

## AGENDA

### SPECIAL MEETING OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION/REDEVELOPMENT AGENCY OF THE CITY OF SANTA FE SPRINGS

AUGUST 29, 2012  
4:30 P.M.

Council Chambers  
11710 Telegraph Road  
Santa Fe Springs, CA 90670

Gerald Caton, Chairperson  
Leighton Anderson, Vice Chairperson  
Mike Foley, Board Member  
Louie Gonzalez, Board Member  
Cuong Nguyen, Board Member  
Harry Stone, Board Member  
Noorali Delawalla, Board Member

**Public Comment:** *The public is encouraged to address the Oversight Board on any matter listed on the agenda or on any other matter within its jurisdiction. If you wish to address the Oversight Board, please complete the card that is provided at the rear entrance to the Council Chambers and hand the card to the City Clerk or a member of staff. The Oversight Board will hear public comment on items listed on the agenda during discussion of the matter and prior to a vote. The Oversight Board will hear public comment on matters not listed on the agenda during the Oral Communications period.*

*Pursuant to provisions of the Brown Act, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The Oversight Board may direct staff to investigate and/or schedule certain matters for consideration at a future meeting.*

**Americans with Disabilities Act:** *In compliance with the ADA, if you need special assistance to participate in a City meeting or other services offered by this City, please contact the City Clerk's Office. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.*

**Please Note:** *Agendas are available for inspection at the office of the City Clerk, City Hall, 11710 E. Telegraph Road during regular business hours 7:30 a.m. – 5:30 p.m., Monday – Thursday and alternate Fridays. Telephone (562) 868-0511.*

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **PLEDGE OF ALLEGIANCE**

4. **CONSENT AGENDA**

*Consent Agenda items are considered routine matters which may be enacted by one motion and roll call vote. Any item may be removed from the Consent Agenda and considered separately by the Oversight Board.*

**Approval of Minutes**

A. Minutes of the May 21, 2012 Oversight Board Meeting

**Recommendation:** That the Oversight Board approve the minutes as submitted.

**NEW BUSINESS**

5. Resolution OB-2012-004: Conflict of Interest Code

6. Resolution OB-2012-005: January 1, 2013 – June 30, 2013 Recognized Obligation Payment Schedule (ROPS III)

7. Resolution OB-2012-006 Contract with Independent Legal Counsel for the Oversight Board

8. Resolution OB-2012-007 Procurement of Special Liability Insurance for the Oversight Board of the Successor Agency to the Community Development Commission

9. Overview of New Deadlines and Procedures Added to the Redevelopment Dissolution Process by AB 1484

10. Regular Meeting Schedule

11. **ORAL COMMUNICATIONS**

This is the time when comments may be made by interested persons on matters not on the agenda having to do with Oversight Board business.

12. **ADJOURNMENT**

*I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted at the following locations; Santa Fe Springs City Hall, 11710 Telegraph Road; Santa Fe Springs City Library, 11700 Telegraph Road; and the Town Center Plaza (Kiosk), 11740 Telegraph Road, not less than 72 hours prior to the meeting.*

Anita Jimenez

Anita Jimenez  
Santa Fe Springs  
Oversight Board Clerk

August 27, 2012

Date

**MINUTES OF THE REGULAR MEETING OF THE  
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT COMMISSION/REDEVELOPMENT  
AGENCY OF THE CITY OF SANTA FE SPRINGS**

**MAY 21, 2012**

**1. CALL TO ORDER**

The meeting was called to order at 4:30 p.m.

**2. ROLL CALL**

Present: Board Members Noorali Delawalla, Mike Foley, Louie Gonzalez, and Cuong Nguyen, Vice Chair Leighton Anderson, Chair Gerald Caton, Board Clerk Anita Jimenez

Absent: Board Member Harry Stone

**PLEDGE OF ALLEGIANCE**

**3.** The Chair Caton led the Pledge of Allegiance.

**4. CONSENT AGENDA**

*Consent Agenda items are considered routine matters which may be enacted by one motion and roll call vote. Any item may be removed from the Consent Agenda and considered separately by the Oversight Board.*

**Approval of Minutes**

A. Minutes of the April 25, 2012 Oversight Board Meeting

**Recommendation:** That the Oversight Board approve the minutes as submitted.

Board Member González moved to approve Item 4; Board Member Anderson seconded the motion which carried unanimously.

**NEW BUSINESS**

**5.** Resolution OB-2012-003 Amending the Successor Agency's Recognized Obligation Payment Schedules (ROPS) for January through June 2012 (First ROPS) and July through December 2012 (Second ROPS) and Authorizing Successor Agency Staff to Modify the First and Second ROPS Based on Direction from the California Department of Finance

City Manager McCormack stated that the City has struggled to get more detailed instruction from the Department of Finance (DOF) pertaining to the Recognized Obligation Payment Schedule (ROPS). He further stated that if the City does not

get a letter from the DOF by May 25 that its ROPS has been approved, the City will not receive the Property tax revenue due the City on June 1. The information in the agenda report reflects the City's best attempt to make the changes that the DOF wants. All the items that to the City believes will likely be rejected by the DOF have been removed from the ROPS. The City will send a letter to the DOF identifying the items that have been removed. That is not to say that the City does not believe that the items should not be recognized items, but in order to avoid suffering the consequences of not attaining DOF's approval of the ROPS by June 1, they have been removed for the time being.

Assistant Director of Finance Hickey stated that the items that had been removed did not change the property tax payment that the City is seeking. The attempt was to make it easier for the DOF to approve the ROPS. He explained that some of the items that had been removed did not have contractors or payees named. The Educational Revenue Augmentation Fund (ERAF) and Supplemental Educational Revenue Augmentation Fund (SERAF) loans were removed because a repayment schedule has not been determined, as is the case with the Washington Blvd. Area Project. Unfunded pension and healthcare costs were removed and the Annual Budget for the Housing Program was also removed. The final three items that were removed relate to operating costs.

