

Oversight Board of the Successor Agency for South Gate Community Development Commission Regular Meeting Agenda

Monday, August 27, 2012 at 10:00 a.m.

CALL TO ORDER: W.H. (Bill) De Witt, Chair
PLEDGE OF ALLEGIANCE: Carmen Avalos, Secretary
ROLL CALL: Carmen Avalos, Secretary

CHAIR
W.H. (Bill) De Witt

VICE CHAIR
R. Suzie Payne

BOARD MEMBERS
Abel Torres
Wally G. Shidler
Alina Bokde

David Verdugo
Mitchell D. Liday

SECRETARY
Carmen Avalos

**ASSISTANT CITY
MANAGER/FINANCE
DIRECTOR**
Bryan Cook

Materials related to an item on this Agenda submitted to the Oversight Board after distribution of the agenda packet are available for public inspection in the City Clerk's Office

8650 California Avenue, South Gate, California 90280

(323) 563-9510 * fax (323) 563-5411 * www.cityofsouthgate.org

In compliance with the American with Disabilities Act, if you need special assistance to participate in the Oversight Board Meetings, please contact the Office of the City Clerk. Notification 48 hours prior to the Oversight Board Meeting will enable the City to make reasonable arrangements to assure accessibility.

MEETING COMPENSATION DISCLOSURE

Government Code Section 54952.3: Disclosure of compensation for meeting attendance by (Oversight Board Members) is \$0 monthly regardless of the amount of meetings.

OPEN SESSION AGENDA

1. Oversight Board Review and Approval of the Successor Agency’s Proposed Administrative Budget for the Six-Month Fiscal Period of January 1, 2013 to June 30, 2013

The Board Members will consider:

- a. Approving the Successor Agency’s proposed Administrative Budget for the period January 1, 2013 to June 30, 2013 pursuant to Section 34177(j) of the Dissolution Act; and
- b. Adopting a **Resolution** _____ approving the Successor Agency’s Proposed Administrative Budget for the Period January 1, 2013 to June 30, 2013 pursuant to Health and Safety Code Section 34177(j) of the Dissolution Act.

2. Oversight Board Review and Approval of Loan Agreement between City of South Gate and Successor Agency to the Community Development Commission of the City of South Gate

The Board Members will consider:

- a. Approving a Loan Agreement (**Contract** _____) by and between the City of South Gate and the Successor Agency to the Community Development Commission of the City of South Gate (“Successor Agency”). The Loan Agreement designates the funds appropriated from the City’s General Fund as a loan to be repaid by the Successor Agency; and
- b. Adopting a **Resolution** _____ approving the Successor Agency’s proposed third Administrative Budget for the six-month fiscal period of January 1, 2013 to June 30, 2031 pursuant to Section 34177(j) of the Dissolution Act.

3. Oversight Board Review and Approval of Draft Third Recognized Obligation Payment Schedule for Fiscal Period January 1, 2013 to June 30, 2013

The Board Members will consider:

- a. Approving the third Recognized Obligation Payment Schedule (“ROPS”), subject to submittal to and review by Department of Finance (DOF) and if modification of ROPS is required by DOF, the Finance Director and his designees shall be authorized to make augmentations, modifications, additions or revisions as may be necessary; and
- b. Adopting a Resolution _____ approving the Third Recognized Obligation Payment Schedule for the Period January 1, 2013 to June 30, 2013, subject to submittal to, and review by the DOF pursuant to California Health and Safety Code, Division 24, Part 1.85, as Amended by Assembly Bill 1484; Authorize Posting and Transmittal Thereof.

4. Accountant Selection for Due Diligence Reviews and Communications with Department of Finance and County Auditor-Controller Update Report

The Board Members will consider receiving and filing a report from the Successor Agency staff regarding the selection of Lance Soll and Lunghard LLP as the licensed accountant for the due diligence reviews to be conducted pursuant to Section 34179.5, which accounting firm has been approved by the County Auditor-Controller; and receive an update regarding communications with the Department of Finance and County Auditor-Controller.

5. Minutes

The Board Members will consider approving the minutes from the Regular Oversight Board Meeting of August 13, 2012.

6. Comments from the Audience

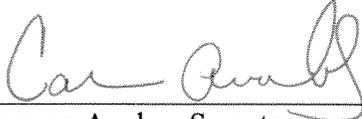
At this time if any member of the audience wishes to address the Board, they may do so as long as the matter is not listed on this agenda.

7. Reports and Comments from the Oversight Board Members

During this time, members of the Oversight Board will have an opportunity to comment on matters not on the agenda.

8. Adjournment

I, Carmen Avalos, Secretary, certify that a true and correct copy of the foregoing Meeting Agenda was posted on August 22, 2012 at 5:00 p.m., as required by law.



Carmen Avalos, Secretary

AGENDA REPORT

Oversight Board of the Successor Agency to the Community Development Commission of the City of South Gate

MEETING DATE: August 27, 2012

SUBJECT/ACTION: OVERSIGHT BOARD REVIEW AND APPROVAL OF
SUCCESSOR AGENCY'S PROPOSED ADMINISTRATIVE
BUDGET FOR THE SIX-MONTH PERIOD JANUARY 1, 2013 TO
JUNE 30, 2013



PROPOSED AND RECOMMENDED ACTION

1. Approve the Successor Agency's proposed Administrative Budget for the period January 1, 2013 to June 30, 2013 pursuant to Section 34177(j) of the Dissolution Act.
2. Adopt Oversight Board Resolution No. 2012-__ Approving the Successor Agency's Proposed Administrative Budget for the Period January 1, 2013 to June 30, 2013 Pursuant to Health and Safety Code Section 34177(j) of the Dissolution Act

(Note: Pursuant to Section 34179(h) as amended by Assembly Bill 1484 effective June 27, 2012, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; subject to and pursuant to Section 34177(m) as to each ROPS submitted to the DOF of which an administrative budget is a part, the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations on each ROPS submitted no later than 45 days after submittal.)

BACKGROUND AND DISCUSSION

The Dissolution Act, Parts 1.8 and 1.85 of the California Health and Safety Code, as modified by the Supreme Court's opinion in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 and as amended by Assembly Bill 1484 chaptered and effective June 27, 2012, in particular Section 34177(j), requires the Successor Agency to the Community Development Commission of the City of South Gate ("Successor Agency") to prepare a proposed "Administrative Budget" for the period concurrent with the six-month fiscal period of each Recognized Obligation Payment Schedule ("ROPS"). To date the Successor Agency previously prepared and approved and

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the Oversight Board reviewed and approved Administrative Budgets through December 31, 2012.

Pursuant to AB 1484, each ROPS includes a line item for the Successor Agency's Administrative Budget for the applicable period and AB 1484 requires that the third ROPS for the period January 1, 2013 to June 30, 2013 shall be approved by the Successor Agency and Oversight Board and submitted to the State Department of Finance ("DOF") by September 1, 2012.

The Successor Agency has approved and now submits to the Oversight Board its proposed Administrative Budget for the period January 1, 2013 to June 30, 2013. Pursuant to Section 34177(j) as amended by AB 1484, an Administrative Budget is to include all of the following: (a) estimated amounts of the Successor Agency's administrative costs for the upcoming six-month fiscal period (here, January 1, 2013 to June 30, 2013 per AB 1484); (b) the proposed sources of payment for the costs identified in (a); and (c) proposals for arrangements for administrative and operations services provided by the City to the Successor Agency.

