big Bear Municipal Water District and the Indian Wells County Water District, has also served as City Attorney and Redevelopment Agency Counsel for the cities of Murrieta (1993-2007), Grand Terrace (1987-2011), Placentia (1978-1987) and Lake Elsinore (1984-1997), and was Deputy City Attorney for the City of Indian Wells and the City of Adelanto.

In addition, Mr. Harper has provided special counsel services on behalf of the cities of Adelanto, Big Bear, Brea, Carlsbad, El Cajon, Fresno, Fullerton, Huntington Park, Indian Wells, Irwindale, Los Angeles, National City, Palm Desert, Pasadena, Pomona, San Clemente, San Diego, San Marcos, Santa Monica, Seal Beach, Simi Valley, Imperial, Winters, Dinuba.

Mr. Harper is rated "AV" by Martindale-Hubbell and is a nationally recognized municipal bond counsel.

John Robert Harper
Partner

- Abated Riverside County marijuana dispensary
- Drafted sober living home regulations and drug paraphernalia regulations adopted by Clients and other cities throughout Riverside and San Bernardino Counties
- Assisted Riverside County JPA in drafting Riverside County multispecies habitat regulations
- Successfully litigated challenges to signage, billboard regulations in Norco, Murrieta, Lake Elsinore
- Drafted numerous residential and commercial development agreements
- Drafted numerous residential and commercial disposition and development agreements
- Successfully litigated matters resulting in published appellate opinions: *County of Riverside v. City of Murrieta* (blight), *Thompson v. City of Lake Elsinore* (vested rights), *Rafco Co. v. City of Murrieta* (General Plan/approved tract map), *Walt Rankin & Assoc., Inc. v. City of Murrieta* (construction surety requirements), *City of San Marcos v. Board of Supervisors* (tax issue)
- Successfully litigated closure of adult bookstores (Placentia, Lake Elsinore)
- Successfully defended numerous CEQA challenges to land use approvals (Placentia, Norco, Murrieta, Grand Terrace)
- Represented public agency management in labor negotiations and through strike
- Conducted collective bargaining training through U.S. through Department of Labor

LAW OFFICES OF
HARPER & BURNS LLP
A LIMITED LIABILITY PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

JOHN R. HARPER*
ALAN R. BURNS
COLIN R. BURNS

Of Counsel
JUDI CURTIN*
MICHAEL MONTGOMERY*

*A PROFESSIONAL CORPORATION

453 SOUTH GLASSELL STREET
ORANGE, CALIFORNIA 92866

TELEPHONE (714) 771-7728
FACSIMILE (714) 744-3350

JOHN ROBERT HARPER, ESQ.
PARTNER

Experience:

- 1978 to Present: Law practice devoted to the representation of municipal clients, including cities, school districts, water districts, and other public agencies.
- 1972 to 1978: Assistant Superintendent for Employee Relations, Corona-Norco Unified School District, involving both employee relations and serving as the Assistant to the Superintendent in the day-to-day activities of a school district employing 2,500 full and part-time employees.
- 1968 to 1972: Management and Personnel Consultant to California Public Agencies, including cities, counties and school district as Supervisor of the Southern California office of the Cooperative Personnel Services non-profit consulting division of the State of California.
- 1980 to Present: Nationally Recognized (Moody's Red Book) Municipal Securities Counsel.

Consultant

- United States Department of Labor, Public Employee Relations Division in conducting public sector collective bargaining workshops throughout the United States
- Association of California School Administrators, in conjunction with the law firm of Patterson & Taggert
- California Association of School Business Officials

Arbitrator

- National Association of Securities Dealers, Municipal Securities Rule Making Board.

Memberships:

- Association of California Water Agencies
- League of California Cities - City Attorneys Division
- Orange County City Attorneys Association
- Inland Empire City Attorneys Association
- State of California Bar Association - Public Law Division

- American Bar Association
- Orange County Bar Association
- California Trial Lawyers Association
- Moody's Municipal Bond Lawyers of United States

Public Office:

- Chairman, City of San Juan Capistrano Auditing and Finance Committee (2012 to present).
- Chairman, City of San Juan Capistrano Citizens Bond Oversight Committee (2010 to present).
- Chairman, Coto de Caza Board of Review (appointed by Supervisors Riley and Vasquez) (1988 to 1991)

Education:

- Bachelor of Arts, University of Redlands (1968); 30 units toward Masters of Public Administration
- Doctor of Jurisprudence, University of La Verne School of Law - Magna Cum Laude (1978)

Professional Recognition:

- Martindale-Hubbell, Inc. Rated A-V

PUBLIC AGENCY CLIENTS

Current

City Attorney and Redevelopment Agency

- City of Norco (May 1991 to Present)
- City of Fountain Valley (Assistant City Attorney) (1982 to present)

General Counsel (Unless Otherwise Noted)

- Rubidoux Community Services District (1978 to present)
- Trona Unified School District (1999 to present)
- Orange County Vector Control (Assistant General Counsel) (1982 to present)
- Home Gardens Sanitary District (Assistant General Counsel) (1982 to present)

Special Counsel Cities/Redevelopment Agencies

- El Cajon
- City of Huntington Park
- City of Irwindale
- City of Los Angeles
- City of San Diego
- City of Santa Monica

Special Counsel Other Public Agencies

- Irvine Ranch Water District
- Ramona Municipal Water District

Special Counsel Cities (Unless Otherwise Noted)

- Adelanto
- Big Bear
- Brea
- Carlsbad
- Fresno
- Fullerton
- Grand Terrace (City Attorney) (1987 to 2011)
- Indian Wells
- Lake Elsinore (City Attorney) (1984 to 1997)
- Murrieta (City Attorney) (1993 to 2008)
- National City
- Palm Desert
- Pasadena
- Placentia (City Attorney) (1978 to 1987)
- San Clemente
- San Marcos
- Seal Beach
- Simi Valley

Special Counsel Other Public Agencies (Unless Otherwise Noted)

- Apple Valley County Water District
- Baldy Mesa Water District
- Big Bear Municipal Water District (General Counsel)
- Chino Basin Municipal Water District (General Counsel)
- El Rancho Unified School District Hi-Desert Water District
- Indian Wells Valley Water District
- Lake Arrowhead Community Services District
- Yucca Valley Water District

HARPER | BURNS LLP

ATTORNEY PROFILE

Colin Robert Burns
Senior Attorney

crburns@harperburns.com

CALIFORNIA STATE BAR NO.:
228311

AREAS OF PRACTICE:
Municipal Law
Litigation

EDUCATION:
University of California, Hastings College of the Law
(J.D. 2003, Cum Laude)
Arizona State University
(B.A., Political Science, 2000)

MEMBERSHIPS/ADMISSIONS:
State Bar of California
U.S. Dist. Court, Central Dist. of CA
League of California Cities
California Assn. of Sanitation Agencies

Colin Burns serves as assistant city attorney to the City of Fountain Valley and deputy city attorney to the City of Norco. Colin Burns also serves as associate district counsel to the Costa Mesa Sanitary District, Home Gardens Sanitary District, and Orange County Vector Control District.

His practice includes reviewing and approving municipal investment policies. He also serves as trial counsel in land use and environmental matters. Mr. Burns has a successful litigation track record prosecuting municipal code violations including obtaining an injunction against a mobile marijuana dispensary. He has also successfully litigated public works, Brown Act, election, contract, and tort matters and is an experienced Pitchess attorney. He has extensive knowledge in open government, land use, and planning and represents several Planning Commissions.

Mr. Burns graduated, cum laude, from the University of California, Hastings College of Law and is a member of the Order of the Coif and Thursten honor societies, and Moot Court Board. He is also an Eagle Scout and was named "Honored Citizen" by the Orange County Board of Supervisors.

SUMMARY OF EXPERIENCE

- Over eight years experience advising councils, boards, commissions, and staff on all matters pertaining to municipal and local government law
- Experience in The Planning and Zoning Law, Subdivision Map Act, California Environmental Quality Act, Mitigation Fee Act, and Permit Streamlining Act, Political Reform Act, Brown Act, Public Records Act, Section 1090, and incompatible offices doctrine
- Reviewed and drafted numerous ordinances and resolutions
- Successfully litigated Health and Safety Code Section 17980.7 receivership, Subdivision Map Act, sign code cases, Brown Act, CEQA, Elections Code, and architectural and engineering lawsuits
- Successfully prosecuted hundreds of municipal code violations, defended due process and suppression motions, prosecuted public nuisance and administrative abatement actions and obtained court ordered receivership of five acre "pack rat" property

PUBLICATIONS & PRESENTATIONS

- Reviewer: The California Municipal Law Handbook (2010) Continuing Education of the Bar
- Presenter: Massage Parlor Enforcement Strategies, Orange County Police Commanders' Luncheon, January 2010
- White Paper: District Liability for a Sewage Spill from a Private Lateral (April, 2008)

LAW OFFICES OF
HARPER & BURNS LLP
A LIMITED LIABILITY PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

JOHN R. HARPER*
ALAN R. BURNS
COLIN R. BURNS

Of Counsel
JUDI CURTIN*
MICHAEL MONTGOMERY*

*A PROFESSIONAL CORPORATION

453 SOUTH GLASSELL STREET
ORANGE, CALIFORNIA 92866

TELEPHONE (714) 771-7728
FACSIMILE (714) 744-3350

John R. Harper
jrharper@harperburns.com

REFERENCES

CITY OF NORCO
City Attorney (1988 to Present)

Services Provided:

City Attorney
Redevelopment Agency Counsel

Reference Contact:

Beth Groves, City Manager
City of Norco
2870 Clark Avenue
Norco, California 92860
(951) 270-5611
bgroves@ci.norco.ca.us

CITY OF GRAND TERRACE
City Attorney (1979 to 2011)

Services Provided:

City Attorney
Redevelopment Agency Counsel

Reference Contact:

Betsy Adams, City Manager
City of Grand Terrace
22795 Barton Road
Grand Terrace, California 92313
(909) 824-6621
badams@cityofgrandterrace.org

KOSMONT COMPANIES

Services Provided:

Kosmont Companies is a redevelopment consultant. I have worked with the company on behalf of several public agencies/entities in development proposals, including Silverlakes Equestrian and Sports Park in Norco.