Chair Caton asked if the Board had any questions for staff. Vice Chair Anderson asked if he was correct in understanding that the Board was being asked to approve the Resolution and give City Staff the authority to delete any additional items that the DOF subsequently asks the Successor Agency to remove.

City Manager McCormack stated that was correct and that the City needed to get the approval from the DOF by May 25, which is why the City is requesting the authority to remove additional items without having to convene the Board.

City Attorney Steve Skolnik stated this was not unique to Santa Fe Springs; the DOF is overwhelmed.

Vice Chair Anderson stated that even by taking this approach, the ROPS still might not be approved by the DOF.

The City Manager stated that was correct and added that the City is trying to do everything by the rules. Hopefully, the ROPS will be approved, if not, another option is if the DOF does not respond within three days, the ROPS is automatically approved, and lastly, we do get a response and are required to remove additional items without having to come back to the Board. The State has directed the County not to make the tax payment until the schedule is approved. The City Attorney opined that if the bottleneck continues to June 1, the DOF might change its direction to counties and allow them to pay taxes to cities, but that is a risk the City does not want to take.

Board Member González asked if the DOF's response specified particular items they were questioning. The City Manager stated that the response was not item-specific, but more format-specific, i.e. payees not being named. He added that the law stated the ROPS should include payments between February 1 and June 30. The DOF is now asking for payments from January 1 to June 30. Board Member González asked if the City had to comply. The City Manager stated that if we want to get the ROPS approved, we do, otherwise we may not be able to make the bond payments. Board Member González asked if the DOF would be responsible. The City Manager stated that the issue would be litigated. Board Member González asked if this was a delaying tactic. The City Manager agreed it was. Board Member González stated that it didn't make sense to remove items that have not been denied. The City Manager stated that we needed to get the ROPS approved by May 25 and then the items can be added back to the ROPS.

The City Attorney stated that there is pending legislation to fix some of the uncertainties; to clarify how the bond money can be spent. The current trend is to consolidate all the power with the DOF.

Board Member Delawalla thanked staff for reviewing the items and removing some. He asked what the difference was between the \$13 million ERAF that was removed and one still on the ROPS. The City Manager stated that the item that was removed was a loan between the Successor Agency and the City, but that the City still has ongoing ERAF payments which are apart of the ROPS. Some years the City borrowed from the former Community Development Agency to make the payments, some years bonds were issued. The ongoing payments will be deducted before any money goes to cities.

Board Member Delawalla referred to line items 14 & 15 and asked if the total amount for Administrative Costs for the first year was 5% or if it was prorated. The City Manager stated that was a matter of contention. The City Attorney stated it was a moot point because it covers a time period for which we are not getting any more money. The City Manager stated that the County has indicated that there is no money left to be distributed for Administrative costs this year. The Assistant Director of Finance stated that the figure for Administrative costs was left the same because staff felt it was important to show what the City felt it was owed.

Board Member Delawalla asked if staff felt there were any other questionable items still on the ROPS. The City Manager stated that all questionable items had been removed.

Board Member Delawalla stated that the Board is being asked to approve \$7.3 million for the first six months and asked if there was any kind of cash flow analysis provided. The Assistant Director of Finance stated that staff has been working with an auditor to determine available payment options. There is enough on hand to make the bond payment due in September. Board Member Delawalla

stated that he wanted to make sure there was enough cash flow if the Board approved the schedule.

The Assistant Director of Finance stated that staff is not looking at this as if there is no more money coming in; we are expecting the property tax distribution to come in.

Chair Caton cited this issue as one of the reasons the Board would like to have its own attorney; to determine if it is the Board's obligation to make sure that the City has the cash flow on hand to carry out the projects identified in the ROPS.

The City Attorney stated that it was the Board's obligation to protect the people to whom the Agency owes money. He added that if there is a total impasse, the City has the money to make payments.

Chair Caton asked if the Board's obligation included approval of spending money on property management. The City Attorney stated that this issue was beyond his level of comfort to answer.

The City Manager stated that the City previously received \$32 million in tax increment. The Board should look at what the City's tax obligations are and what we would be paying if we were still receiving this amount. The City would be paying off Recognized Obligations and the balance would go to education. The question is: are these legitimate enforceable obligations that ought to be recognized by the State?

The City Attorney gave a partial answer to the previous question. It is not the function of the Board to oversee the day-to-day operations of the Agency. These issues should not be a concern unless the Board thinks that our day-to-day operations are putting our obligations in jeopardy.

Vice Chair Anderson paraphrased Board Member Delawalla's question to be: If after the ROPS payments are made, is there enough money to go toward education? This might be a problem for some. We support money for education. But, if there are obligations that meet the statutory definition, would it breach the Board obligations if we do not approve them? He asked if the Board might be looking too much at the end result and not following the guidelines.

Board Member González stated that the money flow is not supposed to come from the City. Santa Fe Springs is not liable for debt the Community Development Commission incurred; they are two separate agencies. The money flow is supposed to come from what the Board and staff agree are recognized obligations.

The City Manager reiterated that the items on the ROPS submitted should be recognized obligations and added that if the law had not been enacted, the

Agency would have ample money to pay them. Board Member González stated that all the original items are recognizable and now the Agency is in a game of 'chicken' with the DOF.

The City Manager stated that no one wants to see bond defaults. The Agency will do everything to protect bond holders because we don't want to get sued. Board Member González added that it would be devastating for the State to allow default.

Board Member Delawalla stated that the unspent fund balance was \$17 million and projects were at \$28 million and now at \$29 million. He would like to see more information before the Board approves the ROPS because there seems to be discrepancies. The City Manger stated that the \$17 million balance was "unused bond money" and not the former Tax Increment to which the Oversight Board should be concerned with, and is therefore not applicable here. The Capital Improvement Projects were tied to this money, but those items were removed. Staff is just trying to get the recognized obligations approved for which the former Tax Increment should be used to pay.