The proposed administrative budget is limited to the maximum cap on the annual administrative allowance of \$250,000 (which in South Gate's case is more than 3 percent of the ROPS obligations), and incorporates direct and indirect costs for City staff and resources, legal services, and consulting services necessary to carryout the Dissolution Act. The \$250,000 budget must be adequate to meet the costs for administration for ROPS II (July – December, 2012) and ROPS III (January – June 2013). Although the DOF approved the overall ROPS budget of \$250,000 for ROPS II and III, no funding was available to the Successor Agency for these costs due to insufficient funds in the RPTTF for the July-December 2012 period. As a result, the Successor Agency and City Council may enter into a reimbursement agreement to cover this and other shortfalls on ROPS II, subject to review and approval by the Oversight Board and DOF.

Attached is the proposed Successor Agency Administrative Budget submitted to the Oversight Board of the Successor Agency for approval. Under Section 34177(k), the Successor Agency would then provide to the County of Los Angeles Auditor-Controller ("CAC") the administrative cost estimates from the approved Administrative Budget that are to be paid from property tax revenues deposited into the Redevelopment Property Tax Trust Fund for such period.

Pursuant to Section 34179(h) as amended by Assembly Bill 1484, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; provided however, pursuant to Section 34177(m) as to each ROPS submitted to the DOF of which an Administrative Budget is a part, the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations on each ROPS submitted no later than 45 days after submittal.

Respectfully submitted,

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Successor Agency to the
Community Development Commission of
the City of South Gate

Attachments:

1. Proposed Administrative Budget for January 1, 2013 to June 30, 2013
2. Oversight Board Resolution No. 2012-__

ATTACHMENT 2

Oversight Board Resolution No. 2012-_____

(attached)

OVERSIGHT BOARD RESOLUTION NO. 2012-__

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE APPROVING THE SUCCESSOR AGENCY'S PROPOSED ADMINISTRATIVE BUDGET FOR THE PERIOD JANUARY 1, 2013 TO JUNE 30, 2013 PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(j)

WHEREAS, the Community Development Commission of the City of South Gate ("Agency") previously was a public body, corporate and politic formed, organized, existing and exercising its powers pursuant to Section 34100, *et seq.* of the California Health and Safety Code, and exercised the powers, authority, functions, jurisdiction of a community redevelopment agency formed, organized, existing and exercising its powers pursuant to the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.* ("CRL"), and specifically formed by the City Council ("City Council") of the City of South Gate ("City"); and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 chaptered and effective on June 27, 2012 (together, the "Dissolution Act"); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity the City serves as the Successor Agency to the Community Development Commission of the City of South Gate ("Successor Agency"); and

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, pursuant to Section 34179 the Successor Agency's Oversight Board has been formed and the initial meeting has occurred on April 23, 2012; and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, Section 34177(j) requires the Successor Agency to prepare a proposed administrative budget covering the period from January 1, 2013 to June 30, 2013 and submit it to the Oversight Board for approval; and

WHEREAS, pursuant to Section 34177(j), the Successor Agency's "Administrative Budget" is to include all of the following: (a) estimated amounts of the Successor Agency's administrative costs for the up-coming six-month fiscal period; (b) the proposed sources of payment for the costs identified in (a); and (c) proposals for arrangements for administrative and operations services provided by the city serving as Successor Agency; and

WHEREAS, the Successor Agency's proposed Administrative Budget for the period January 1, 2013 to June 30, 2013 has been submitted to the Oversight Board for its review and approval; and

WHEREAS, the Administrative Budget, as approved by the Oversight Board, will be provided to the County of Los Angeles Auditor-Controller pursuant to Section 34177(k) so that the Successor Agency's estimated administrative costs in the approved Administrative Budget will be paid from property tax revenues deposited into the Redevelopment Property Tax Trust Fund for the applicable six-month period; and

WHEREAS, the Oversight Board has reviewed the Successor Agency's proposed Administrative Budget for the period January 1, 2013 to June 30, 2013 and desires to approve such Administrative Budget and to authorize the Successor Agency, to cause posting of this Resolution on the Successor Agency website, and to direct transmittal thereof to the County Auditor-Controller and Department of Finance ("DOF"); and

WHEREAS, pursuant to Section 34179(h) as amended by Assembly Bill 1484, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; provided however, that pursuant to Section 34177(m) as to each ROPS submitted, which includes a line item for the Administrative Budget, the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations thereon no later than 45 days after submittal.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE:

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

Section 2. Pursuant to the Dissolution Act, the Oversight Board approves the Administrative Budget for the period January 1, 2013 to June 30, 2013 submitted herewith as Attachment 1, which is incorporated herein by this reference.

Section 3. The Oversight Board authorizes transmittal of the Administrative Budget for the period January 1, 2013 to June 30, 2013 to the County Auditor-Controller and DOF.

Section 4. The Finance Director of the Successor Agency or an authorized designee is directed to post this Resolution on the Successor Agency website pursuant to the Dissolution Act.

Section 5. Pursuant to Section 34179(h) as amended by Assembly Bill 1484, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; provided however, that pursuant to Section 34177(m) as to each ROPS submitted, which includes a line item for the

Administrative Budget, DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations thereon no later than 45 days after submittal.

Section 6. The Secretary of the Oversight Board shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 27th day of August 2012.

W.H. (Bill) De Witt, Chair
Oversight Board to the Successor Agency to the
Community Development Commission of the City
of South Gate

(SEAL)

ATTEST:

Carmen Avalos, Secretary
Oversight Board of the Successor Agency
to the Community Development Commission of the City of South Gate

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SOUTH GATE)

I, Carmen Avalos, Secretary of the Oversight Board to the Successor Agency to the Community Development Commission of the City of South Gate, hereby certify that the foregoing resolution was duly adopted by the Oversight Board at a regular meeting held on the 27th day of August 2012, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

Carmen Avalos, Secretary
Oversight Board to the Successor Agency to the
Community Development Commission of the City
of South Gate

(SEAL)

ATTACHMENT 1
to Oversight Board Resolution No. 2012-_____

Successor Agency Administrative Budget
for the Period January 1, 2013 to June 30, 2013