Reference Contact:

Larry Kosmont, President
Kosmont Companies
865 South Figueroa Street, Suite 3500
Los Angeles, California 90017
(213) 417-3333
lkosmont@kosmont.com

LAW OFFICES OF
HARPER & BURNS LLP
A LIMITED LIABILITY PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

JOHN R. HARPER*
ALAN R. BURNS
COLIN R. BURNS

Of Counsel
JUDI CURTIN*.
MICHAEL MONTGOMERY*

*A PROFESSIONAL CORPORATION

453 SOUTH GLASSELL STREET
ORANGE, CALIFORNIA 92866

TELEPHONE (714) 771-7728
FACSIMILE (714) 744-3350

John R. Harper
jrharper@harperburns.com

FEE SCHEDULE

All attorney services provided pursuant to this Proposal shall be at a fee of $175.00 per hour in minimum increments of 15 minutes. Attendance at Oversight Board meetings shall be billed at actual time or a minimum of two (2) hours, whichever is greater.

ATTACHMENT NO. 3

	Law Firm	Designated Attorney	General Services Hourly Rate	Litigation Hourly Rate	Travel Expenses	Available First Thursday of the month	Currently Represents other Oversight Boards	Currently Represents other Cities	Currently Represents County or other Taxing Entities	Internal Conflict of Interest Check Completed	Redevelopment Experience
1	**Colantuono & Levin, PC** 300 So. Grand Avenue, Suite 2700 Los Angeles, CA 90071-3137 Main (213) 542-5700 Fax (213) 542-5710 www.cllaw.us	Teresa L. Highsmith Scott Howard	$225 - blended	$325	Mileage only	Yes	Pomona Temple City San Gabriel	Barstow Sierra Madre Los Alamitos Calabasas	A client list identifies LA County Civil Service Commission, LA County Law Library and various taxing entities. See client list.	No conflict identied by Law Firm.	Yes
2	**Harper & Burns LLP** 453 South Glassell Street Orange, CA 92866 Main (714) 771-7728 Fax (714) 744-3350	John Robert Harper Colin Robert Burns	$175	$175	None	Yes	March Air Force Base Norco	Norco Fountain Valley	Trono Unified School District Rubidoux Community Services District Orange County Vector Control Home Gardens Sanitary District	No conflict identied by Law Firm.	Yes
3	**Law Offices of Edward Z. Kotkin** Xerox Centre 1851 East First Street, Suite 900 Santa Ana, CA 92705-4066 Main (714) 619-9393 Fax (714) 384-4550 www.kotkinlaw.com	Edward Z. Kotkin Peter L. Wallin	$200 - Attorneys $100 - Paralegal $100 - Investigator Part time/Clerical only as and if needed. Alternative compensation plan of $2,500/month flate fee	$200 - Attorneys $100 - Paralegal $100 - Investigator Part time/Clerical only as and if Additonal cost to retainer.	No travel expenses if based on hourly rate. Additional cost for travel if flat fee is selected.	Yes	None	Gardena West Covina* la Verne *Indicates this is a miscommunications between firms and Peter Wallin does not represented West Covina.	None.	No conflict identied by Law Firm.	Yes
4	**Renne Sloan Holtman Sakai LLP** 350 Sansome Street, Suite 300 San Francisco, CA 94104-1304 Main (415) 678-3800 Fax (415) 678-3838	David Kahn Randy Riddle	$285 - Attorney $205 - $285 Associates $95 - $125 Paralegals	$285	Cost of travel Time of travel	Yes	Healdsburg Salinas Petaluma Santa Monica	No additional identified.	Santa Clara County (past)	No conflict identied by Law Firm.	Yes
5	**Polsinelli Shughart LLP** 1801 Century Park East, Suite 1801 Los Angeles, CA 90067 Main (310) 203-5303 Fax (310) 861-1091	Lisa Greer Quateman Timothy J. Reimers Tracy M. Ginn Wesley D. Hurst Arthel McDaniel Eric B. Blum Michael P. Cutler	$450 $350 $375 - $300 $300 - 3% increase in Sept 1.	$450 $350 - $480 $300 $300 $260	None	Yes	None	Gardena Compton Los Angeles LAX San Diego San Francisco Pasadenda	San Francisco County County of Los Angeles (past)	No conflict identied by Law Firm.	Yes

OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY

AGENDA REPORT
Item No. V - B
Date: August 23, 2012

TO: Chairman and Members of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency

FROM: Andrew G. Pasmant, Executive Director

BY: Christopher J. Chung, Successor Agency Staff Member

SUBJECT: **COOPERATIVE AGREEMENT BETWEEN CITY OF WEST COVINA ("CITY") AND SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY ("SUCCESSOR AGENCY) FOR ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE, OVERHEAD AND OTHER EXPENSES**

RECOMMENDATION:

It is recommended that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency adopt the following resolution:

> RESOLUTION NO. OB-____ A RESOLUTION OF THE OVERSIGHT BOARD TO THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE COOPERATIVE AGREEMENT FOR THE ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE COSTS, ENFORCEABLE OBLIGATIONS, AND PROJECT RELATED EXPENSES ENTERED INTO BY AND BETWEEN THE CITY OF WEST COVINA AND THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

DISCUSSION:

Staff recommends that the Oversight Board approve a Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead, and Other Expenses ("Cooperative Agreement") in order to establish the contractual and legal mechanism for the City and Successor Agency to implement this system. By providing and making available to the Successor Agency the staff, facilities, services, and other resources of the City, the City has advanced and will continue to advance the cost of the foregoing to the Successor Agency. The Cooperative Agreement provides a method for the Successor Agency to reimburse the City for such advances.

Andrew G. Pasmant, City Manager and the City Council
August 21, 2012

FACTS:

Under AB 1X 26 and subsequent authorities, Successor Agencies are mandated to undertake a number of actions pursuant to Health & Safety Code Section 34170, et seq., including winding down the affairs of the former Agency. Undertaking such actions requires the devotion of city staff time, city facilities, and other city resources, all of which are required in order for the Successor Agency to properly fulfill its legal mandates.

To memorialize these obligations, cities have been considering entering into "Cooperative Agreements" with their counterpart successor agencies to ensure that any advances are reimbursable obligations. The Cooperative Agreements provide the terms by with a city will advance staff time, facilities, and other resources to its counterpart successor agency in exchange for future reimbursement by the successor agency. Such agreements are authorized pursuant to Health & Safety Code Section 34171(d)(1)(F), which characterizes as "enforceable obligations" agreements necessary for the administration or operation of the successor agency (subject to oversight board approval). Additionally, Health & Safety Code §§ 34173(h) and 34177.3(b) newly enacted under AB 1484, provide further authority to enter into a Cooperative Agreement.

To be effective, the Cooperative Agreement must be approved by both the City and the Successor Agency, must be submitted to and approved by the West Covina Oversight Board, and must be approved as an "enforceable obligation." On August 21, 2012, the City and Successor Agency approved the Cooperative Agreement.

Approved by:

Thomas Bachman,
Assistant City Manager/Finance Director

Christopher J. Chung
CDC Director

Attachments:

Attachment No. 1: Resolution approving Cooperation Agreement
Attachment No. 2: Cooperative Agreement.

v_b_cooperative

ATTACHMENT NO. 1

RESOLUTION NO. OB - _____

A RESOLUTION OF THE OVERSIGHT BOARD TO THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE COOPERATIVE AGREEEMENT FOR THE ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE COSTS, ENFORCEABLE OBLIGATIONS, AND PROJECT RELATED EXPENSES ENTERED INTO BY AND BETWEEN THE CITY OF WEST COVINA AND THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

WHEREAS, the Successor Agency to the former West Covina Redevelopment Agency ("Successor Agency") is required to undertake a number of actions pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170 ("Part 1.85"), including winding down the affairs of the former Redevelopment Agency ("Agency");

WHEREAS, in June 2012, the State Legislature enacted Assembly Bill ("AB") 1484 which amended AB 26 and clarified the definition of "enforceable obligations";

WHEREAS, pursuant to Health and Safety Code Section 34171(d)(1)(F), contracts or agreements necessary for the administration or operation of the Successor Agency are enforceable obligations;

WHEREAS, pursuant to Health and Safety Code Section 34177.3(b), the Successor Agency may create enforceable obligations to conduct the work of winding down the Agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance;

WHEREAS, pursuant to Health and Safety Code Section 34173(h), the city that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project related expenses at the city's discretion and, subject to the Oversight Board's approval, such loan or grant from the city shall be deemed an enforceable obligation;

WHEREAS, in connection with the administration and operations of the Successor Agency, the Successor Agency is and will be utilizing the staff, facilities, and other resources of the City of West Covina ("City");

WHEREAS, in connection with the performance of its duties and obligations pursuant to Part 1.85, the Oversight Board is and will be utilizing the staff, facilities, and other resources of the Successor Agency, including those staff, facilities, and resources advanced by the City to the Successor Agency; and

WHEREAS, pursuant to approvals given on August 21, 2012 by the City of West Covina and the Governing Board of the West Covina Successor Agency, the City and Successor Agency have entered into that certain Cooperate Agreement For Advance and Reimbursement of

Administrative Costs, Enforceable Obligations, and Project Related Expenses (the "Cooperative Agreement"; copy attached to this Resolution as Exhibit "A"), whereby the City has agreed to advance to the Successor Agency the staff, facilities, and other resources necessary for the Successor Agency to perform its obligations under Part 1.85, in exchange for its reimbursement of the costs therefore from future funds received by the Successor Agency, to the extent permitted by law;

WHEREAS, pursuant to the authorities cited above, approval of the Cooperative Agreement by the Oversight Board is necessary in order for the Cooperative Agreement to be legally binding on the City and Successor Agency, and the Successor Agency has requested that the Oversight Board grant such approval in order to establish the mechanism necessary for it to attain the staff, facilities, and other resources necessary for it to carry out its obligations under Part 1.85;

WHEREAS, the Cooperative Agreement is legally permitted pursuant to the authorities cited above, and the Oversight Board may grant such approvals pursuant to the same;

WHEREAS, upon approval by the Oversight Board, the Cooperative Agreement must be listed on the Successor Agency's Recognized Obligations Payment Schedule, and must be approved as an item therein, in order to be enforceable, as must all future costs which the Successor Agency seeks to reimburse to the City pursuant to the Cooperative Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board to the West Covina Successor Agency as follows:

SECTION 1. The Oversight Board hereby finds and determines that the forgoing recitals are true and correct, constitute a material part of this Resolution, and therefore incorporate them herein in their entirety as part of the findings.