Board Member Delawalla asked what the fund balance was. The Assistant Director of Finance stated that there are a variety of funds, for which the balances vary. For example, the Debt Service has \$10 million on-hand; there is \$20 million with bond trustees. It varies as to which fund one is referring. In general, there is \$14 million cash on-hand.

Chair Caton interjected that Redevelopment funding is strange; the Redevelopment Agency has to be in debt to receive money. The State will release enough money to pay the debt.

The City Attorney added that the fund balance is a 'red herring'; it has still not been determined what can be done with that money. But, going forward, the Board approved a bigger list that would have used up all the money. Now the Agency is asking for a lesser amount that will not use all the tax increment we used to get. This will not result in any more money going to education. The State will pay the schools directly. The amount of money to schools will not be affected by what the Board approves. Any additional money will get taken by the State.

Vice Chair Anderson moved to approve Item 5; Board Member Delawalla seconded the motion which carried by the following roll call vote:

Ayes:	Anderson, Caton, Delawalla, Foley, González, Nguyen
Noes:	None
Absent:	Stone
Abstain:	None

## **6. HIRING OF LEGAL COUNSEL**

The City Manager reviewed the two options in the report and stated that as City Manager he cannot recommend that the City pay for outside Counsel through the City's General Fund. Chair Caton stated that he believes the Board needs outside Counsel present at Board meetings. He thought the total amount of work would be for approximately 15-20 hours per year and should be obtainable at a cost of \$4,000-\$5,000. He asked for a motion.

Vice Chair Anderson appreciated the Chair's suggestion and added that he thought staff was providing good information. He also appreciated the City Attorney's position, and agreed that the Board did need some representation but questioned if it was necessary to have someone at the meetings or just on stand-by for questions. Chair Caton felt strongly that the Board needs representation present to advise the Board at meetings. Vice Chair Anderson stated that it would be helpful if a cap could be put on the contract. The City Attorney stated that he had the utmost confidence that Peter Wallin would keep costs reasonable. Board Member González asked who would pay for the attorney. Chair Caton stated that if the City doesn't pay, then he does not have an answer, but would not be inclined to stay on the Board. The City Attorney stated that a line item of \$15,000 had been put in the first ROPS, but the DOF has indicated that such expenses must come out of the Successor Agency's Administrative Budget. The law does not state that. The Successor Agency will have to decide if it will pay such expenses from its Administrative Budget. The City Manager added that if the City receives the money from the State for the Administrative Costs, it will come from there. If not, it is a question for the Successor Agency.

Vice Chair Anderson made a motion to hire Mr. Peter Wallin and to ask the Successor Agency to fund the costs, for an amount not to exceed \$10,000 per year; Board Member González seconded the motion which passed unanimously.

## **7. DETERMINATION OF INSURANCE REQUIREMENTS**

The City Manager stated that the funding would come from the Successor Agency's Administrative Budget. The City Attorney stated that he was not sure what the policy would cover. Chair Caton stated that the individual members could be named in a suit and even though they would most likely win, they would have to pay legal costs. But, if the Successor Agency could indemnify the Board Members, and staff could get assurance from the County and the schools, that would be acceptable. The City Attorney stated that \$1,300 was not a lot of money. Vice Chair Anderson stated that he was respectful of the Administrative Costs, but the Board gets no compensation for serving and there is a possibility they could be sued. The City Manager stated that he did not have a problem recommending to City Council that the City pay for the insurance.

Vice Chair Anderson moved to direct staff to get a quote for this service and seek funding approval from the Successor Agency; Board Member Foley seconded the motion which carried unanimously.

**8. REGULAR MEETING SCHEDULE**

The City Manager recommended the Board meet once per month. The City Attorney stated that if meetings were set quarterly, Special Meetings could still be called.

Vice Chair Anderson asked if there was any business related to tonight's actions that would require the Board to meet sooner. The City Attorney stated that the Board could approve that the City obtain the insurance at the cost discussed (\$1,300/yr) with the approval of the Chair.

Vice Chair Anderson amended his motion to allow staff to obtain an insurance policy for the Board as discussed, after conferring with the Chair. Board Member González seconded the motion which carried unanimously.

The Board agreed to meet quarterly on the second Wednesday of the month. The next meeting is scheduled for September 12 at 4:30 p.m. followed by December 12. The Clerk will send a calendar of dates to the members.

**9. ORAL COMMUNICATIONS**

Mr. Caton opened Oral Communications at 5:49 p.m. There being no one wishing to speak, Mr. Caton closed Oral Communications at 5:50 p.m.

**10. ADJOURNMENT**

Board Member González moved to adjourn the meeting; Vice Chair Anderson seconded the motion. At 5:51 p.m., Chair Caton adjourned the meeting to Wednesday, September 12 at 4:30 p.m.

ATTEST:

\_\_\_\_\_  
Gerald Caton  
Oversight Board Chair

\_\_\_\_\_  
Anita Jimenez, Board Clerk

\_\_\_\_\_  
Date

**NEW BUSINESS**

**Oversight Board  
August 29, 2012**

**TO:** Oversight Board Members  
**FROM:** Successor Agency to the Santa Fe Springs CDC  
**ORIGINATED BY:** Thaddeus McCormack, City Manager  
**SUBJECT:** **Resolution OB-2012-004: Conflict of Interest Code**

**RECOMMENDED ACTION**

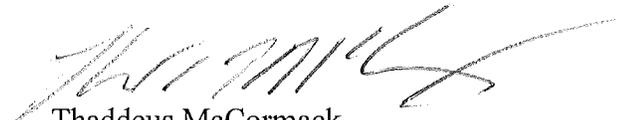
It is recommended that the Oversight Board approve Resolution OB-2012-004, adopting a Conflict of Interest Code.