Successor Agency Administrative Budget - July 12-June 2013
 City of South Gate

Task by Personnel	Name	1 Lefever, S 92	2 Troccoli, G 94	3 Cook, B 79	7 Avalos, C 54	5 Ruiz, N 55	6 Castillo, E 44	Total Hours	Subtotal Staff Costs	Attorneys Various Actual	Consultant RSG Actual	Auditor	Trustee	Other	Total
1 Admin Allocation		-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174,567	\$ 174,567
Rent & Utilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Publications		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oversight Board Room Rental		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Postage, Telephone, Utilities for rental properties)		-	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500
3 Property Maintenance		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 County Correspondence/Communication		5	-	10	-	10	-	25	1,806	-	-	-	-	-	1,806
10 State Correspondence/Communication		5	-	10	-	10	-	25	1,806	-	-	-	-	-	1,806
11 Prepare ROPS		-	-	10	-	10	-	20	1,347	-	17,500	-	-	-	18,847
12 Prepare Admin Budget		-	-	10	-	10	-	20	1,347	-	-	-	-	-	1,347
13 Oversight Board Staff Support		5	-	10	-	10	-	25	1,806	-	17,500	-	-	-	19,306
14 Management of Dissolution Activities		-	-	10	-	-	-	10	794	-	-	-	-	-	794
15 Management of Consultants/Experts		5	-	10	10	-	-	25	1,791	-	-	-	-	-	1,791
16 Creation/Management of Required Contracts		5	-	10	10	-	-	25	1,791	-	-	-	-	-	1,791
17 Management of Grants/Other Revenues		-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Annual Reporting		-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Legal Services		-	-	-	-	-	-	-	-	10,000	-	-	-	-	10,000
20 Bill Payment/Reserves Management		-	-	-	-	15	-	15	828	-	-	-	-	-	828
21 Manage/Monitor Financial Reserves		-	-	-	-	15	-	15	828	-	-	-	-	-	828
22 Modification of Loans/Bonds as Approved		-	-	10	-	10	-	20	1,347	-	-	-	-	-	1,347
23 Communication with Taxing Entities		5	-	10	-	10	-	25	1,806	-	-	-	-	-	1,806
24 Transfer of Housing Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
25 Oversight of Asset Liquidation		-	-	-	-	-	-	-	-	-	-	-	-	-	-
26 Payroll		-	-	-	10	-	-	10	536	-	-	-	-	-	536
27 Public Records Requests		-	-	-	15	-	-	15	804	-	-	-	-	-	804
28 Legislative Analysis		-	-	10	-	-	-	10	794	-	-	-	-	-	794
29 Audit		-	-	-	-	-	-	-	-	-	9,500	-	-	-	9,500
	Coets	30	-	110	45	100	-	285	\$ 19,433	\$ 10,000	\$ 35,000	\$ 9,500	\$ -	\$ 176,067	\$ 250,000 Total
		\$ 2,759	\$ -	\$ 8,738	\$ 2,413	\$ 5,522	\$ -								20,833 Monthly

Staff time - City's Administrative Costs	\$ 194,000
Consultant-(Support) (Actual)	35,000
Attorney's -Various-(Actual)	10,000
Audit-Actual	9,500
Postage, Telephone, Utilities (Actual)	1,500
Successor Agency's Administrative Costs	250,000

Total Admin Allowance from ROPS 2 125,000 (Subject to advance from City General Fund and approval of reimbursement agreement)
 Net Admin Allowance/Budget for ROPS 3 125,000

AGENDA REPORT

Oversight Board of the Successor Agency to the Community Development Commission of the City of South Gate

MEETING DATE: August 27, 2012

SUBJECT/ACTION: APPROVAL OF LOAN AGREEMENT BETWEEN CITY AND
SUCCESSOR AGENCY



PROPOSED AND RECOMMENDED ACTION

1. Approve a Loan Agreement by and between the City of South Gate and the Successor Agency to the Community Development Commission of the City of South Gate ("Successor Agency"). The Loan Agreement designates the funds appropriated from the City's General Fund as a loan to be repaid by the Successor Agency; and
2. Adopt Oversight Board Resolution No. 2012 _____ approving the Successor Agency's proposed third Administrative Budget for the six-month fiscal period of January 1, 2013 to June 30, 2031 pursuant to Section 34177(j) of the Dissolution Act.

(Note: Pursuant to Section 34179(h) as amended by Assembly Bill 1484 effective June 27, 2012, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; subject to and pursuant to Section 34177(m) as to each ROPS submitted to the DOF of which the loan agreement is a part, the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations on each ROPS submitted no later than 45 days after submittal.)

BACKGROUND AND DISCUSSION

On June 29, 2011, the Governor signed into law Assembly Bill ("AB") x1 26. The California Supreme Court upheld the constitutionality of ABx1 26 on December 29th, 2011. These actions effectively eliminated all redevelopment agencies in the State of California as of February 1, 2012. The City of South Gate elected to become the Successor Agency for the Community Development Commission ("CDC") of the City of South Gate and is responsible for winding down the affairs of the CDC, with oversight from its Oversight Board.

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On June 1, 2012, the Successor Agency received a Redevelopment Property Tax Trust Fund ("RPTTF") distribution of \$3,730,180 to fund \$4,182,594 in approved RPTTF obligations. Because of this funding shortfall, the Successor Agency anticipates a deficit of \$452,414 for the July – December 2012 ROPS.

H&SC Section 34173(h) authorizes the City to loan funds to the Successor Agency for administrative costs, enforceable obligations, or project-related expenses at its discretion. In order to facilitate and cause payment by the Successor Agency all of its enforceable obligations for the period July - December 2012, the Successor Agency desires to enter into this Loan Agreement with the City. The Loan will be reflected on the Agency's Recognized Obligation Payment Schedule ("ROPS") if approved by the Oversight Board.

It is respectfully requested that the Oversight Board approve the attached Loan Agreement between the City of South Gate and the Successor Agency to the Community Development Commission of the City of South Gate to establish an enforceable obligation in order to fund enforceable obligations listed on the July 2012 — December 2012 ROPS. If approved, the Loan Agreement would be sent to the City Council for their consideration on August 28, 2012, and the Department of Finance for their consideration and possible review.

Respectfully submitted,

Successor Agency to the
Community Development Commission of the City of South Gate

- Attachments: 1. Loan Agreement between the City of South Gate and the Successor Agency to the Community Development Commission of the City of South Gate
2. Oversight Board Resolution No. 2012-__

ATTACHMENT 1

Proposed Loan Agreement between the City of South Gate and the Successor Agency to the Community Development Commission of the City of South Gate

(attached)

**LOAN AGREEMENT BETWEEN CITY OF SOUTH GATE AND
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF SOUTH GATE**

This **LOAN AGREEMENT** ("Agreement") is entered into and effective as of August __, 2012 and is made by and between the **CITY OF SOUTH GATE**, a municipal corporation ("City") and the **SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE**, a public body corporate and politic ("Successor Agency").

RECITALS

A. The City is a municipal corporation organized and operating under the laws of the State of California.

B. The Successor Agency is a public entity corporate and politic, organized and operating under Part 1.85 of Division 24 of the California Health and Safety Code ("H&SC").

C. H&SC Section 34177(a) permits the Successor Agency to make payments due for enforceable obligations.

D. H&SC Section 34177(l) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period that lists its enforceable obligations.

E. The Successor Agency adopted a ROPS for the July to December 2012 period ("ROPS II"), which was approved by the Oversight Board on April 30, 2012 and by the California Department of Finance on May 31, 2012.

F. On June 1, 2012, the County of Los Angeles Auditor-Controller remitted \$3,730,180 in Redevelopment Property Tax Trust Fund ("RPTTF") money to the Successor Agency to fund \$4,182,594 in enforceable obligations approved on ROPS II. The Successor Agency anticipates a budget shortfall of \$452,414 between July 1, 2012 and December 31, 2012.

G. H&SC Section 34173(h) provides that the City may loan funds to the Successor Agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, and that the loan must be reflected on the Successor Agency's Recognized Obligation Payment Schedule ("ROPS"), which is subject to the approval of the Successor Agency's Oversight Board. Further H&SC Sections 34178 and 34180 also authorize certain contracts to be entered into between the Successor Agency and the City, as its sponsoring community.