SECTION 2. This Resolution is adopted pursuant to Health and Safety Code Sections 34178(a) and 34180(h).

SECTION 3. The Board hereby approves the Cooperative Agreement executed by the City and Successor Agency attached hereto as Exhibit A.

SECTION 4. The Oversight Board Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 23rd day of August, 2012.

Carrie Sutkin, Chairperson
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

ATTEST

Susan Rush, Secretary
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

I, SUSAN RUSH, SECRETARY TO OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY, HEREBY CERTIFY that the foregoing resolution was duly adopted by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a special meeting held on the 23rd day of August, 2012, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Susan Rush, Secretary
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

ATTACHMENT NO. 2

COOPERATIVE AGREEMENT FOR ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE COSTS, ENFORCEABLE OBLIGATIONS, AND PROJECT RELATED EXPENSES

This COOPERATIVE AGREEMENT FOR ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE COSTS, ENFORCEABLE OBLIGATIONS, AND PROJECT RELATED EXPENSES (this "Agreement") is entered into as of _____, by and between the City of West Covina (the "City") and the Successor Agency to the West Covina Redevelopment Agency (the "Successor Agency").

RECITALS:

WHEREAS, the Successor Agency is required to undertake a number of actions pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) ("Part 1.85"), including winding down the affairs of the former West Covina Redevelopment Agency ("Agency") as required by Health and Safety Code Section 34177(h).

WHEREAS, in June 2012, the State Legislature enacted AB 1484 which amended AB 26 clarifying the definition of "enforceable obligations."

WHEREAS, pursuant to Health and Safety Code Section 34171(d)(1)(F), contracts or agreements necessary for the administration or operation of the Successor Agency are enforceable obligations.

WHEREAS, pursuant to Health and Safety Code Section 34177.3(b), the Successor Agency may create enforceable obligations to conduct the work of winding down the Redevelopment Agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance.

WHEREAS, pursuant to Health and Safety Code Section 34173(h), the city that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project related expenses at the city's discretion and, subject to the oversight board's approval, such loan or grant from the city shall be deemed an enforceable obligation.

WHEREAS, in connection with the administrative costs, enforceable obligations, project related expenses, and the general operations of the Successor Agency in accordance with Part 1.85, the Successor Agency is and will be utilizing the staff, facilities, and other resources of the City.

WHEREAS, the City Manager of the City serves as Executive Director of the Successor Agency, the City Treasurer serves as Finance Officer of the Successor Agency, and the City Clerk serves as Secretary to the Successor Agency. Planning, finance, engineering, public works, and other City departments devote, and are expected to devote, substantial time with respect to the administration and operations of the Successor Agency, including gathering information relating to the Agency's enforceable obligations, conferring with public officials

representing governmental agencies, and undertaking other activities in connection with winding down the affairs of the Agency required under Part 1.85.

WHEREAS, by providing and making available to the Successor Agency the staff, facilities, services, and other resources of the City, including, without limitation, consultants, legal counsel, office space, equipment, supplies, and insurance, necessary to the administration and operations of the Successor Agency, the City has advanced and will continue to advance the cost of the foregoing to the Successor Agency.

WHEREAS, the City and Successor Agency recognized that the Oversight Board to the Successor Agency ("Oversight Board") is required to undertake a number of actions pursuant to Part 1.85, including overseeing and approving actions of the Successor Agency as are enumerated in Health and Safety Code Section 34180, and, in connection with performing those obligations, is and will be utilizing the staff, facilities, and other resources of the Successor Agency.

WHEREAS, the City and Successor Agency recognize that the Oversight Board may require independent legal counsel and/or technical advisors to perform its obligations under Part 1.85.

WHEREAS, the City is and will be advancing to the Successor Agency the staff, facilities, and other resources necessary to assist the Oversight Board in performing its obligations under Part 1.85, including advancing the funds to the Successor Agency necessary for the Oversight Board to retain independent legal counsel and/or technical advisors.

WHEREAS, the City and the Successor Agency desire to enter into this Agreement to acknowledge the foregoing recitals and to memorialize the mutual understanding between City and Successor Agency, and provide for an appropriate method of reimbursement of such advances and/or loans by the City to the Successor Agency.

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

Section 1. The City agrees to make available to the Successor Agency its staff, facilities, services, and other resources, including, without limitation, consultants, legal counsel, office space, equipment, supplies, and insurance, necessary to the administration and operations of the Successor Agency and the Oversight Board and, where necessary, advances or loans to the Successor Agency for administrative costs, enforceable obligations, and project related expenses. The Successor Agency desires to have access to and utilize the foregoing staff, facilities, services, and other resources of the City as may be required to perform its obligations under AB 26 and amendments thereto.

Section 2. The City agrees to advance funds to the Successor Agency for Oversight Board legal services and/or technical advisors for July 2012 to December 2012, to be reimbursed under the Recognized Obligations Payment Schedule ("ROPS") for January 1, 2013 to June 2013, and to advance such other funds in future ROPS payment periods as is reasonably necessary to allow the Oversight Board to retain legal services and/or technical advisors, with such advances to be reimbursed to the City pursuant to Sections 4 and 5 below.

Section 3. The value of the City staff, including all employee salaries, retirement and other benefits, facilities, services, and other resources of the City, including but not limited to,

office space, equipment, supplies, and insurance, necessary to the administration and operations of the Successor Agency made, and to be made, available to the Successor Agency for each six-month fiscal period beginning with the fiscal period commencing on January 1, 2012 and ending on June 30, 2012, calculated and determined in accordance with Section 4 hereof; shall be determined necessary for the administration and operation of the Successor Agency for purposes of Health and Safety Code § 34171(d)(1)(F) and constitute an advance and loan to the Successor Agency as authorized pursuant to Health and Safety Code § 34173(h) by the City for each six-month fiscal period, to be repaid in accordance with Section 4 of this Agreement.

Section 4. The City shall prepare a cost analysis based upon reasonable allocations and generally accepted accounting principles documenting: (a) the value of any administrative costs paid for by the City, including, but not limited to, all employee salaries, retirement and other benefits, and the facilities, services, and other resources of the City made, or to be made available, to the Successor Agency pursuant to Section 1 hereof; (b) any City advances or loans used to pay for any Administrative Costs or Enforceable Obligation(s), including those advances made pursuant to Section 2 hereof; and (c) any City advances or loans used to pay for any project related expenses for each six-month fiscal period beginning with the first fiscal period commencing on January 1, 2012 and ending on June 30, 2012 ("Expenses"). The parties hereto agree to take all appropriate steps and execute any documents which may reasonably be necessary or convenient to implement the intent of this Agreement.

Section 5. Each party shall maintain books and records regarding its duties pursuant to this Agreement. Such books and records shall be available for inspection by the officers and agents of the other party at all reasonable times.

Section 6. This Agreement is made in the State of California under the Constitution and laws of the State of California, and is to be so construed.

Section 7. This Agreement will be become effective upon approval of the Oversight Board to the Successor Agency.

Section 8. This Agreement may be amended at any time, and from time to time, by an agreement executed by both parties to this Agreement and approved by the Oversight Board to the Successor Agency.

[SIGNATURES ON THE FOLLOWING PAGE]

THE CITY OF WEST COVINA (the "CITY")

By: _____
Andrew Pasmant, City Manager

Date:

_____

THE SUCCESSOR AGENCY TO THE FORMER WEST COVINA REDEVELOPMENT AGENCY (the "Successor Agency")

By: _____
Andrew Pasmant, Executive Director

Date: _____

ATTEST:

By: _____

City Clerk/Successor Agency Secretary

APPROVED AS TO FORM:

By: _____
Arnold M. Alvarez-Glasman
City Attorney/Successor Agency Counsel

TO: Chairman and Members of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency

FROM: Andrew G. Pasmant, City Manager/Executive Director

BY: Thomas Bachman, Finance Director

SUBJECT: **CONSIDERATION OF THE SCHEDULE OF DISTRIBUTION OF FUTURE TAX REVENUES (ALSO KNOWN AS RECOGNIZED OBLIGATION PAYMENT SCHEDULES "ROPS") AND SUCCESSOR AGENCY ADMINISTRATIVE BUDGET COVERING THE PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013.**

RECOMMENDATION:

It is recommended that the Oversight Board review and approve Resolution No. OB-0011 (Attachment No. 1), approving the Schedules of Distribution of Future Tax Revenues (also known as the Recognized Obligation Payment Schedules "ROPS") and the Successor Agency Administrative Budget for the period January 1, 2013 through June 30, 2013.