**BACKGROUND**

The Oversight Board is subject to the Political Reform Act and will need to adopt a conflict of interest code to operate in accordance with the Political Reform Act and regulations promulgated thereunder by the Fair Political Practices Commission ("FPPC").

Staff recommends adoption of Resolution No. OB 2012-04 (attached), which adopts the FPPC model of conflict of interest code by reference. The model code requires inclusion of designated positions subject to the code and a list of disclosure categories. The resolution proposes all Oversight Board members as designated positions and reporting required for all disclosure categories.

If adopted, this would require all Oversight Board members to submit Form 700 statements of economic interest (assuming, annual, amendments and leaving office) to the City Clerk.

  
Thaddeus McCormack  
City Manager

**ATTACHMENT:**  
Resolution OB-2012-04

**RESOLUTION NO. OB-2012-004**

A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF  
THE CITY OF SANTA FE SPRINGS  
ADOPTING A CONFLICT OF INTEREST CODE.

THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SANTA FE SPRINGS  
HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The Political Reform Act, Government Code Section 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 California Code of Regulations, Section 18730, which contains the terms of a standard Conflict of Interest Code. Such standard Code is attached hereto as Exhibit "A" and is incorporated by reference herein. Such standard Code, together with any amendments that may be adopted from time to time by the FPPC, along with the document attached hereto as Exhibit "B", which exhibit is incorporated by reference herein, shall constitute the Conflict of Interest Code of the Oversight Board.

SECTION 2. The persons subject to the reporting requirements of the Conflict of Interest Code shall be the Members of the Oversight Board, each of whom shall file a Statement of Economic Interest pursuant to Disclosure Category 1, as described in Exhibit "B". Such Statements shall be filed with the Deputy City Clerk, who shall be and shall perform the duties of filing officer for the Oversight Board.

SECTION 3. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase in this Resolution, or any part hereof, is held invalid or unconstitutional, such decision shall not affect the validity of the remaining sections or portions of this Resolution. The Oversight Board hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases may be declared invalid or unconstitutional.

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

APPROVED and ADOPTED this 29<sup>th</sup> day of August 2012.

\_\_\_\_\_  
Chairperson

Attest:

\_\_\_\_\_  
Oversight Board Clerk

EXHIBIT "A"  
Conflict of Interest Code

(Regulations of the Fair Political Practices Commission, Title 2, Division 6, California Code of Regulations.)

§ 18730. Provisions of Conflict-of-Interest Codes.

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict-of-interest code within the meaning of Section 87300 or the amendment of a conflict-of-interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict-of-interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict-of-interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict-of-interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict-of-interest code.

(2) Section 2. Designated Employees.

EXHIBIT "B"

Designated Positions and disclosure Categories for the Oversight Board to the Successor Agency to the Community Development Commission of the City of Santa Fe Springs

Designated Positions

Oversight Board Members

Disclosure Categories

1

**NEW BUSINESS**

**Oversight Board  
August 29, 2012**

**TO:** Oversight Board Members

**FROM:** Successor Agency to the Santa Fe Springs CDC

**ORIGINATED BY:** Thaddeus McCormack, City Manager

**SUBJECT:** **Resolution OB-2012-005: January 1, 2013 – June 30, 2013  
Recognized Obligation Payment Schedule (ROPS III)**

**RECOMMENDED ACTION**

Approve Resolution OB-2012-005 adopting the City of Santa Fe Springs Successor Agency Amended Recognized Obligation Payment Schedule for the period January 1, 2013 through June 30, 2013.

**BACKGROUND**

ABX1 26, Chapter 3, Section 34177(1)(2)(B) and Chapter 4, Section 34180(g) requires that the Recognized Obligation Payment Schedule be approved by the Oversight Board before submission to the County Auditor/Controller and State Department of Finance. The attached ROPS identifies the scheduled payments for the period January 1, 2013 through June 30, 2013. This report was prepared using the Department of Finance's new form, which requires identification of contract start and end dates, eliminates identifying the month payments are made and which identifies the source of funding for each obligation. In addition, actual payments made during the January – June 2012 ROPS reporting period are included.

**FISCAL IMPACT:**

The payments for items listed on the Recognized Obligation Payment Schedule will be funded from the Redevelopment Property Tax Trust Fund.

  
Thaddeus McCormack  
City Manager

**ATTACHMENTS:**

Resolution OB-2012-005  
Exhibit A – Recognized Obligation Payment Schedule for January 1, 2013 through June 30, 2013 (ROPS III)

**RESOLUTION NO. OB-2012-005**

**A RESOLUTION OF THE OVERSIGHT BOARD  
OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT  
COMMISSION/REDEVELOPMENT AGENCY OF THE CITY OF SANTA FE SPRINGS  
APPROVING THE SUCCESSOR AGENCY'S RECOGNIZED OBLIGATION PAYMENT  
SCHEDULE (ROPS) FOR JANUARY 1, 2013 THROUGH JUNE 30, 2013 (ROPS III).**

THE OVERSIGHT BOARD OF THE (SANTA FE SPRINGS) SUCCESSOR AGENCY  
HEREBY RESOLVES AS FOLLOWS:

SECTION 1. Pursuant to its responsibility set forth in ABx1 26 and AB 1484, the Oversight Board hereby approves the Successor Agency's Recognized Obligation Payment Schedules (ROPS), attached hereto as Exhibit "A" Code, for the period from January 1, 2013, through June 30, 2013.

SECTION 2. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution, or any part hereof, is held invalid or unconstitutional, such decision shall not affect the validity of the remaining sections or portions of this Resolution. The Oversight Board hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases may be declared invalid or unconstitutional.

SECTION 3. The Successor Agency's officials and staff are hereby authorized and directed to transmit this Resolution and take all other necessary and appropriate actions as required by law in order to effectuate its purposes.

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

APPROVED and ADOPTED this 29<sup>th</sup> day of August 2012.