H. Relying on this authority, the City is prepared to extend a temporary loan ("Loan") to the Successor Agency in an amount not to exceed FOUR HUNDRED FIFTY-TWO THOUSAND AND FOUR HUNDRED AND FOURTEEN DOLLARS (\$452,414.00) ("Loan Amount") to be used to pay for enforceable obligations listed on ROPS II.

I. The Successor Agency, in preparing the Recognized Obligation Payment Schedule for the January to June 2013 period ("ROPS III"), will list the Loan as an enforceable obligation.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the City and Successor Agency agree as follows:

Section 1. *Recitals.* The City and Successor Agency represent and warrant to each other that each of the respective recitals is true and correct and is hereby incorporated into this Agreement by reference as if fully set forth.

Section 2. *Loan.* Provided that the loan conditions set forth in Section 4 are satisfied, the City shall use City general funds to provide the Successor Agency with the Loan in an amount not to exceed \$452,414.00 on or before December 31, 2012.

Section 3. *Use of Loan.* The Successor Agency shall use the Loan to pay for enforceable obligations on ROPS II.

Section 4. *Loan Conditioned on Oversight Board Approval.* Prior to making the Loan described in Section 2, the Successor Agency shall present such contract to the Oversight Board for its review and approval of this Agreement in conformity with H&SC Sections 34179(h) and 34180.

Section 5. *Source of Repayment; Limited Subordination.*

(A) Except as provided in paragraph (B) below of this Section 5, the Loan shall be repaid on par with any enforceable obligations falling within H&SC Section 34183(a)(2)(C) (debts not qualifying as tax allocation bonds and certain revenue bonds).

(B) The City hereby agrees to defer payment on the Loan during a six-month period covered by a ROPS to the extent that repayment in that period would leave insufficient funds to the Successor Agency to satisfy other contractual obligations covered by H&SC Section 34183(a)(2)(C) which: (i) are due in that six-month period; and (ii) were in existence as of the date of this Agreement.

(C) Unless legally prohibited or waived by the City, any portion of the unpaid Loan shall also be repaid from other revenues available to the Successor Agency, such as the proceeds of asset sales and rents. These payments shall augment and supplement the required payments described in paragraph (A).

Section 6. *Placement of Loan Obligation on the Successor Agency's ROPS III.* Provided that this Agreement is approved by the Oversight Board (and City and Successor Agency), the Successor Agency shall prepare and approve a ROPS III or amended ROPS III that includes this Agreement as a listed enforceable obligation. The amount of that listed enforceable obligation shall be the Loan Amount (or such lesser amount as may be actually advanced to the Successor Agency). The Agreement shall be included on each successive ROPS for the Successor Agency until the City is repaid the full Loan Amount.

Section 7. *Term.* This Agreement shall be in full force and effect from the date hereof until such time as the entire amount of the Loan has been repaid in full.

Section 8. *Entire Agreement.* This Agreement constitutes the entire agreement by and between the parties with respect to the subject matter of this Agreement, and may be amended only in writing.

Section 9. *Remedies.* In the event of a default, the parties hereto shall be entitled to pursue any and all remedies available at law or equity under California law for purposes of enforcing the terms and conditions of this Agreement.

[Signature blocks for Loan Agreement on next page]

[Loan Agreement continued from previous page]

APPROVED AND EXECUTED by signature of the authorized representatives of each of the parties on _____, 2012.

CITY:

CITY OF SOUTH GATE, a municipal corporation

By: _____
Bryan Cook
Assistant City Manager/Finance Director

ATTEST:

By: _____
Carmen Avalos, City Clerk

APPROVED AS TO FORM:

By: _____
Raul F. Salinas, Esq., City Attorney

SUCCESSOR AGENCY:

SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE, a public body, corporate and politic

By: _____
Bryan Cook
Assistant City Manager/Finance Director

ATTEST:

By: _____
Carmen Avalos, City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

By: _____
Counsel to the Successor Agency

ATTACHMENT 2

Oversight Board Resolution No. 2012-____

(attached)

OVERSIGHT BOARD RESOLUTION NO. 2012-__

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE APPROVING THE LOAN AGREEMENT BETWEEN THE CITY OF SOUTH GATE AND THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE

WHEREAS, The City of South Gate ("City") is a municipal corporation organized and operating under the laws of the State of California; and

WHEREAS, The Successor Agency of the Community Development Commission of the City of South Gate ("Successor Agency") is a public entity corporate and politic, organized and operating under Part 1.85 of Division 24 of the California Health and Safety Code ("H&SC"); and

WHEREAS, H&SC Section 34177(a) permits the Successor Agency to make payments due for enforceable obligations; and

WHEREAS, H&SC Section 34177(l) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period that lists its enforceable obligations; and

WHEREAS, The Successor Agency adopted a ROPS for the July to December 2012 period ("ROPS II"), which was approved by the Oversight Board on April 30, 2012 and by the California Department of Finance on May 31, 2012; and

WHEREAS, On June 1, 2012, the County of Los Angeles Auditor-Controller remitted \$3,730,180 in Redevelopment Property Tax Trust Fund ("RPTTF") money to the Successor Agency to fund \$4,182,594 in enforceable obligations approved on ROPS II. The Successor Agency anticipates a budget shortfall of \$452,414 between July 1, 2012 and December 31, 2012; and

WHEREAS, H&SC Section 34173(h) provides that the City may loan funds to the Successor Agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, and that the loan must be reflected on the Successor Agency's Recognized Obligation Payment Schedule ("ROPS"), which is subject to the approval of the Successor Agency's Oversight Board. Further H&SC Sections 34178 and 34180 also authorize certain contracts to be entered into between the Successor Agency and the City, as its sponsoring community; and

WHEREAS, Relying on this authority, the City is prepared to extend a temporary loan ("Loan") to the Successor Agency in an amount not to exceed FOUR HUNDRED FIFTY-TWO THOUSAND AND FOUR HUNDRED AND FOURTEEN DOLLARS (\$452,414.00) ("Loan Amount") to be used to pay for enforceable obligations listed on ROPS II; and

WHEREAS, The Successor Agency, in preparing the Recognized Obligation Payment Schedule for the January to June 2013 period ("ROPS III"), will list the Loan as an enforceable obligation.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE:

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

Section 2. Pursuant to the Dissolution Act, the Oversight Board approves the Loan Agreement between the City and Successor Agency, in the form attached hereto and authorizes the Successor Agency to list this obligation on the third ROPS to be submitted to the Department of Finance.

Section 3. Pursuant to Section 34179(h) as amended by Assembly Bill 1484, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; provided however, that pursuant to Section 34177(m) as to each ROPS submitted the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations thereon no later than 45 days after submittal.

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

APPROVED AND ADOPTED this 27th day of August 2012.