PURPOSE:

Assembly Bills 1X 26 ("AB 26") and 1484 ("AB 1484") require the preparation of a Schedules of Distribution of Future Tax Revenues also known as the Recognized Obligation Payment Schedules (ROPS) for a six (6) month period. Included within the ROPS is the Successor Agency Administrative Budget for the same six-month period. The ROPS lists enforceable obligations of the Successor Agency and must be approved by the Oversight Board, and thereafter submitted to the Los Angeles County Auditor Controller, the State Controller and the State Department of Finance (DOF) by September 4, 2012.[1]

AB 1484 created harsh new penalties against agencies that do not timely file required ROPS. For example, if a successor agency fails to submit an oversight board-approved ROPS to the DOF in accordance with the above deadlines, the city is subject to a $10,000 per day civil

[1] The statutory deadline is September 1, 2012, but due to the Labor Day holiday DOF has indicated that approved schedules must be submitted by September 4.

penalty. (H&S § 34177(m).) Additionally, any creditor of the successor agency, DOF, or any affected taxing entity may file a lawsuit against the successor agency. Lastly, the failure of a successor agency to submit an ROPS within ten (10) days of the deadline will result in a twenty-five percent (25%) reduction in its administrative cost allowance for the applicable payment period. (*Id.*)

DISCUSSION:

The CDC Staff will provide an overview of the ROPS, which includes the Successor Agency Administrative Budget of $242,181 covering the period of January 1, 2013 through June 30, 2013. The following is a brief discussion of specific items listed on the ROPS:

- **Item 11 (Repay County Loan, Successor Agency Request to Modify Loan Agreement with County)**

AB 1484 allows the Oversight Board to modify and/or renegotiate terms of existing Successor Agency agreements if the Oversight Board finds that such amendments would be in the best interests of the taxing entities. (H&S § 34181(e).) Currently, the Successor Agency has a loan agreement with the County of Los Angeles with a 7% interest rate. The Successor Agency is requesting the Oversight Board exercise its authority under AB 1484 and modify the current terms of the loan agreement. Since such action will benefit the taxing entities, and the action is in compliance with Section 34181(e) and the Oversight's Board fiduciary responsibility to the holders of the enforceable obligations and the taxing entities. (H&S § 34179.)

- **Item 12 (Successor Agency Administrative Budget)**

As part of the Successor Agency's obligations under AB 26, the Successor Agency is tasked with preparing a proposed Administrative Budget which sets forth the Successor Agency's proposed administrative costs for the upcoming six-month fiscal period from January 1, 2013 through June 30, 2013. The Administrative Budget includes the estimated costs for all administrative costs necessary for the operation of the Successor Agency and its expanding obligations to wind down the former redevelopment agency required under AB 26.

Critically, AB 1484 clarified that administrative costs *exclude* litigation expenses related to former RDA assets and obligations, settlements and judgments, and the costs of maintaining assets prior to disposition. (H&S § 34171(b).) Additionally, employee costs associated with work on specific project implementation activities, project management, or actual construction are considered project-specific costs and not administrative costs. (*Ibid.*) Instead, such items are separate enforceable obligations of the Successor Agency and not subject to the limited administrative costs allowance. (H&S §§ 34171(d)(1)(F); 341773.(b).)

Pursuant to Health and Safety Code section 34177(j), the proposed Administrative Budget must contain the following: (1) the estimated amounts for the Successor Agency administrative costs for the upcoming six-month fiscal period; (2) the proposed sources of payment for the costs identified; and (3) proposals for arrangements for administrative and operational services provided by a city, county, city and county, or other entity.

The Successor Agency's administrative budget must be submitted to and approved by the Oversight Board by resolution. (H&S §§ 34171(j); 34179(e).)

- **Items 13-16 (Anticipated/Existing Litigation)**

Items 13 through 16 are new additions to the ROPS as clarified under AB 1484. Pursuant to Health and Safety Code section 34171(d)(1)(F), an enforceable obligation includes:

> *"(F) Contracts or agreements necessary for the administration or operation of the successor agency, in accordance with this part, including, but not limited to, agreements concerning litigation expenses related to assets or obligations, settlements and judgements [sic], and the costs of maintaining assets prior to disposition, and agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to Section 33127 and for carrying insurance pursuant to Section 33134."*

Recent guidance from DOF states that "agencies requesting reconsideration of previously denied obligations may include them in the January through June 2013 period ROPS." The purpose of this is so the Successor Agency may take advantage of the new ROPS approval process instituted by AB 1484, which includes and extensive meet-and-confer process with DOF over disputed items. (H&S § 34177(m).)

Pursuant to the request of a Board member, Successor Agency staff has provided a breakdown between litigation and general legal expenses. Based on the language of H&S section 34177.3(b), all general legal services provided by the City Attorney firm to the Successor Agency are related to the wind down of the RDA and are appropriately listed as an enforceable obligation and are now expressly excluded from administrative costs. (H&S § 34171(b).)

- **Items 17-20 (Project Administrative Costs, Auditing Fees, Legal Services)**

Item 17 through 20 are new additions to the ROPS as clarified under AB 1484. Item 17 represents an amount for Project Administration Costs (Attachment No. 2), which includes employee costs cost to implement existing projects/agreements. Noted above, AB 1484 clarified that project-specific employee costs are not to be included in the Administrative Cost Allowance, but rather separate "enforceable obligations." Under Section 34171 (b) of the Health and Safety Code:

> *"'Administrative cost allowance' means an amount that, subject to the approval of the oversight board, is payable from property tax revenues of up to 5 percent of the property tax allocated to the successor agency-on the Recognized Obligation Payment Schedule covering the period January 1, 2012, through June 30, 2012, and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency for each fiscal year thereafter; provided, however, that the amount shall not be less than two hundred fifty thousand dollars ($250,000), unless the oversight board reduces this amount, for any fiscal year or such lesser amount as agreed to by the successor agency. However, the allowance amount shall exclude, and shall not apply to, any administrative costs that can be paid from bond proceeds or from sources other than property tax. Administrative cost allowances shall exclude any litigation expenses related to assets or obligations, settlements and judgments, and the*

costs of maintaining assets prior to disposition. ***Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs and shall not constitute administrative costs.*** *"*

Item 18 represents an amount to hire an accountant to complete due diligence reviews to determine the unobligated balances available to transfer to taxing entities as required under AB 1484 (Section 34179.5(a).) Hiring an accountant to fulfill the requirements under AB 1484 would be allowed as an enforceable obligation under Section 34177.3 (b) of the Health and Safety Code, which states:

"Successor agencies may create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance."

Item 19 represents an amount for legal services to the Oversight Board. An allocation for Oversight Board legal services was discussed as a limit by member(s) of the Oversight Board. Section 34179 (n) of the Health and Safety Code states:

"An oversight board may direct a successor agency to provide additional legal or financial advice than what was given by agency staff."

Furthermore, Section 34177.3 (b) of the Health and Safety Code states:

"Successor agencies may create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance."

Item 20 represents an amount for legal services for the Successor Agency to assist in the unwinding affairs of the former redevelopment agency. Item 20 is allowed under Section 34177.3 (b) of the Health and Safety Code that states:

"Successor agencies may create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance."

- **Item 21 (Property Management Plan)**

As required by AB 1484, the successor agency has been tasked with the preparation of a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report is to be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion. (H&S § 34191.5(b).) The costs associated with the development of the plan have yet to be determined.

All remaining items on the ROPS have been listed on the previous two (2) ROPS approved by the Oversight Board.

Prepared By:

Thomas Bachman
Finance Director

Attachments: Attachment No. 1 – Resolution OB-0011
Exhibit A - ROPS January 1, 2013 to June 30, 2013
Exhibit B - Administrative Budget for January 1, 2013 to June 30, 2013
Attachment No. 2 – Project Administrative Costs

ATTACHMENT NO. 1

RESOLUTION NO. OB-0011

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY FOR THE WEST COVINA REDEVELOPMENT AGENCY APPROVING A SCHEDULES OF DISTRIBUTION OF FUTURE TAX REVENUES, ALSO KNOWN AS THE RECOGNIZED OBLIGATION PAYMENT SCHEDULES (ROPS) AND RELATED ADMINISTRATIVE BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 FOR THE SIX-MONTH FISCAL PERIOD COMMENCING JANUARY 1, 2013 AND ENDING JUNE 30, 2013, AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, Health and Safety Code Section 34177 provides that before each six-month fiscal period, successor agencies to former redevelopment agencies must prepare a Schedules of Distribution of Future Tax Revenues also known as the Recognized Obligation Payment Schedules ("ROPS") for the enforceable obligations of the former redevelopment agency in accordance with the requirements of Section 34177;

WHEREAS, California Health and Safety Code Section 34177(j)(1) provides that a successor agency must prepare an administrative budget for every six-month fiscal period;

WHEREAS, the ROPS identifies each enforceable obligation on which payments will be required during the period of January 1, 2013 through June 30, 2013 and identifies the minimum payment amounts and due dates of payments required by each such enforceable obligation.

WHEREAS, the Oversight Board to the Successor Agency for the West Covina Redevelopment Agency desires to adopt this Resolution approving a ROPS and related Administrative Budget in accordance with Health and Safety Code Section 34177 for the six-month fiscal period that commences on January 1, 2013 and ends on June 30, 2013.

NOW, THEREFORE, the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency hereby resolves:

SECTION 1. The above recitals are true and correct and are a substantive part of this Resolution.

SECTION 2. This Resolution is adopted pursuant to Health and Safety Code Section 34177.

SECTION 3. The Board hereby approves the ROPS substantially in the form attached as Exhibit A and Administrative Budget substantially in the form attached as Exhibit B to this Resolution and incorporated herein by reference. The Executive Director of the Successor Agency, in consultation with the Successor Agency's legal counsel, may modify the ROPS and Administrative Budget as the Executive Director or the Successor Agency's legal counsel deems necessary or advisable.