\_\_\_\_\_  
Chairperson

Attest:

\_\_\_\_\_  
Oversight Board Clerk

**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 Community Development Commission of the City of Santa Fe Springs

Outstanding Debt or Obligation	Total Outstanding Debt or Obligation
	\$ 235,776,625
<b>Current Period Outstanding Debt or Obligation</b>	
A Available Revenues Other Than Anticipated RPTTF Funding	43,650
B Anticipated Enforceable Obligations Funded with RPTTF	6,619,560
C Anticipated Administrative Allowance Funded with RPTTF	105,856
D Total RPTTF Requested (B + C = D)	6,725,416
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be the same amount as ROPS form six-month total</i>	\$ 6,769,066
E Enter Total Six-Month Anticipated RPTTF Funding <i>(Obtain from county auditor-controller)</i>	16,320,085
F Variance (E - D = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$ 9,594,669
<b>Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))</b>	
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>	4,773,137
H Enter Actual Obligations Paid with RPTTF	4,034,715
I Enter Actual Administrative Expenses Paid with RPTTF	250,000
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	488,422
<b>K Adjusted RPTTF (The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimated obligation amount.)</b>	\$ 6,236,994

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.

Gerald Caton  
 Name

Chairman

Title

Signature

August 29, 2012

Date

Successor Agency to the Community Development Commission of the City of Santa Fe Springs  
Los Angeles

Name of Successor Agency:  
County:

EXHIBIT A  
Resolution OB-2012-005  
August 29, 2012

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
<b>Grand Total</b>							\$ 235,776,623	\$ 16,009,948
1	2001 Tax Allocation Bonds Series A (Housing)	9/19/2001	9/1/2024	US Bank	Refund Housing Portion of 1993 Bonds	Consolidated	5,833,298	319,930
2	2004 Tax Allocation Bonds Series A	9/18/2001	9/1/2024	US Bank	Redevelopment Activities	Consolidated	18,061,793	1,875,920
3	2002 Tax Allocation Refunding Bonds Series A	6/12/2002	9/1/2022	US Bank	Redevelopment Activities/Refund 1992 Bonds	Consolidated	16,937,851	4,053,515
4	2006 Tax Allocation Refunding Bonds Series A	7/29/2003	9/1/2024	US Bank	Refunded 1993 Bonds (Housing)	Consolidated	4,960,381	662,750
5	2006 Tax Allocation Bonds Series A	12/7/2006	9/1/2028	US Bank	Redevelopment Activities	Consolidated	53,447,069	170,513
6	2006 Taxable Tax Allocation Bonds Series B	12/7/2006	9/1/2028	US Bank	Redevelopment Activities	Consolidated	16,353,998	2,169,131
7	2007 Tax Allocation Refunding Bonds Series A	6/5/2007	3/1/2015	US Bank	Refund 1997, 1998, and Portion of 2002 Bonds	Consolidated	54,206,625	2,450,625
8	2005 ERAF Loan (Combined)	4/27/2005	3/1/2015	CSCDA	Loan to Fund 2005 ERAF Payment	Consolidated	736,642	244,062
9	2006 ERAF Loan (Combined)	5/3/2006	3/1/2016	CSCDA	Loan to Fund 2006 ERAF Payment	Consolidated	1,029,906	256,620
10	2004 ERAF Loan from CDC Housing Fund	5/13/2004	5/13/2014	LMHF	Loan to Fund 2004 ERAF Payment	Consolidated	1,000,000	
11	2010 SERAF Loan	5/10/2010	None	2006 CDC Bond Fund	Loan to Fund 2010 SERAF Payment	Consolidated	10,504,722	
12	2010 SERAF Loan	5/10/2010	None	2006 CDC Bond Fund	Loan to Fund 2010 SERAF Payment	Washington Blvd.	149,154	
13	2011 SERAF Loan	5/9/2011	2016	LMHF	Loan to Fund 2011 SERAF Payment	Combined	2,193,445	
14	Tax Increment Loan - Sales Tax (Washington Blvd.)	6/5/1987	Dependent	City of SFS	Tax Increment Loan - Sales Tax (Washington Blvd.)	Washington Blvd.	4,895,000	
15	Tax Increment Loan (Washington Blvd.)	6/5/1987	Dependent	Los Angeles County	Tax Increment Loan (Washington Blvd.)	Washington Blvd.	7,000,000	
16	1992 Redevelopment Refunded Bonds - Unclaimed Funds	9/1/2002	None	Arnold D Horodas	Called registered principal - CUSIP 802188EE63	Consolidated	10,200	10,200
17	1992 Redevelopment Refunded Bonds - Unclaimed Funds	9/1/2002	None	Arnold D Horodas	Called registered principal - CUSIP 802188EEH1	Consolidated	15,300	15,300
18	1992 Redevelopment Refunded Bonds - Unclaimed Funds	9/1/2002	None	Moya E Monroe	Called registered principal - CUSIP 802188EE8	Consolidated	5,100	5,100
19	1992 Redevelopment Refunded Bonds - Unclaimed Funds	9/1/2002	None	Holly Libby	Called registered principal - CUSIP 802188EE8	Consolidated	10,200	10,200
20	1992 Redevelopment Refunded Bonds - Unclaimed Funds	9/1/2002	None	Arnold D Horodas	Registered Interest	Consolidated	800	800
21	1992 Redevelopment Refunded Bonds - Unclaimed Funds	9/1/2002	None	Arnold D Horodas	Registered Interest	Consolidated	800	800
22	1992 Redevelopment Refunded Bonds - Unclaimed Funds	9/1/2001	None	Arnold D Horodas	Registered Interest	Consolidated	800	800
23	1992 Redevelopment Refunded Bonds - Unclaimed Funds	9/1/2001	None	Moya E Monroe	Registered Interest	Consolidated	150	150
24	1992 Redevelopment Refunded Bonds - Unclaimed Funds	9/1/2002	None	Moya E Monroe	Registered Interest	Consolidated	150	150
25	1992 Redevelopment Refunded Bonds - Unclaimed Funds	9/1/2002	None	Moya E Monroe	Registered Interest	Consolidated	150	150
26	Proportional Share of Unfunded Liabilities	2/10/2011	6/30/2042	City of SFS	Obligation to share in Payment of Unfunded Liabilities	Combined	11,265,000	375,500
27	Neighborhood Center Renovation Project	5/8/2010	12/31/2012 - estimate	City of SFS	Renovation of Neighborhood Center	Consolidated	3,260,796	481,422
28	Villages at Heritage Springs DDA	7/9/2009	Dependent	Villages at Heritage Springs	Land Purchase Not to Exceed 15 Years Tax Increment	Consolidated	17,275,000	
29	Construction Assistance for Redevelopment Sign	5/26/2011	Upon completion	Tam's Truck Center, Inc.	Assistance for Construction of Redevelopment Sign	Consolidated	320,000	320,000
30	Property Disposition Agreement	7/8/2006	Annual	McGrathman Carlson & Co.	Agreement for Disposition of Proceeds	Consolidated	2,102,185	
31	Audit Services	Annual	Annual	MGO	Audit Services	Consolidated	24,000	24,000
32	Due Diligence Reviews	To be determined	To be determined	MGO	Due Diligence Reviews of Unobligated Balances (A,B,1484)	Combined	15,000	15,000
33	Chevron Site Appraisal	To be determined	Upon completion	R.P. Laurin & Associates	Real Estate Appraisal	Consolidated	3,800	3,800
34	Fiscal Agent Fees	Annual	Annual	US Bank	Fiscal Agent Fees	Consolidated	30,000	30,000
35	Arbitrage Fees	Annual	Annual	Bond Logistics	Arbitrage Consulting Services	Consolidated	4,500	4,500
36	Oversight Board Legal Counsel	Annual	Annual	Wallin, Kress, Reisman and Kranitz	Legal Services	Combined	10,000	10,000
37	Oversight Board Liability Insurance	Annual	Annual	Alliant Insurance Services, Inc.	Liability Insurance	Consolidated	2,120	2,120
38	Administrative Expenses (Line Items 2013)	Annual	Annual	City of SFS	Successor Agency Administration	Consolidated	106,666	106,666
39	Unfunded Obligations from ROPS II			Multiple	Approved Obligations in Excess of June 1, 2012 Pmt	Combined	2,716,575	2,716,575
40	Unfunded Admin Allowance from ROPS II			City of SFS	Jul - Dec 2012 Admin Allowance Not Funded 6/1/12	Combined	374,459	374,459