W.H. (Bill) De Witt, Chair
Oversight Board to the Successor Agency to the
Community Development Commission of the City
of South Gate

(SEAL)

ATTEST:

Carmen Avalos, Secretary
Oversight Board of the Successor Agency
to the Community Development Commission of the City of South Gate

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SOUTH GATE)

I, Carmen Avalos, Secretary of the Oversight Board to the Successor Agency to the Community Development Commission of the City of South Gate, hereby certify that the foregoing resolution was duly adopted by the Oversight Board at a regular meeting held on the 27th day of August 2012, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

Carmen Avalos, Secretary
Oversight Board to the Successor Agency to the
Community Development Commission of the City
of South Gate

(SEAL)

AGENDA REPORT

Oversight Board of the Successor Agency to the Community Development Commission of the City of South Gate

MEETING DATE: August 27, 2012

SUBJECT/ACTION: REVIEW AND APPROVAL OF THIRD RECOGNIZED
OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE
FISCAL PERIOD JANUARY 1, 2013 TO JUNE 30, 2013



PROPOSED AND RECOMMENDED ACTION

1. Approve the third Recognized Obligation Payment Schedule ("ROPS"), subject to submittal to and review by DOF and if modification of ROPS is required by DOF, the Finance Director and his designees shall be authorized to make augmentations, modifications, additions or revisions as may be necessary.
2. Adopt Oversight Board Resolution No. 2012-__ Approving the Third Recognized Obligation Payment Schedule for the Period January 1, 2013 to June 30, 2013, Subject to Submittal to, and Review by the DOF pursuant to California Health and Safety Code, Division 24, Part 1.85, as Amended by Assembly Bill 1484; Authorize Posting And Transmittal Thereof

(Note: pursuant to Section 34177(m) for each ROPS submitted to the DOF, the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations on each ROPS submitted no later than 45 days after submittal.)

BACKGROUND AND DISCUSSION

The Successor Agency to the Community Development Commission of the City of South Gate is performing its functions under the Dissolution Act, Parts 1.8 and 1.85 of the Health and Safety Code, as amended by Assembly Bill 1484 chaptered June 27, 2012, to administer the enforceable obligations and otherwise unwind the former Agency's affairs, all subject to the review and approval by the seven-member Oversight Board.

At prior meetings of the Oversight Board, pursuant to the Dissolution Act the first two Recognized Obligation Payment Schedules ("ROPS") were approved and thereafter submitted to the DOF, and ultimately approved with modifications. Pursuant to Section 34171(g) of Part 1.85, a "Recognized Obligation Payment Schedule" means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in subdivision (m) of Section 34177. Under the dates in the Dissolution Act as amended by AB 1484, the

Successor Agency is required to consider and adopt its third Recognized Obligation Payment Schedule ("ROPS") on or before September 1, 2012.

Section 34177(l) of Part 1.85 requires the Successor Agency to take actions with regard to the Recognized Obligation Payment Schedule ("ROPS") as follows:

- "(l)(1) Before each six-month fiscal period, prepare a Recognized Obligation Payment Schedule in accordance with the requirements of this paragraph. For each recognized obligation, the Recognized Obligation Payment Schedule shall identify one or more of the following sources of payment:
 - (A) Low and Moderate Income Housing Fund.
 - (B) Bond proceeds.
 - (C) Reserve balances.
 - (D) Administrative cost allowance.
 - (E) The Redevelopment Property Tax Trust Fund, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provisions of this part.
 - (F) Other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board in accordance with this part.
- (2) A Recognized Obligation Payment Schedule shall not be deemed valid unless all of the following conditions have been met:
 - (A) A Recognized Obligation Payment Schedule is prepared by the successor agency for the enforceable obligations of the former redevelopment agency. ...
 - (B) The Recognized Obligation Payment Schedule is submitted to and duly approved by the oversight board. The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the Recognized Obligation Payment Schedule to the oversight board for approval.
 - (C) A copy of the approved Recognized Obligation Payment Schedule is submitted to the county auditor-controller and both the Controller's office and the Department of Finance and be posted on the successor agency's Internet Web site.
- (3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months. ..."

The draft third ROPS is included as Attachment 1. to this agenda report and includes comparable listings of Enforceable Obligations in the DOF-approved first and second ROPS. During the presentation of this agenda item, Successor Agency staff will explain the ROPS and update the Oversight Board about its communications with the DOF and CAC in implementation of the Dissolution Act, including AB 1484. As required by AB 1484, the third ROPS is prepared in the specific format prescribed and posted by the State Department of

Agenda Report
August 27, 2012

Finance ("DOF") on August 9, 2012. This format is different than the earlier versions of the ROPS reviewed by the Successor Agency and Oversight Board.

The third ROPS reflects enforceable obligations for the six-month period beginning January 1, 2013. The Fiscal Year totals include amounts from the second ROPS (July-December 2012), though the primary focus of the ROPS is on the amount of obligations due for the January-June period. These obligations include:

Agenda Report
August 27, 2012

Category	Items	Total Amount for ROPS III
Bond Payments HSC 34171(d)(1)(A)	1) Tax Allocation Bonds - 2002 2) Tax Allocation Bonds - 2003 4) 2002 COP Series A & B 5) and 6) Bond Trustee Fees 7) Trustee Fees 8) Continuing Disclosure Services	\$1,800,494
Loan Payments HSC 34171(d)(1)(B)	3) HUD Section 108 Loan	\$75,231
Payments Required by State or Federal Law HSC 34171(d)(1)(C)	None	None
Judgments or Settlements HSC 34171(d)(1)(D)	None	None
Legally Binding Agreement or Contract HSC 34171(d)(1)(E)	None	None
Loan Payments HSC 34171(d)(1)(F)	10) Due Diligence Review (AB 1484) 11) ROPS II Shortfall Loan	\$10,000 \$452,414
Amounts borrowed from Low and Moderate Income Housing Fund HSC 34171(d)(1)(G)	None	None
Subtotal		\$2,338,139
Admin Allowance	\$250,000 for entire FY 2012-13, split between ROPS II and ROPS III	\$125,000
TOTAL ROPS III		\$2,463,139

The ROPS has two material changes from the ROPS II for the first half of the fiscal year 2012-13:

- First, ROPS III shows a new line-item, preparation of the due diligence reviews. AB 1484 mandates that successor agencies must retain an accountant to perform a review of the cash balances of the Low and Moderate Income Housing Fund and nonhousing fund received by a successor agency for purposes of identifying the potential amount of funds to be restricted for cash flow purposes and dissemination of any excess cash to the affected taxing agencies. (This review is covered more thoroughly in a separate agenda item.) A team of accountants are working with the State Controller to adopt standardized procedures to conduct these reviews, which much be concluded by the end of the calendar year. Once the procedures are established, the accountants can be retained and commence work, but in the meantime, staff has placed this as a placeholder since the Successor Agency is required to retain the services during the

next month. The Successor Agency plans to borrow funds from the City General Fund if necessary temporarily in order to complete this review and reimburse the City during the ROPS III period.

- Second, because the July 1, 2012 ROPS II of \$4,182,594 was underfunded by \$452,414, ROPS III shows a proposed reimbursement agreement and advance from the City's General Fund to cover this shortfall. The loan agreement is subject to approval by the Successor Agency and City Council, as well as the Oversight Board and State Department of Finance ("DOF"). However, the law does permit such advances under these conditions and in light of the uncertainty as to how much cash may be available following the due diligence reviews mandated by AB 1484 later this year, it is prudent to enumerate this obligation on ROPS III. If approved by the Oversight Board and DOF, the advance could be repaid to the City General Fund in January 2013. (Consideration of the loan is a separate agenda items for the Successor Agency agenda on August 21.)

The Successor Agency recommends that the Oversight Board by the attached Resolution approve the draft third ROPS and authorize the Successor Agency's Finance Director and his authorized designee(s) to augment, modify, add or revise the schedules as may be necessary, and/or as directed or required by the DOF so long as any changes are reported back to the Oversight Board. Further, the Successor Agency will cause transmittal of the third ROPS as approved by the Oversight Board to the State Controller's Office, the CAC, and the DOF.