SECTION 4. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including, but not limited to, submitting the ROPS and Administrative Budget to the State Department of Finance, the State Controllers Office and the County Auditor-Controller and posting the ROPS and Administrative Budget on the City website, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

SECTION 5. The Oversight Board Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED on this 23rd day of August, 2012.

Carrie A. Sutkin, Chairperson
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

ATTEST

Susan Rush, Secretary
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at its regular meeting held on the 23rd day of August by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Susan Rush, Secretary
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

EXHIBIT A

ROPS
(JANUARY 1, 2013 through June 30, 2013)

Successor Agency Contact Information

Name of Successor Agency:	City of West Covina Successor Agency
County:	Los Angeles
Primary Contact Name:	Tom Bachman
Primary Contact Title:	Assistant City Manager/Finance Director
Address	1444 W. Garvey Ave. West Covina, CA 91790
Contact Phone Number:	(626) 939-8449
Contact E-Mail Address:	thomas.bachman@westcovina.org
Secondary Contact Name:	Denise Bates
Secondary Contact Title:	Accounting Manager
Secondary Contact Phone Number:	(626) 939-8463
Secondary Contact E-Mail Address:	denise.bates@westcovina.org

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

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

Name of Successor Agency: City of West Covina Successor Agency

		Total Outstanding Debt or Obligation
Outstanding Debt or Obligation		$ 350,165,823
Current Period Outstanding Debt or Obligation		**Six-Month Total**
A	Available Revenues Other Than Anticipated RPTTF Funding	1,013,340
B	Anticipated Enforceable Obligations Funded with RPTTF	8,627,846
C	Anticipated Administrative Allowance Funded with RPTTF	242,181
D	Total RPTTF Funded (B + C = D)	8,870,027
	Total Current Period Outstanding Debt or Obligation (A + B + C = E) *Should be same amount as ROPS form six-month total*	$ 9,883,367
E	Enter Total Six-Month Anticipated RPTTF Funding *(Obtain from county auditor-controller)*	6,892,327
F	Variance (D - E = F) *Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding*	$ (1,977,700)
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 *(Should be the lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)*	8,109,903
H	Enter Actual Obligations Paid with RPTTF	6,038,023
I	Enter Actual Administrative Expenses Paid with RPTTF	292,805
J	Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	1,779,075
K	**Adjusted RPTTF** *(The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimated obligation amount.)*	$ 7,090,952

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.

Carrie A. Sutkin — Name
Chairperson — Title

Signature

Date

Name of Successor Agency: City of West Covina Successor Agency

County: Los Angeles

Oversight Board Approval Date: _____

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	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
							$ 350,165,823	$ 18,262,207	$ -	$ -	$ -	$ 242,181	$ 8,627,846	$ 1,013,340	$ 9,883,367
1	1999 Tax Allocation Bonds	11/1/1999	11/1/2029	US Bank	Fund capital projects in Merged Area	Merged	5,622,275	208,600					36,600		36,600
2	2002 Tax Allocation Bonds	6/1/2002	9/1/2022	US Bank	Refund outstanding 1993 bonds	Merged	11,371,110	989,272					211,536		211,536
3	2006 Lease Revenues Bonds	9/19/2006	6/1/2036	City of West Covina	Reimburse City for BLD Debt Service	Merg/Citywide	29,119,269	1,126,990					563,490		563,490
4	1998 Housing Set Aside Bonds	4/1/1998	9/1/2025	US Bank	Acquisition and rehab of a housing proj	Merged	5,737,595	438,907					115,179		115,179
5	2001 Housing Set Aside Bonds	12/1/2001	9/1/2030	US Bank	Development of a senior housing proj	Merged	10,779,345	767,935					183,218		183,218
6	SERAF 2010 Housing Loan	2/16/2010	6/30/2015	Housing Successor Agency	Repay SERAF to the housing fund	Merged	4,080,818	-					-		-
7	SERAF 2011 Housing Loan	1/18/2011	6/30/2016	Housing Successor Agency	Repay SERAF to the housing fund	Merged	943,085	-					-		-
8	DDA - The Lakes	6/26/1987	6/30/2038	Various	Allocated bond costs & maint for park structure	Merged	1,440,000	215,000					60,000		60,000
9	CFD Tax Increment Pledge	6/26/1989	9/1/2022	Fashion Plaza CFD	Tax increment pledged fto CFD	Merged	15,846,352	1,840,000					1,840,000		1,840,000
10	CSS - CFD	10/19/2004	10/19/1954	Coastal Sage Scurb CFD	CFD Assessment	Merged	4,656,641	74,837					37,418		37,418
11	Repay County Loan	6/19/1990	8/20/2021	County of Los Angeles	Repay Loan of Defered Tax Increment	Merged	8,626,543	1,908,553					558,553		558,553
12	SA Adminstrative Budget	ongoing	ongoing	Various	Operations for both project areas	Merged	16,520,339	484,361				242,181			242,181
13	Anticipated/Existing Litigation	3/16/2006	ongoing	Squire Sanders & Dempsey	Enforcement of judgments/obligations	Merged	3,456,434	600,000					600,000		600,000
14	Anticipated/Existing Litigation		ongoing	Alvarez-Glasman Colvin	Enforcement of judgments/obligations	Merged	150,000	40,000					40,000		40,000
15	Anticipated/Existing Litigation		ongoing	Eminent Domain Law Group	RDA property litigation	Merged	300,000	50,000					50,000		50,000
16	Anticipated/Existing Litigation		ongoing	Hunsucker Goldstien	RDA property litigation	Merged	100,000	25,000					25,000		25,000
17	Project Administrative Costs	ongoing	ongoing	Various	Project specific related costs	Merged	350,000	70,000					35,000		35,000
18	AB 1484 Auditing Fees	TBD	ongoing	White Nelson Diehl Evans	AB 1464 Auditing Fees	Merged	297,500	35,000					35,000		35,000
19	Oversight Board Legal Services	TBD	ongoing	TBD	Oversight Board Legal Services	Merged	50,000	20,000					20,000		20,000
20	Successor Agency Legal Services		ongoing	Alvarez-Glasman Colvin	Successor Agency Legal Services	Merged	300,000	60,000					30,000		30,000
21	Property Management Plan	TBD	TBD	TBD	Long-Range Property Management Plan per AB 1484	Merged	184,600	184,600					184,600		184,600
22	City Note - Administration	8/9/1971	6/30/2025	City of West Covina	Repay City for admin & construction	Merged	12,859,463	730,744					730,744		730,744
23	City Note - CIP	2/28/1972	6/30/2025	City of West Covina	Repay City for capital projects	Merged	2,252,898	133,410					133,410		133,410
24	City Note Revolving	12/16/1985	6/30/2025	City of West Covina	Repay City for revolving credit	Merged	4,824,791	-					-		-
25	Sales Tax Reimbursement	7/25/2005	6/30/2025	City of West Covina	Reimburse City for CFD Sales Tax	Merged	22,856,769	-					-		-
26	Golf Course Agreement	6/21/2011	ongoing	Various	Golf Course Implementation Agreement	Merged	45,000,000	-					-		-
27	1996 CFD Refunding Bonds	7/1/1996	9/1/2022	US Bank	Fund Fashion Plaza Improvements	Merged	44,687,400	3,774,000						975,600	975,600
28	1988 Lease Rev Refunding Bonds	8/1/1988	8/1/2018	Wells Fargo Bank	Fund Lakes Parking Project	Merged	3,915,885	461,900						37,740	37,740
29	OPA - CFD	6/26/1989	9/1/2022	Westfield Corporation	CFD admin and developer repayment	Merged	93,836,711	885,000						-	-
															-
	PREVIOUSLY DENIED OBLIGATIONS SUBMITTED FOR RECONSIDERATION														-
30	Anticipated/Existing Litigation	3/16/2006	ongoing	Squire Sanders & Dempsey	Enforcement of judgments/obligations Feb-Jun 2012	Merged	see #13 above	595,533					595,533		595,533
31	Anticipated/Existing Litigation	3/16/2006	ongoing	Squire Sanders & Dempsey	Enforcement of judgments/obligations Jul-Dec 2012	Merged	see #13 above	600,000					600,000		600,000
32	Anticipated/Existing Litigation	3/16/2006	ongoing	Alvarez-Glasman Colvin	Enforcement of judgments/obligations Feb-Jun 2012	Merged	see #14 above	22,204					22,204		22,204
33	Anticipated/Existing Litigation	3/16/2006	ongoing	Alvarez-Glasman Colvin	Enforcement of judgments/obligations Jul-Dec 2012	Merged	see #14 above	35,000					35,000		35,000
34	Anticipated/Existing Litigation		ongoing	Eminent Domain Law Group	RDA property litigation: Feb-Jun 2012	Merged	see #15 above	7,946					7,946		7,946
35	Anticipated/Existing Litigation		ongoing	Eminent Domain Law Group	RDA property litigation: Jul-Dec 2012	Merged	see #15 above	50,000					50,000		50,000
36	Anticipated/Existing Litigation		ongoing	Hunsucker Goldstien	RDA property litigation: Feb-Jun 2012	Merged	see #16 above	7,161					7,161		7,161
37	Anticipated/Existing Litigation		ongoing	Hunsucker Goldstien	RDA property litigation: Jul-Dec 2012	Merged	see #16 above	25,000					25,000		25,000
38	Successor Agency Legal Services		ongoing	Alvarez-Glasman Colvin	Successor Agency Legal Services: Feb-Jun 2012	Merged	see #20 above	36,946					36,946		36,946
39	Successor Agency Legal Services		ongoing	Alvarez-Glasman Colvin	Successor Agency Legal Services: Jul-Dec 2012	Merged	see #20 above	30,000					30,000		30,000
40	City Note - Administration	8/9/1971	6/30/2025	City of West Covina	Repay City for admin & construction: Feb-Jun 2012	Merged	see #22 above	730,744					730,744		730,744
41	City Note - Administration	8/9/1971	6/30/2025	City of West Covina	Repay City for admin & construction: Jul-Dec 2012	Merged	see #22 above	730,744					730,744		730,744
42	City Note - CIP	2/28/1972	6/30/2025	City of West Covina	Repay City for capital projects: Feb-Jun 2012	Merged	see #23 above	133,410					133,410		133,410
43	City Note - CIP	2/28/1972	6/30/2025	City of West Covina	Repay City for capital projects: Jul-Dec 2012	Merged	see #23 above	133,410					133,410		133,410
															-
															-