Name of Successor Agency:  
County:

Oversight Board Approval Date: August 29, 2012

Item #	Project Name / Debt Obligation	Funding Source							Six-Month Total
		LMIHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other		
		\$	\$	\$	\$	\$	\$	\$	
Grand Total		-	-	43,650	105,856	6,819,560	-	6,769,066	
1	2001 Tax Allocation Bonds Series A (Housing)					116,403		116,403	
2	2001 Tax Allocation Bonds Series A					297,273		297,273	
3	2002 Tax Allocation Refunding Bonds Series A					340,861		340,861	
4	2003 Taxable Tax Allocation Refunding Bonds Series A					103,646		103,646	
5	2005 Tax Allocation Bonds Series A					69,956		69,956	
6	2006 Taxable Tax Allocation Bonds Series B					322,204		322,204	
7	2007 Tax Allocation Refunding Bonds Series A					966,500		966,500	
8	2005 ERAF Loan (Combined)					122,031		122,031	
9	2006 ERAF Loan (Combined)					128,310		128,310	
10	2004 ERAF Loan from CDC Housing Fund					-		-	
11	2010 SERAF Loan					-		-	
12	2010 SERAF Loan					-		-	
13	2011 SERAF Loan					-		-	
14	Tax Increment Loan - Sales Tax (Washington Blvd.)					-		-	
15	Tax Increment Loan (Washington Blvd.)					-		-	
16	1992 Redevelopment Refunded Bonds - Unclaimed Funds			10,200				10,200	
17	1992 Redevelopment Refunded Bonds - Unclaimed Funds			15,300				15,300	
18	1992 Redevelopment Refunded Bonds - Unclaimed Funds			5,100				5,100	
19	1992 Redevelopment Refunded Bonds - Unclaimed Funds			10,200				10,200	
20	1992 Redevelopment Refunded Bonds - Unclaimed Funds			800				800	
21	1992 Redevelopment Refunded Bonds - Unclaimed Funds			800				800	
22	1992 Redevelopment Refunded Bonds - Unclaimed Funds			800				800	
23	1992 Redevelopment Refunded Bonds - Unclaimed Funds			150				150	
24	1992 Redevelopment Refunded Bonds - Unclaimed Funds			150				150	
25	1992 Redevelopment Refunded Bonds - Unclaimed Funds			150				150	
26	Proportional Share of Unfunded Liabilities					187,750		187,750	
27	Neighborhood Center Renovation Project					481,422		481,422	
28	Villages at Heritage Springs DDA								
29	Construction Assistance for Redevelopment Sign					320,000		320,000	
30	Property Disposition Agreement								
31	Audit Services					24,000		24,000	
32	Due Diligence Reviews					15,000		15,000	
33	Chevron Site Appraisal					3,800		3,800	
34	Fiscal Agent Fees					15,000		15,000	
35	Arbitrage Fees					2,250		2,250	
36	Oversight Board Legal Counsel					10,000		10,000	
37	Oversight Board Liability Insurance					2,120		2,120	
38	Administrative Expenses (March 2013)				106,856			106,856	
39	Unfunded Obligations from ROPS II					2,716,575		2,716,575	
40	Unfunded Admin Allowance from ROPS II					374,459		374,459	

Name of Successor Agency:  
County:

Successor Agency to the Community Development Commission of the City of Santa Fe Springs  
Los Angeles