Pursuant to Section 34177(m) for each ROPS submitted to the DOF, the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations on each ROPS submitted no later than 45 days after submittal.

Respectfully submitted,

Successor Agency to the
Community Development Commission of the City of South Gate

- Attachments:
1. Successor Agency Resolution Adopting Third ROPS
 2. Draft Third Recognized Obligations Payment Schedule for the period January 1, 2013 to June 30, 2013
 3. Oversight Board Resolution No. 2012-__

ATTACHMENT 1

**Successor Agency Resolution Adopting
Draft Third Recognized Obligations Payment Schedule
for the period January 1, 2013 to June 30, 2013**

(attached)

SUCCESSOR AGENCY RESOLUTION NO. 2012-__

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE APPROVING THE THIRD RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY 1, 2013 TO JUNE 30, 2013, SUBJECT TO SUBMITTAL TO, AND REVIEW BY THE OVERSIGHT BOARD AND THE DOF PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85, AS AMENDED BY ASSEMBLY BILL 1484; AUTHORIZE POSTING AND TRANSMITTAL THEREOF

WHEREAS, the Community Development Commission of the City of South Gate (“Agency”) previously was a public body, corporate and politic formed, organized, existing and exercising its powers pursuant to Section 34100, *et seq.* of the California Health and Safety Code, and exercised the powers, authority, functions, jurisdiction of a community redevelopment agency formed, organized, existing and exercising its powers pursuant to the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.* (“CRL”), and specifically formed by the City Council (“City Council”) of the City of South Gate (“City”); and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 chaptered and effective on June 27, 2012 (together, the “Dissolution Act”); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity the City serves as the Successor Agency to the Community Development Commission of the City of South Gate (“Successor Agency”); and

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, pursuant to Section 34179 the Successor Agency’s Oversight Board has been formed and the initial meeting has occurred on April 23, 2012; and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, Sections 34177(m), and 34179 provide that each ROPS is submitted to reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board; and

WHEREAS, the Dissolution Act, as amended by AB 1484, in particular Section 34177(m) requires that the “Recognized Obligation Payment Schedule for the period of January 1, 2013, to June 30, 2013, shall be submitted by the successor agency, after approval by the oversight board, no later than September 1, 2012”; and

WHEREAS, pursuant to Section 34179.6 added by AB 1484, the Successor Agency is required to submit a copy of the draft third ROPS to the County Administrative Officer (“CAO”), the

County Auditor-Controller (“CAC”), the State Controller’s Office (“SCO”) and the State Department of Finance (“DOF”) at the same time that the Successor Agency submits such draft ROPS to the Oversight Board for review; and

WHEREAS, the Successor Agency has reviewed the draft third ROPS and desires to approve the draft third ROPS and to authorize the Successor Agency, to transmit the draft third ROPS to the Oversight Board and to also transmit a copy of such draft third ROPS to the cause posting of such ROPS on the Successor Agency website, and desires to direct transmittal of the third ROPS to the CAO, CAC, SCO, and DOF.

NOW, THEREFORE, BE IT RESOLVED BY THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE:

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

Section 2. Pursuant to the Dissolution Act, the Successor Agency approves the third ROPS submitted herewith as Attachment 1, which schedule is incorporated herein by this reference; provided however, that the third ROPS is approved subject to the condition such ROPS is to be transmitted to the Oversight Board for review and approval and a copy of such draft third ROPS also concurrently be sent to the CAO, CAC, SCO, and DOF.

Section 3. After approval by the Oversight Board, the Successor Agency authorizes transmittal of the third ROPS again to the CAC, SCO and DOF.

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Section 4. The Finance Director of the Successor Agency or an authorized designee is directed to post this Resolution, including the third ROPS, on the Successor Agency website pursuant to the Dissolution Act.

Section 5. The City Clerk/Secretary of the Successor Agency shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 21st day of August 2012.

W.H. (Bill) De Witt, Chair
Successor Agency to the Community Development
Commission of the City of South Gate

(SEAL)
ATTEST:

Carmen Avalos, City Clerk/Secretary
Successor Agency to the Community Development Commission of the City of South Gate

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SOUTH GATE)

I, Carmen Avalos, City Clerk/Secretary of the Successor Agency to the Community Development Commission of the City of South Gate, hereby certify that the foregoing resolution was duly adopted by the Successor Agency at a special meeting held on the 21st day of August 2012, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

Carmen Avalos, City Clerk/Secretary
Successor Agency to the Community Development
Commission of the City of South Gate

(SEAL)

ATTACHMENT 2

**Draft Third Recognized Obligations Payment Schedule
for the period January 1, 2013 to June 30, 2013**

(attached)

Successor Agency Contact Information

Name of Successor Agency: Successor Agency to the South Gate Community Development Commission
County: Los Angeles County

Primary Contact Name: Bryan Cook
Primary Contact Title: Assistant City Manager
Address: 8560 California Avenue, South Gate CA 90280
Contact Phone Number: 323-563-9524
Contact E-Mail Address: bcook@sogate.org

Secondary Contact Name: Nellie Ruiz
Secondary Contact Title: Senior Accountant
Secondary Contact Phone Number: 323-563-9560
Secondary Contact E-Mail Address: nruiz@sogate.org

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

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

Name of Successor Agency: Successor Agency to the South Gate Community Development Commission

	Total Outstanding Debt or Obligation
Outstanding Debt or Obligation	\$ 73,609,112
Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	-
B Enforceable Obligations Funded with RPTTF	2,338,139
C Administrative Allowance Funded with RPTTF	125,000
D Total RPTTF Funded (B + C = D)	2,463,139
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$ 2,463,139
E Enter Total Six-Month Anticipated RPTTF Funding <i>(Obtain from county auditor-controller)</i>	Not Available
F Variance (D - E = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	Not Available
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))	
G Enter Estimated Obligations Funded by RPTTF <i>(Should be the lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)</i>	2,175,759
H Enter Actual Obligations Paid with RPTTF	1,880,894
I Enter Actual Administrative Expenses Paid with RPTTF	250,001
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	44,864
K Adjusted RPTTF <i>(The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimated obligation amount.)</i>	\$ 2,418,275

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

Name _____ Title _____
Signature _____ Date _____

* NOTE: County of Los Angeles Auditor-Controller has not yet released estimates of the Anticipated RPTTF Funding (Line F) as of the time this ROPS was prepared.