Name of Successor Agency: City of West Covina Successor Agency
County: Los Angeles

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III) -- Notes (Optional)
January 1, 2013 through June 30, 2013

Item #	Notes/Comments
1	Variable rate bonds - amount may fluctuate due to actual interest paid.
2	Per fixed rate debt schedule plus ongoing bond costs.
3	Per fixed rate debt schedule
4	Per fixed rate debt schedule plus ongoing bond costs.
5	Per fixed rate debt schedule plus ongoing bond costs.
6	SERAF loans will be repaid in 2013/14 fiscal year per AB 1484.
7	SERAF loans will be repaid in 2013/14 fiscal year per AB 1484.
8	Estimated costs of obligation under DDA with property to pay a percentage of bond costs and parking structure maintenance.
9	Estimate of obligation to contribute tax increment to CFD formed to service bonds issued for parking and other improvements .
10	Estimated costs of special assessment obligation for property owned by former redevelopment agency.
11	Amount owed to county for repyament of previous deferral of their share of tax increment.
12	Adminstrative budget for the Successor Agency.
13	Estimated legal expenses incurred in pursuing collection of judgements in favor of the City and the former redevelopment agency.
14	Estimated legal expenses incurred in pursuing collection of judgements in favor of the City and the former redevelopment agency.
15	Estimated legal expenses incurred in property disposition/eminient domain of former redevelopment agency owend property.
16	Estimated legal expenses incurred in litigation involving environmental issues of former redevelopment agency owned property.
17	Estimated administrative expenses related to specific projects.
18	Estimated fees to conduct two due diligence cash audits and an annual audit of the Successor Agency.
19	Estimated legal expenses to provide legal counsel to the Oversight Board.
20	Estimated legal expenses to provide legal counsel to the Successor Agency.
21	Estimated costs to incurred for appraisals, title, etc of agency properties and to prepare and review a Long-Range Property Management Plan.
22	Debt Service of loan from City to former redevelopment agency per established amortization schedule. Denial of this loan has been appealed to DOF.
23	Debt Service of loan from City to former redevelopment agency per established amortization schedule. Denial of this loan has been appealed to DOF.
24	Debt Service of loan from City to former redevelopment agency. Per AB 1484, repayment not eligible until 2013-14 and therefore no payment requested on this ROPS.
25	Debt Service of loan from City to former redevelopment agency. Per AB 1484, repayment not eligible until 2013-14 and therefore no payment requested on this ROPS.
26	Agreement between City and former redevelopment agency to fund golf course agreements. No funding is requested on this ROPS.
27	Redevelopment Agency bonds which debt service is funded by property tax increment (#9 above), sales tax increment and a special assessment.
28	Redevelopment Agency bonds which debt service is funded by developer contributions and former redevelopment agency contributions (#8 above).
29	Obligation of the redevelopment agency under an OPA to repay developer for advances which is funded by excess revenues generated by the community facilities district.

30	Litigation expenses deemed enforceable obligations per AB 1484 that were previously submitted on Feb. - June 2012 ROPS but not funded. Per DOF instructions this obligation is being resubmitted for reconsideration.
31	Litigation expenses deemed enforceable obligations per AB 1484 that were previously submitted on July - Dec. 2012 ROPS but not funded. Per DOF instructions this obligation is being resubmitted for reconsideration.
32	Litigation expenses deemed enforceable obligations per AB 1484 that were previously submitted on Feb. - June 2012 ROPS but not funded. Per DOF instructions this obligation is being resubmitted for reconsideration.
33	Litigation expenses deemed enforceable obligations per AB 1484 that were previously submitted on July - Dec. 2012 ROPS but not funded. Per DOF instructions this obligation is being resubmitted for reconsideration.
34	Litigation expenses deemed enforceable obligations per AB 1484 that were previously submitted on Feb. - June 2012 ROPS but not funded. Per DOF instructions this obligation is being resubmitted for reconsideration.
35	Litigation expenses deemed enforceable obligations per AB 1484 that were previously submitted on July - Dec. 2012 ROPS but not funded. Per DOF instructions this obligation is being resubmitted for reconsideration.
36	Litigation expenses deemed enforceable obligations per AB 1484 that were previously submitted on Feb. - June 2012 ROPS but not funded. Per DOF instructions this obligation is being resubmitted for reconsideration.
37	Litigation expenses deemed enforceable obligations per AB 1484 that were previously submitted on July - Dec. 2012 ROPS but not funded. Per DOF instructions this obligation is being resubmitted for reconsideration.
38	Legal expenses to wind down former RDA deemed enforceable obligations per AB 1484 that were previously submitted on Feb. - June 2012 ROPS but not funded. Per DOF instructions this obligation is being resubmitted for reconsideration.
39	Legal expenses to wind down former RDA deemed enforceable obligations per AB 1484 that were previously submitted on July - Dec. 2012 ROPS but not funded. Per DOF instructions this obligation is being resubmitted for reconsideration.
40	Repayment of City loan entered into within two year of formation of the former RDA that were previously submitted on Feb. - June 2012 ROPS but denied funding. City has previously appealed this denial and is resubmitting per DOF instructions.
41	Repayment of City loan entered into within two year of formation of the former RDA that were previously submitted on July - Dec. 2012 ROPS but denied funding. City has previously appealed this denial and is resubmitting per DOF instructions.
42	Repayment of City loan entered into within two year of formation of the former RDA that were previously submitted on Feb. - June 2012 ROPS but denied funding. City has previously appealed this denial and is resubmitting per DOF instructions.
43	Repayment of City loan entered into within two year of formation of the former RDA that were previously submitted on July - Dec. 2012 ROPS but denied funding. City has previously appealed this denial and is resubmitting per DOF instructions.

Name of Successor Agency: City of West Covina Successor Agency

County: Los Angeles

Approved ROPS plus Admin Allowance per DOF 07-09-12: $ 8,109,903.00

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		Reserve Balance		Admin Allowance		RPTTF		Other	
						Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
						$ -	$ -	$ -	$ -	$ -	$ -	$ 292,805	$ 292,805	$ 7,817,098	$ 6,038,023	$ 1,028,700	$ 1,028,700
1	1	1999 Tax Allocation Bonds	US Bank	Fund capital projects in Merged Area	Merged									37,000	$ 46,304	-	
1	2	2002 Tax Allocation Bonds	US Bank	Refund outstanding 1993 bonds	Merged									217,736	$ 217,736	-	
1	3	1996 CFD Refunding Bonds	US Bank	Fund Fashion Plaza Improvements	Merged									-	$ -	1,028,700	1,028,700
1	4	1988 Lease Rev Refunding Bnds	Wells Fargo Bank	Fund the Lakes Parking Project	Merged									35,340	$ -	-	
1	5	2006 Lease Revenues Bonds	City of West Covina	Reimburse City for BLD Debt Service	Merg/Citywide									559,470	$ 466,250	-	
1	6	1998 Housing Set Aside Bonds	US Bank	Acquisition and rehab of a housing proj	Merged									117,229	$ 117,229	-	
1	7	2001 Housing Set Aside Bonds	US Bank	Development of a senior housing proj	Merged									188,218	$ 188,218	-	
1	8	SERAF 2010 Housing Loan	Housing Successor Agy	Repay SERAF to the housing fund	Merged									1,632,327	$ 1,632,327	-	
1	9	SERAF 2011 Housing Loan	Housing Successor Agy	Repay SERAF to the housing fund	Merged									266,595	$ 266,595	-	
1	10	DDA - The Lakes	Various	Bond admin & maint for park structure	Merged									82,000	$ 49,179	-	
1	11	OPA - CFD	Westfield et al	CFD admin & Developer repayment	Merged									-	$ -	-	
1	12	CFD Tax Increment Pledge	Plaza CFD	Tax Increment pledged fto CFD	Merged									1,343,170	$ 1,418,816	-	
1	13	CSS - CFD	CSS Com Fac Dist	CFD Assessment	Merged									36,690	$ -	-	
1	14	SB2557 Admin	County of Los Angeles	Tax Collection Services	Merged									-	$ -	-	
1	15	Housing Set Aside	Low Mod Hsg Authority	20% Set Aside for low mod hsg	Merged									-	$ -	-	
1	16	Passthrus	Other taxing entities	Passthrus per agreements and code	Merged									1,960,998	$ 1,635,369	-	
1	17	Repay County Loan	County of Los Angeles	Repay Loan of Defered Tax Increment	Merged									1,340,325		-	
1	18	Non personnel operation cost	Various	Operations for both project areas	Merged									-		-	
1	19	Employee Costs	Various employees	Salaries and benefits for personnel	Merged							292,805	292,805	-		-	
1	20	Anticipated/Existing Litigation	Various	Enforcement of obligations	Merged									-		-	
1	21	City Note - Administration	City of West Covina	Repay City for admin & construction	Merged									-		-	
1	22	City Note - CIP	City of West Covina	Repay City for capital projects	Merged									-		-	
1	23	City Note Revolving	City of West Covina	Repay City for revolving credit	Merged									-		-	
1	24	Sales Tax Reimbursement	City of West Covina	Reimburse City for CFD Sales Tax	Merged									-		-	
1	25	City Line Of Credit	City of West Covina	Line of Credit for Merged Area	Merged									-		-	
1	26	Golf Course Agreement	Various	Golf Course Implementation Agreement	Merged									-		-	