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

EXHIBIT A  
Resolution OB-2012-005  
August 29, 2012

Page/Form Line	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	Reserve Balance		Admin Allowance		RPTTF	
					Estimate	Actual	Estimate	Actual	Estimate	Actual
	<b>Grand Total</b>				\$ -	\$ 11,565	\$ 250,000	\$ 250,000	\$ 4,523,137	\$ 4,034,715
1	2001 Tax Allocation Bonds Series A (Housing)	US Bank	Refund Housing Portion of 1993 Bonds	Consolidated					118,528	118,528
1	2001 Tax Allocation Bonds Series A	US Bank	Redevelopment Activities	Consolidated					323,648	323,648
1	2002 Tax Allocation Refunding Bonds Series A	US Bank	Redevelopment Activities/Refund 1992 Bonds	Consolidated					340,861	340,861
1	2003 Taxable Tax Allocation Refunding Bonds Series A	US Bank	Refunded 1993 Bonds (Housing)	Consolidated					114,104	114,104
1	2006 Tax Allocation Bonds Series A	US Bank	Redevelopment Activities	Consolidated					70,556	70,556
1	2006 Taxable Tax Allocation Bonds Series B	US Bank	Redevelopment Activities	Consolidated					361,928	361,928
1	2007 Tax Allocation Refunding Bonds Series A	US Bank	Refund 1997, 1998, and Portion of 2002 Bonds	Consolidated					979,125	979,125
1	2005 ERAF Loan (Combined)	CSCDA	Loan to Fund 2005 ERAF Payment	Consolidated					121,815	121,815
1	2006 ERAF Loan (Combined)	CSCDA	Loan to Fund 2006 ERAF Payment	Consolidated					128,716	128,716
1	Neighborhood Center Renovation Project	City of SFS	Renovation of Neighborhood Center	Consolidated					1,948,356	1,467,834
1	Fiscal Agent Fees	US Bank	Fiscal Agent Fees	Consolidated					10,000	-
1	Arbitrage Fees	Bond Logistix	Arbitrage Consulting Services	Consolidated					4,500	7,500
1	Administrative Expenses	City of SFS	Successor Agency Administration	Consolidated					250,000	

Name of Successor Agency: Successor Agency to the Community Development Commission of the City of Santa Fe Springs  
 County: Los Angeles

EXHIBIT A  
 Resolution OB-2012-005  
 August 29, 2012

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)**  
**COLOR CODING LEGEND**  
 January 1, 2013 through June 30, 2013

	Total Obligation	Jan - June 2013
Bonded Debt	169,800,815	2,216,843
ERAF Loan (Third Party)	1,760,548	250,341
Loans from City or former Community Development Commission	18,742,321	-
Tax Increment Loan from Los Angeles County	7,900,000	-
Unclaimed 1992 Tax Allocation Bonds held by Successor Agency	43,650	43,650
Obligation to share in pension and retiree health care costs	11,265,000	187,750
Project in progress prior to dissolution	3,280,796	481,422
Development Agreements	19,697,185	320,000
Operational Services	89,420	72,170
Administrative Allowance	105,856	105,856
Carryover of unfunded amounts from prior ROPS	3,091,034	3,091,034
<b>Total</b>	<b>\$ 235,776,625</b>	<b>\$ 6,769,066</b>

**NEW BUSINESS**

**Oversight Board  
August 29, 2012**

TO: Oversight Board Members

FROM: Successor Agency to the Santa Fe Springs CDC

ORIGINATED BY: Thaddeus McCormack, City Manager

**SUBJECT: Resolution OB-2012-006: Contract with Independent Legal Counsel for the Oversight Board**

**RECOMMENDED ACTION**

That the Oversight Board:

1. Approve Resolution OB-2012-006 approving and authorizing the City Manager/Executive Director to Enter Into a Fee Agreement for Legal Services with the Firm of Stein & Lubin. (Patrick O'Keeffe/Lorrayne Leong) Peter L. Wallin, a partner with the law firm of Wallin, Kress, Reisman & Kranitz, LLP, consistent with the attached proposal; and
2. Approve expenditure, not to exceed \$10,000, to pay for the provision of Outside Legal Counsel for the Oversight Board.

**BACKGROUND**

At its May 21, 2012 meeting, the Oversight Board was advised by the City Attorney that he could not advise the Board on legal matters as he represents the City of Santa Fe Springs Successor Agency and, therefore, would be conflicted from representing the entity charged with overseeing its actions. The City Attorney did secure a proposal from Mr. Peter L. Wallin, a partner with the law firm of Wallin, Kress, Reisman & Kranitz, LLP, to serve in the capacity of Legal Counsel to the Oversight Board, which was presented to the Oversight Board. The Oversight Board decided that it would be appropriate to retain its own legal counsel and voted to request of the Successor Agency that it agree to pay, in an amount not to exceed \$10,000, for the Outside Legal Counsel, specifically with Mr. Wallin and consistent with his proposal (attached). At its meeting of August, 23, 2012, the Successor Agency agreed to do so.

**FISCAL IMPACT**

The cost of Outside Independent Legal Counsel will be added to the list of financial obligations of the Successor Agency, to be submitted to the State Department of Finance for consideration.

  
Thaddeus McCormack  
City Manager

**ATTACHMENT:**

Resolution OB-2012-006  
Legal Counsel Proposal

**RESOLUTION NO. OB-2012-006**

A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT  
COMMISSION/REDEVELOPMENT AGENCY OF THE CITY OF SANTA FE SPRINGS  
APPROVING THE HIRING OF PETER WALLIN OF WALLIN, KRESS, REISMAN  
AND KRANITZ AS COUNSEL TO THE OVERSIGHT BOARD.