ATTACHMENT 3

Oversight Board Resolution No. 2012-___

(attached)

OVERSIGHT BOARD RESOLUTION NO. 2012-__

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE APPROVING THE THIRD RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY 1, 2013 TO JUNE 30, 2013, SUBJECT TO SUBMITTAL TO, AND REVIEW BY THE DOF PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85, AS AMENDED BY ASSEMBLY BILL 1484; AUTHORIZE POSTING AND TRANSMITTAL THEREOF

WHEREAS, the Community Development Commission of the City of South Gate ("Agency") previously was a public body, corporate and politic formed, organized, existing and exercising its powers pursuant to Section 34100, *et seq.* of the California Health and Safety Code, and exercised the powers, authority, functions, jurisdiction of a community redevelopment agency formed, organized, existing and exercising its powers pursuant to the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.* ("CRL"), and specifically formed by the City Council ("City Council") of the City of South Gate ("City"); and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 chaptered and effective on June 27, 2012 (together, the "Dissolution Act"); and

WHEREAS, as of February 1, 2012 the Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity the City serves as the Successor Agency to the Community Development Commission of the City of South Gate ("Successor Agency"); and

WHEREAS, the Successor Agency administers the enforceable obligations of the former Agency and otherwise unwinds the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, pursuant to Section 34179 the Successor Agency's Oversight Board has been formed and the initial meeting has occurred on April 23, 2012; and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, Sections 34177(l)(2)(B), 34177(m), and 34179 provide that each ROPS is submitted to and duly approved by the Oversight Board; and

WHEREAS, the Dissolution Act, as amended by AB 1484, in particular Section 34177(m) requires that the "Recognized Obligation Payment Schedule for the period of January 1, 2013, to June 30, 2013, shall be submitted by the successor agency, after approval by the oversight board, no later than September 1, 2012"; and

WHEREAS, pursuant to Section 34179.6 added by AB 1484, the Successor Agency submitted a copy of the third ROPS to the County Administrative Officer, the County Auditor-Controller, and the State Department of Finance ("DOF) at the same time that the Successor Agency submitted such ROPS to the Oversight Board for review; and

WHEREAS, the Oversight Board has reviewed the draft third ROPS presented by the Successor Agency and desires to approve the draft third ROPS and to authorize the Successor Agency, to cause posting of such ROPS on the Successor Agency website, and to direct transmittal of the third ROPS to the County Auditor-Controller, the State Controller's Office, and the DOF; and

WHEREAS, pursuant to Section 34177(m) for each ROPS submitted to the DOF, the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations on each ROPS submitted no later than 45 days after submittal.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE:

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

Section 2. Pursuant to the Dissolution Act, the Oversight Board approves the third ROPS submitted herewith as Attachment 1, which schedule is incorporated herein by this reference; provided however, that the third ROPS is approved subject to the condition such ROPS is to be submitted to and reviewed by the DOF.

Section 3. The Oversight Board authorizes transmittal of the third ROPS to the County Auditor-Controller, the State Controller's Office, and the DOF.

Section 4. The Assistant Finance Director of the Successor Agency or an authorized designee is directed to post this Resolution, including the third ROPS, on the Successor Agency website pursuant to the Dissolution Act.

Section 5. Pursuant to Section 34179(h) as amended by Assembly Bill 1484, written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; provided however, that pursuant to Section 34177(m) as to each ROPS submitted the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations thereon no later than 45 days after submittal.

Section 6. The Secretary of the Oversight Board shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 27th day of August 2012.

W.H. (Bill) De Witt, Chair
Oversight Board to the Successor Agency to the
Community Development Commission of the City
of South Gate

(SEAL)

ATTEST:

Carmen Avalos, Secretary
Oversight Board of the Successor Agency
to the Community Development Commission of the City of South Gate

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SOUTH GATE)

I, Carmen Avalos, Secretary of the Oversight Board to the Successor Agency to the Community Development Commission of the City of South Gate, hereby certify that the foregoing resolution was duly adopted by the Oversight Board at a regular meeting held on the 27th day of August 2012, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

Carmen Avalos, Secretary
Oversight Board to the Successor Agency to the
Community Development Commission of the City
of South Gate

(SEAL)

AGENDA REPORT

Oversight Board of the Successor Agency to the Community Development Commission of the City of South Gate

MEETING DATE: August 27, 2012

SUBJECT/ACTION: UPDATE TO OVERSIGHT BOARD RE ACCOUNTANT
SELECTED FOR DUE DILIGENCE REVIEWS; UPDATE RE
COMMUNICATIONS WITH DOF AND CAC



PROPOSED AND RECOMMENDED ACTION

1. Receive report from Successor Agency staff re selection of Lance Soll and Lunghard LLP as the licensed accountant for the due diligence reviews to be conducted pursuant to Section 34179.5, which accounting firm has been approved by the County Auditor-Controller; and, receive update regarding communications with DOF and CAC.

BACKGROUND AND DISCUSSION

Assembly Bill 1484, in particular new Section 34179.5, requires the Successor Agency to select, and for the county auditor-controller to approve the selection of, a licensed accountant with experience and expertise in local government accounting, to conduct "due diligence reviews" to determine the unobligated balances available for transfer to taxing entities relating to housing and non-housing assets and obligations in order to ascertain unobligated cash or cash equivalent balances that would be available for transfer to local taxing entities.

On July 19, 2012, Assistant City Manager/Finance Director Bryan Cook submitted a request to, and the County Auditor-Controller approved, *Lance Soll and Lunghard LLP* as the accountant to conduct the due diligence reviews. Note that AB 1484 provides no funding source for the Successor Agency to pay for these accounting tasks and reports.

Under Section 34179.5, the due diligence review requires the independent accountant to reconcile assets, balances and liabilities with previous reports made to the State. Further, this review includes valuation of cash and cash equivalents (such as LAIF deposits), and obligations. "At a minimum, the [due diligence] review required by this section shall include the following: ... '[a]n itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment.' ..."

The review and report occurs as to housing assets between August and November 2012, and as to non-housing assets between November 2012 and April 2013. The DOF deadline for review, action, and issuance of a "finding of completion" as to housing assets

Agenda Report
August 27, 2012 Meeting

and obligations is November 9, 2012, and as to non-housing assets and obligations is April 1, 2013. The Successor Agency and/or City may request to "meet and confer" with DOF about its approval and/or disapproval of matters in the due diligence reports, but the request must be made within five (5) days of DOF's action. The outside date for meet and confer requests as to housing matters is November 16, 2012, and as to non-housing matters is April 6, 2013.

The Successor Agency must make the transfers determined by the DOF to the County Auditor-Controller and report such amounts to DOF; for housing assets the transfer must occur by November 28, 2012 and for non-housing assets by April 10, 2013. The penalty for failure to pay or transfer will result in the DOF causing the equivalent amount(s) to be deducted from sales and use taxes and/or property taxes due to the City, as the sponsoring community.

Successor Agency staff provided to the Oversight Board a copy of the "protest" letter sent to the CAC and DOF relating to the July 9 true-up demand and July 12 payment. Staff will update the Oversight Board on other communications of importance with the County and State at the meeting. Attached to this report is a summary of the critical dates under the Dissolution Act (both AB x1 26 and AB 1484) to mid-2013.