EXHIBIT B

ADMINISTRATIVE BUDGET
(JANUARY 1, 2013 through June 30, 2013)

Successor Agency to the West Covina Redevelopment Agency Administrative Budget Used for Jan. - June 2013 ROPS

	Jan – June 2013
Salaries & Benefits	***166,740***
M & O from CDC Staff:	
Appraisals	10,000
Escrow & Title.	12,500
Consultants	7,500
Copying	1,250
Subtotal	31,250
Other M & O costs not included above:	
A & O	32,467
Liability Insurance	8,400
Phone	454
Cell Phone	360
Pooled Car usage	120
Fuel	990
Vehicle Maintenance	1,400
Subtotal	44,191
Total Non-Personnel Costs	***75,441***
TOTAL	***242,181***

ATTACHMENT NO. 2

Estimated Project Administrative Costs (6 month)

PROJECT	HOURS	STAFF COST	DESCRIPTION:
Lakes DDA	50	$ 4,791	Monitor agreements and assets per agreement(s). Hours could be more depending on outcome of Caltrans condemnation.
Eastland Shopping Center	30	$ 2,874	Monitor agreements and assets per agreement(s).
Westfield Plaza	120	$ 11,497	Monitor agreements and assets per agreement(s). Hours could be more depending on outcome of Caltrans condemnation.
700/750 DDA	65	$ 6,228	Administer and amend agreement and assist developer to complete project.
West Covina Sportsplex/Golf Course	100	$ 9,581	Review compliance with environmental regulations and amend Habitat Mitigation and Monitoring Plan.
	365	$ 34,971	

OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY

AGENDA REPORT
Item No. V - D
Date: August 23, 2012

TO: Chairman and Members of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency

FROM: Andrew G. Pasmant, City Manager/Executive Director

BY: Christopher J. Chung, Successor Agency Staff Member

SUBJECT: **UPDATE ON CALTRANS CONDEMNATION OF PROPERTIES OWNED BY THE FORMER REDEVELOPMENT AGENCY**

RECOMMENDATION:

It is recommended that the Oversight Board receive and file this report.

DISCUSSION:

At the August 2, 2012 Oversight Board meeting, the Oversight Board requested an update on the status of the Caltrans condemnation of properties owned by the former redevelopment agency at the next public meeting of the Oversight Board on August 23, 2012. Due to the anticipation of litigation, the discussion is limited to avoid any protected discussions including detailed negotiations and legal strategy which is best discussed in a closed session format.

Under AB 1484 and AB 1X 26, there are important factors to consider. Although AB 1484 limits the sale of land without a Finding of Completion and a long term property management plan approved by the Successor Agency, Oversight Board, and the State Department of Finance, transfer of property to a government agency may be allowed for public purpose if it is in best interest of the community, affected private parties, Successor Agency and affected taxing entities. The Successor Agency has been attempting to negotiate with Caltrans to protect the assets of the former redevelopment agency, to avoid costly litigation with interested parties and to help stream line the process, if possible. It is the opinion of staff that a straight condemnation of property by Caltrans would not be in the best interest of the Oversight Board, Successor Agency, affected taxing entities and parties of interest. Condemnation by Caltrans would result in litigation with not only the Successor Agency but with also the City of West Covina and other affected parties.

Caltrans seeks to acquire portions of two areas as part of its I-10 Freeway Widening Project ("Project"). Caltrans would be condemning fee title and underlining easements and agreements, thereby eliminating all development and contractual restrictions. The two areas are: (1) the Lakes Office Development; and, (2) the Westfield Plaza (Mall) shopping center development. In both instances, the properties are improved as public parking facilities that benefit the public.

Lakes Office Development:

With regard to the Lakes property, Caltrans seeks to acquire a fee title of 7,718 square feet of land and utilize and additional 8,297 square feet within the surface parking area along the 10 Freeway as a temporary construction easement. These acquisitions will impact 85 parking spaces during the construction project (at least 2 years) which is subleased and utilized by occupants of the Lakes Office development under a Sublease Agreement with the City. Caltrans estimates that 41 permanent parking spaces would be impacted if the parking lot is reconstructed, which would need to be coordinated with private leasehold interest parties. The condemnation of property would also impact the City's lease and the City's sublease to the current property owner, and could possibly adversely affect revenues available for bond debt service.

On or about July 2011, Caltrans made an offer for acquisition of the fee title of these properties. Thereafter, concerns were raised with Caltrans about various impacts of the proposed acquisitions on the operation of the parking facilities as well as deficiencies in the appraisal. With respect to the parking impacts, Caltrans agreed to retain the services of a parking engineer to evaluate potential solutions to minimize the impacts of the Project.

On or about October 19, 2011, Caltrans gave Notice of Intent to Adopt a Resolution of Necessity to Acquire Certain Real Property by Eminent Domain at the December 2011 meeting of the California Transportation Commission ("CTC"). In response, various objections were raised including, among others, that Caltrans pre-condemnation offer failed to accurately account for the various impacts of the proposed acquisition and Project, deficiencies in the appraisal, and that Caltrans had failed to reasonably negotiate as required by law. Specifically, Caltrans did not provide a parking analysis prepared by its parking engineer until *after* it sent the Notice of Intent to Adopt Resolution of Necessity.

Thereafter, Caltrans withdrew its Notice of Intent to Adopt Resolution of Necessity at the December CTC meeting. Plans were subsequently reviewed, and after comments were provided to Caltrans, a refined conceptual plan was prepared and provided by Caltrans. That conceptual plan appears to reduce the number of spaces permanently lost (although it doesn't resolve the impacts during construction), but results in other impacts. Although Caltrans indicated that it would obtain an estimate of the cost to perform the parking re-configuration per the proposed plan, no such estimate has been provided to date. Without such an estimate, among other information to be provided by Caltrans, negotiations cannot proceed (moreover, such negotiations would not resolve the claims for compensation expected to be asserted by the owner of the office buildings).

Westfield Plaza (Mall):

With regard to the Westfield Plaza, Caltrans initially identified three parcels to be acquired: a fee parcel (24,088 square feet) and two temporary construction easement parcels (totaling 6,161 square feet). As the Caltrans take would also include the outparcel building pads (CPK, former Bob's Big Boy and AT&T), such take would have resulted in a partial take of property owned by the former redevelopment agency creating an uneconomic remnant of land of the remaining parking lot no longer serving any businesses.

Subsequently, Caltrans identified a fourth parcel (a temporary demolition easement of 5.368 square feet) and apparently changed the sizes of the other easements. Caltrans made its first offer on or about June 2011. A second offer was made on or about February 1, 2012.

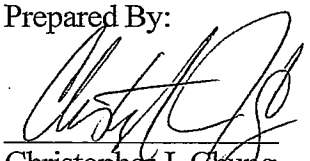
Although the first Caltrans appraisal valued the property at higher value, the second offer was for a larger piece of property but at a significantly lower valuation of only 10 percent per square foot of the original appraisal. The sale of the land to Caltrans at this low value is significantly below fair market value and if sold to Caltrans at this price could be considered to be a gift of public funds. After concerns were raised to Caltrans regarding the inconsistencies in the number and description of the parcels to be acquired, as well as deficiencies in the appraisal, Caltrans advised that it would obtain a third appraisal of the property.

However, prior to obtaining the third appraisal, on May 9, 2012, Caltrans gave Notice of Intent to Adopt a Resolution of Necessity to Acquire Certain Real Property by Eminent Domain at the CTC's June meeting. In response, various objections were raised including, among others, that Caltrans' pre-condemnation offers were inconsistent and uncertain, there were deficiencies in the appraisals, and that Caltrans had failed to reasonably negotiate as required by law. Thereafter, Caltrans withdrew its Notice of Intent to Adopt Resolution of Necessity at the June CTC meeting.

On June 5, 2012, representatives of the City of West Covina and counsel met with Caltrans with respect to both the Lakes and Westfield properties. The various issues and objections were raised and discussed at the meeting. At the end of the meeting, Caltrans again indicated that it would provide additional information/responses – including a new offer based on the third appraisal of the Westfield acquisitions. To date, however, no additional information has been received from Caltrans. It does appear that Caltrans may be making the new offer on the properties serving the Westfield Plaza (based on the third appraisal).

Presumably, after the new offer for the Westfield property is made and additional information and responses are provided with respect to the Lakes property, further negotiations with Caltrans will commence. If the parties are unable to reach a mutually agreeable resolution after further negotiations, it is anticipated that Caltrans will proceed with procedures required prior to filing an eminent domain lawsuit to seek acquisition of the required parcels.

Prepared By:



Christopher J. Chung
CDC Director

OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY

AGENDA REPORT
Item No. V - E
Date: August 23, 2012

TO: Chairman and Members of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency

FROM: Andrew G. Pasmant, City Manager/Executive Director

BY: Christopher J. Chung, Successor Agency Staff Member

SUBJECT: **UPDATE ON AMENDED LEGISLATION - ASSEMBLY BILL 1585 (PEREZ)**

RECOMMENDATION:

This is an informational item only. No action is required.

DISCUSSION:

The Oversight Board requested updates on new legislation. AB 1585 has recently amended in the Senate on August 6, 2012 and on August 13, 2012, while in committee was referred to the Senate Appropriations suspense file.

Prepared By:

Christopher J. Chung
CDC Director

Reviewed and Approved

Approved via telephone
Arnold M. Alvarez-Glasman
Successor Agency Legal Counsel

ATTACHMENTS:

Attachment No. 1: Assembly Bill 1585 as amended.

ATTACHMENT NO. 1

BILL NUMBER: AB 1585 AMENDED

AMENDED IN SENATE AUGUST 6, 2012
AMENDED IN SENATE JUNE 25, 2012
AMENDED IN SENATE JUNE 20, 2012
AMENDED IN ASSEMBLY MARCH 21, 2012
AMENDED IN ASSEMBLY MARCH 15, 2012
AMENDED IN ASSEMBLY MARCH 8, 2012

INTRODUCED BY Assembly Members John A. Pérez, Atkins, Dickinson, Hill, Mitchell, Perea, and Torres

FEBRUARY 2, 2012

An act *to amend Section 34176 of the Health and Safety Code,* relating to community development, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1585, as amended, John A. Pérez. Community development.

(1) Existing law dissolved redevelopment agencies and community development agencies. Existing law authorizes the city, county, or city and county that authorized the creation of a redevelopment agency to retain the housing assets, functions, and powers previously performed by the redevelopment agency, excluding amounts on deposit in the Low and Moderate Income Housing Fund.

This bill would transfer to the Department of Housing and Community Development the responsibility to perform housing functions in the territorial jurisdiction of a former redevelopment agency, if there is no local housing authority in that jurisdiction, the local housing authority selected does not accept the responsibility for performing housing functions, or certain local housing authorities vote, on or before February 15, 2013, to transfer that responsibility to the department due to financial hardship. The bill would create a continuously appropriated fund within the State Treasury, the State Low and Moderate Income Housing Trust Fund, for the transfer of assets of local housing funds for these purposes, as specified, thereby making an appropriation.

~~Under~~

(2) Under existing law, the Housing and Emergency Shelter Trust Fund Act of 2006, authorizes the issuance of bonds in the amount of $2,850,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds are used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, housing-related parks, and transit-oriented development administered by the Department of Housing and Community Development.

This bill would appropriate $50,000,000 of bond revenues to the Department of Housing and Community Development and from that amount, allocate $25,000,000 from the Regional Planning, Housing, and Infill

Incentive Account for infill incentive grants, and $25,000,000 from the Transit-Oriented Development Implementation Fund for transit-oriented grants and loans , *thereby making an appropriation* .

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 34176 of the Health and Safety Code is amended to read:

34176. (a) (1) The city, county, or city and county that authorized the creation of a redevelopment agency may elect to retain the housing assets and functions previously performed by the redevelopment agency. If a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a redevelopment agency, all rights, powers, duties, obligations, and housing assets, as defined in subdivision (e), excluding any amounts on deposit in the Low and Moderate Income Housing Fund and enforceable obligations retained by the successor agency, shall be transferred to the city, county, or city and county.

(2) The entity assuming the housing functions of the former redevelopment agency shall submit to the Department of Finance by August 1, 2012, a list of all housing assets that contains an explanation of how the assets meet the criteria specified in subdivision (e). The Department of Finance shall prescribe the format for the submission of the list. The list shall include assets transferred between February 1, 2012, and the date upon which the list is created. The department shall have up to 30 days from the date of receipt of the list to object to any of the assets or transfers of assets identified on the list. If the Department of Finance objects to assets on the list, the entity assuming the housing functions of the former redevelopment agency may request a meet and confer process within five business days of receiving the department objection. If the transferred asset is deemed not to be a housing asset as defined in subdivision (e), it shall be returned to the successor agency and the provision of Section 34178.8 may apply. If a housing asset has been previously pledged to pay for bonded indebtedness, the successor agency shall maintain control of the asset in order to pay for the bond debt.

(b) *(1)* If a city, county, or city and county does not elect to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, duties, and obligations associated with the housing activities of the agency, excluding enforceable obligations retained by the successor agency and any amounts in the Low and Moderate Income Housing Fund, shall be transferred as follows:

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

~~(2)~~

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

~~(3)~~

(B) If there is more than one local housing authority in the territorial jurisdiction of the former redevelopment

agency, to the local housing authority selected by the city, county, or city and county that authorized the creation of the redevelopment agency.

(C) If there is no local housing authority in the territorial jurisdiction of the former redevelopment agency or if the local housing authority selected does not accept the responsibility for performing housing functions previously performed by the former redevelopment agency, to the Department of Housing and Community Development. Funds transferred pursuant to this section shall be deposited into the State Low and Moderate Income Housing Trust Fund, which is, notwithstanding Section 13340 of the Government Code, hereby created as a continuously appropriated fund in the State Treasury, for expenditure by the Department of Housing and Community Development for the purpose of increasing the supply of low- and moderate-income housing and awarded on a competitive basis to projects within the counties in which the funds were collected. Priority shall be given to eligible projects for extremely low, very low, and low-income projects.

(2) If a local housing authority accepted the responsibility for performing housing functions of the former redevelopment agency between February 1, 2012, and December 31, 2012, and the local housing authority later determines that it will cause a financial hardship for it to continue being the entity that assumes the housing functions formerly performed by the redevelopment agency, then the local housing authority may, by a super majority vote of its commission, resolve to no longer perform this function, and all rights, powers, assets, duties, and obligations associated with the housing activities of the former redevelopment agency shall be transferred to the Department of Housing and Community Development pursuant to subparagraph (C) of paragraph (1). That determination must be made by the local housing authority on or before February 15, 2013.

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

(d) Except as specifically provided in Section 34191.4, any funds transferred to the city, county, or city and county or designated entity pursuant to this section, together with any funds generated from housing assets, as defined in subdivision (e), shall be maintained in a separate Low and Moderate Income Housing Asset Fund which is hereby created in the accounts of the entity assuming the housing functions pursuant to this section. Funds in this account shall be used in accordance with applicable housing-related provisions of the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(e) For purposes of this part, "housing asset" includes all of the following:

(1) Any real property, interest in, or restriction on the use of real property, whether improved or not, and 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.

(2) Any funds that are encumbered by an enforceable obligation to build or acquire low- and moderate-income housing, as defined by the

Community Redevelopment Law (Part 1 (commencing with Section 33000)) unless required in the bond covenants to be used for repayment purposes of the bond.

(3) Any loan or grant receivable, funded from the Low and Moderate Income Housing Fund, from homebuyers, homeowners, nonprofit or for-profit developers, and other parties that require occupancy by persons of low or moderate income as defined by the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(4) Any funds derived from rents or operation of properties acquired for low- and moderate-income housing purposes by other parties that were financed with any source of funds, including residual receipt payments from developers, conditional grant repayments, cost savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

(5) A stream of rents or other payments from housing tenants or operators of low- and moderate-income housing financed with any source of funds that are used to maintain, operate, and enforce the affordability of housing or for enforceable obligations associated with low- and moderate-income housing.

(6) (A) Repayments of loans or deferrals owed to the Low and Moderate Income Housing Fund pursuant to subparagraph (G) of paragraph (1) of subdivision (d) of Section 34171, which shall be used consistent with the affordable housing requirements in the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(B) Loan or deferral repayments shall not be made prior to the 2013-14 fiscal year. Beginning in the 2013-14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this paragraph and subdivision (b) of Section 34191.4 combined shall be equal to one-half of the increase between the amount distributed to taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012-13 base year. Loan or deferral repayments made pursuant to this paragraph shall take priority over amounts to be repaid pursuant to subdivision (b) of Section 34191.4.

(f) If a development includes both low- and moderate-income housing that meets the definition of a housing asset under subdivision (e) and other types of property use, including, but not limited to, commercial use, governmental use, open space, and parks, the oversight board shall consider the overall value to the community as well as the benefit to taxing entities of keeping the entire development intact or dividing the title and control over the property between the housing successor and the successor agency or other public or private agencies. The disposition of those assets may be accomplished by a revenue-sharing arrangement as approved by the oversight board on behalf of the affected taxing entities.

(g) (1) (A) The entity assuming the housing functions pursuant to this section may designate the use of and commit indebtedness obligation proceeds that remain after the satisfaction of enforceable obligations that have been approved in a Recognized Obligation Payment Schedule and that are consistent with the indebtedness obligation covenants. The proceeds shall be derived from indebtedness obligations that were issued for the purposes of affordable housing prior to January 1, 2011, and were backed by the Low and Moderate Income Housing Fund. Enforceable obligations may be satisfied by the creation of reserves for the projects that are the subject of the enforceable obligation that are consistent with the contractual obligations for those projects, or by expending funds to complete the

projects.

(B) The entity assuming the housing functions pursuant to this section shall provide notice to the successor agency of any designations of use or commitments of funds specified in subparagraph (A) that it wishes to make at least 20 days before the deadline for submission of the Recognized Obligation Payment Schedule to the oversight board. Commitments and designations shall not be valid and binding on any party until they are included in an approved and valid Recognized Obligation Payment Schedule. The review of these designations and commitments by the successor agency, oversight board, and Department of Finance shall be limited to a determination that the designations and commitments are consistent with bond covenants and that there are sufficient funds available.

(2) Funds shall be used and committed in a manner consistent with the purposes of the Low and Moderate Income Housing Asset Fund. Notwithstanding any other law, the successor agency shall retain and expend the excess housing obligation proceeds at the discretion of the succeeding housing entity, provided that the successor agency ensures that the proceeds are expended in a manner consistent with the indebtedness obligation covenants and with any requirements relating to the tax status of those obligations. The amount expended shall not exceed the amount of indebtedness obligation proceeds available and such expenditure shall constitute the creation of excess housing proceeds expenditures to be paid from the excess proceeds. Excess housing proceeds expenditures shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

~~SECTION 1.~~ *SEC. 2.* The sum of fifty million dollars ($50,000,000) is hereby appropriated to the Department of Housing and Community Development as follows:

(a) Twenty-five million dollars ($25,000,000) from the Regional Planning, Housing, and Infill Incentive Account established pursuant to subdivision (b) of Section 53545 of the Health and Safety Code, for the purpose of funding infill incentive grants pursuant to Section 53545.13 of the Health and Safety Code.

(b) Twenty-five million dollars ($25,000,000) from the Transit-Oriented Development Implementation Fund established pursuant to subdivision (c) of Section 53545 of the Health and Safety Code, for the purpose of funding transit-oriented grants and loans pursuant to Part 13 (commencing with Section 53560) of Division 31 of the Health and Safety Code.