Respectfully submitted,

Successor Agency to the
Community Development Commission of
the City of South Gate

Critical Dates under Dissolution Act (per AB 1484)

2012

- July 9 County Auditor-Controller (CAC) notified Successor Agency of “true-up” demand amounts to be paid for distribution to taxing entities¹
- July 12 Successor Agency was to have remitted true-up payment to CAC for distribution to taxing entities²
- July 16: CAC distributes money received from Successor Agency to taxing entities. Monies received after July 12 date distributed within 5 days of receipt.³
- July 18: Department of Finance (DOF) could order offset of sales and use tax due to Sponsoring Community if the Successor Agency failed to make payments due on July 12, 2012.⁴
- August 1: Housing Successor submitted to DOF a list (on DOF forms) of housing assets transferred to entity by dissolved agency, which contains explanation of how assets meet statutory criteria. DOF may object to any of the assets within 30 days. If after meet and confer, DOF continues to object, asset must be returned to the Successor Agency.⁵
- August 10 Housing Successor notifies Successor Agency of designations of use or commitments of funds specified in 34176(g)(1)(A), if any, that Housing Successor empowers the Successor Agency to retain.⁶
- September 1: ROPS for January 1, 2013 through June 30, 2013 must be submitted electronically to DOF after Oversight Board approval.⁷ DOF makes determinations within 45 days. Within five (5) days of determination, Successor Agency may request meet and confer. Note: \$10,000 per day penalty for failure to timely submit a ROPS. Future ROPS must be submitted to DOF 90 days prior to property tax distribution.⁸
- September 11: If Successor Agency has not submitted ROPS, maximum administrative cost allowance for fiscal year covered by the ROPS will be reduced 25%.⁹
- October 1: CAC to notify Successor Agency of objections to items included on Third ROPS.¹⁰
- October 1: Successor Agency submits to Oversight Board, CAC, State Controller’s Office (SCO), and DOF results of the housing due diligence review conducted by the licensed accountant.¹¹

¹ Section 34183.5 (a)(4), (b)(1), (2)(A)

² Section 34183.5(b)(2)(A)

³ Section 34183.5(b)(2)(A)

⁴ Section 34183.5(b)(2)(A)

⁵ Section 34176(a)(2)

⁶ Section 34179.6(c)

⁷ Section 34177(m)

⁸ Section 34177(m)(2)

⁹ Section 34177(m)

¹⁰ Section 34182.5

¹¹ Section 34179.6(a)

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- October 1: CAC completes agreed-upon procedures audit of each former redevelopment agency.¹² CAC provides estimate of property tax payments to Successor Agency for upcoming six-month period.¹³
- October 5 CAC to provide to SCO and the DOF results of agreed-upon procedures audit of each Dissolved RDA.¹⁴
- October 15: Oversight Board must review, approve, and transmit housing due diligence review report to CAC and DOF subject to five business days public comment period and comments from County.¹⁵
- November 9: DOF completes review of housing due diligence review report and issues its determinations and decision to overturn Oversight Board actions that allowed retention of Successor Agency and Housing Successor assets.¹⁶
- November 16: Successor Agency or Sponsoring Community may request meet and confer to resolve disputes with DOF re findings on housing report.¹⁷ DOF must confirm or modify its determination and decisions within 30 days.
- November 28: Successor Agency to transfer housing funds/assets to CAC. City sales tax/property tax may be offset for unfunded amounts.
- December 15: Successor Agency submits to Oversight Board, CAC, SCO, and DOF results of the non-housing due diligence review by licensed accountant.¹⁸

2013

- January 15: Oversight Board must review, approve, and transmit non-housing due diligence review report to CAC and DOF subject to five business days public comment period and comments from County.¹⁹
- March 3 Successor Agency submits ROPS for period July 1, 2013 through December 31, 2013 to DOF after Oversight Board approval.²⁰
- April 1: DOF completes review of other non-housing due diligence report and issues its determinations and decision to overturn Oversight Board decision to allow retention of Successor Agency assets.²¹
- April 1: CAC provides estimate of property tax payments to Successor Agency for upcoming six-month period.²²
- April 6: Successor Agency or Sponsoring Community may request to meet and confer with DOF no later than 5 days after receiving DOF determination. DOF must confirm or modify its determination and decisions within 30 days.

¹² Section 34182(a)(1)

¹³ Section 34182(c)(3)

¹⁴ Section 34182(b)

¹⁵ Section 34179.6(c)

¹⁶ Section 34179.6(d)

¹⁷ Section 34179.6(e)

¹⁸ Section 34179.6(a)

¹⁹ Section 34179.6(a)

²⁰ Section 34177(m)

²¹ Section 34179.6(a)

²² Section 34179.6(a)

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- April 10: Successor agency to transfer other “cash and assets” based on due diligence review to CAC if meet and confer process complete.²³ City sales tax/property tax may be offset for unfunded amounts.
- April 20 CAC provides DOF report with amounts remitted by Successor Agencies from 34179.6 due diligence reviews/reports.²⁴
- May 1 Successor Agency reports to CAC if total amount of available revenues (including RPTTF, other revenues, proceeds from sale of assets) will be insufficient to fund enforceable obligations.²⁵
- June 1 CAC makes distributions from RPTTF for ROPS period July1, 2013 to December 31, 2013.²⁶
- Mid-2013 Successor Agency that has received “finding of completion” from DOF as to housing assets and non-housing assets can qualify for certain, limited loan repayments (including city/former agency loans), repayment of SERAF/ERAF borrowings, authority to expend bond proceeds to be placed on ROPS²⁷, and implementation of long range property management plan.

²³ Section 34179.6(f)

²⁴ Section 341796(g)

²⁵ Section 34183(b)

²⁶ Section 34284(c)

²⁷ DOF has complete and final authority to approve or disapprove items on each ROPS.

**CITY OF SOUTH GATE
OVERSIGHT BOARD MEETING
MINUTES
MONDAY, AUGUST 13, 2012**

Item No. 5

CALL TO ORDER Chairman W. H. (Bill) De Witt called an Oversight Board meeting to order at 10:00 a.m.

PLEDGE OF ALLEGIANCE Mitchell D. Liday, Board Member led the Pledge of Allegiance.

ROLL CALL Carmen Avalos, Secretary

PRESENT W. H. (Bill) De Witt, Chairman, R. Suzie Payne, Vice Chairwoman, Abel Torres, Board Member, and Wally G. Shidler, Board Member

EXCUSED/ABSENT David Verdugo, Board Member and Alina Bokde, Board Member

CLOSED SESSION The Oversight Board Members recessed into Closed Session at 10:10 a.m. and reconvened at 10:33 p.m. will (5) five members of the Board present. Board Member Bokde and Board Member Verdugo were absent. Legal Council Celeste Brady reported the following:

1. CONFERENCE WITH LEGAL COUNSEL – REAL PROPERTY NEGOTIATIONS

Pursuant to Government Code Section 54956.8

- a. Property APN: 6202-010-900
Property Address: 7916 Long Beach Boulevard, South Gate, California 90280
City Negotiator: George Troxcil, City Manager
Steve Lefever, Community Development Director
Negotiating with: GDS Institute / Salvador Franco
Under Negotiation: Terms of Lease/Sale

On item 1, the Board Members gave direction to staff but there was no reportable action taken in Closed Session.

1
MINUTES The Board Members approved the minutes from the Regular Oversight Board Meeting of July 9, 2012 by motion of Chairman De Witt and seconded by Vice Chairwomen Payne.

COMMENTS FROM THE AUDIENCE None.

REGULAR OVERSIGHT BOARD MEETING MINUTES OF AUGUST 13, 2012

**COMMENTS FROM
BOARD MEMBERS**

Bryan Cook, Assistant City Manager/Finance Director that at the next meeting on August 27, 2012 the ROPS will go before the for approval.

Chairman De Witt expressed his concerns regarding money collected by the state and distribution amongst the various school districts.

ADJOURNMENT

Chairman De Witt adjourned the meeting at 10:33 a.m. and seconded by Board Member Torres.

PASSED and **APPROVED** this 27th day of August, 2012.

ATTEST:

W.H. (Bill) De Witt, Chairman

Carmen Avalos, Secretary