THE OVERSIGHT BOARD OF THE (SANTA FE SPRINGS) SUCCESSOR AGENCY  
HEREBY RESOLVES AS FOLLOWS:

SECTION 1. Peter Wallin of Wallin, Kress, Reisman and Kranitz is hereby hired as Counsel to the Oversight Board, pursuant to the Letter Agreement attached hereto as Exhibit "A".

SECTION 2. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution, or any part hereof, is held invalid or unconstitutional, such decision shall not affect the validity of the remaining sections or portions of this Resolution. The Oversight Board hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases may be declared invalid or unconstitutional.

SECTION 3. The Successor Agency's officials and staff are hereby authorized and directed to transmit this Resolution and take all other necessary and appropriate actions as required by law in order to effectuate its purposes.

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

APPROVED and ADOPTED this 29<sup>th</sup> day of August 2012.

\_\_\_\_\_  
Chairperson

Attest:

\_\_\_\_\_  
Oversight Board Clerk

WALLIN, KRESS, REISMAN & KRANITZ, LLP

LAW OFFICES

2800 TWENTY-EIGHTH STREET, SUITE 315

SANTA MONICA, CALIFORNIA 90405-6205

TELEPHONE (310) 450-9582

FACSIMILE (310) 450-0506

May 8, 2012

Steve Skolnik  
City Attorney  
City of Santa Fe Springs  
11710 E. Telephone Road  
Santa Fe Springs, CA 90670

Re: Proposal to Serve as Legal Counsel to the Oversight Board for the Santa Fe Springs Successor Agency

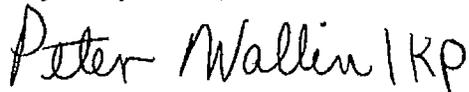
Dear Steve:

This letter confirms this firm's interest in serving as legal counsel to the Oversight Board of the Santa Fe Springs Successor Agency.

I, Peter Wallin, would be designated to serve as legal counsel. I have practiced redevelopment law for over 30 years, principally representing public agencies. I currently serve as legal counsel to the successor agencies for the cities of La Verne and San Gabriel. My billing rate for these services would be \$250/hour.

In making this proposal I must disclose that within the past three years our firm has represented the Santa Fe Springs Redevelopment Agency and City of Santa Fe Springs in litigation brought by the County of Los Angeles to challenge the Agency's amendments to the Washington Boulevard Redevelopment Project Area and the Consolidated Redevelopment Project Area. This litigation was settled in early 2010 and our firm has had no further representation of the Agency or City since that time.

Very Truly Yours,



Peter L. Wallin

**NEW BUSINESS**

**Oversight Board  
August 29, 2012**

TO: Oversight Board Members

FROM: Successor Agency to the Santa Fe Springs CDC

ORIGINATED BY: Thaddeus McCormack, City Manager

**SUBJECT: Resolution OB-2012-007: Procurement of Special Liability Insurance for the Oversight Board of the Successor Agency to the Community Development Commission**

**RECOMMENDED ACTION**

That the Oversight Board:

1. Approve Resolution OB-2012-007 approving the procurement of Special Liability Insurance through Alliant Insurance Services, Inc. to obtain liability protection for members of the Oversight Board of the Successor Agency to the Santa Fe Springs Community Development Commission; and
2. Approve expenditure, not to exceed \$2,120.44 to pay the premium for the above referenced coverage for the Oversight Board.

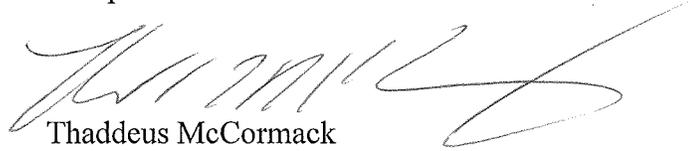
**BACKGROUND**

At its meeting on May 21, 2012, the Oversight Board of the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs (Oversight Board) considered whether it should procure liability protection insurance. The Oversight Board was informed by Staff that the City's Memorandum of Liability Coverage with the California Joint Powers Insurance Authority (CJPIA), the City's insurance provider, did not extend liability coverage to the Board. However, the CJPIA indicated that the Oversight Board could obtain liability insurance through a recommended provider (Alliant Insurance Services, based in Newport Beach, CA). Accordingly, the Oversight Board requested that the Successor Agency consider procuring such Liability Protection Insurance.

Alliant Insurance Services submitted a proposal (attached) to provide special liability coverage of up to \$2 million to the Oversight Board. The coverage is for a period of 13 months (beginning September 1, 2012) and would renew at the end of September 2013, unless either party wants to terminate the coverage. Attached is the proposal from Alliant illustrating coverage for a 12-month term with a \$1,620.44 premium. The pro-rated premium for the month of September 2012 is pending from Alliant, however the cost will not exceed \$500, for a total of \$2,120.44 for 13 months. At its meeting of August 23, 2012, the Successor Agency agreed to procure liability insurance on behalf and for the Oversight Board.

**FISCAL IMPACT**

The cost of the liability insurance premium will be added to the list of financial obligations of the Successor Agency to be submitted to the State Department of Finance for consideration.

  
Thaddeus McCormack  
City Manager

**ATTACHMENT:**  
Resolution OB-2012-007

**RESOLUTION NO. OB-2012-007**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT  
COMMISSION/REDEVELOPMENT AGENCY OF THE CITY OF SANTA FE SPRINGS  
APPROVING THE PROCUREMENT OF SPECIAL LIABILITY INSURANCE.**

THE OVERSIGHT BOARD OF THE (SANTA FE SPRINGS) SUCCESSOR AGENCY  
HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The Oversight Board hereby agrees to procure Special Liability Insurance, as described in the document attached hereto as Exhibit "A".

SECTION 2. If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution, or any part hereof, is held invalid or unconstitutional, such decision shall not affect the validity of the remaining sections or portions of this Resolution. The Oversight Board hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases may be declared invalid or unconstitutional.

SECTION 3. The Successor Agency's officials and staff are hereby authorized and directed to transmit this Resolution and take all other necessary and appropriate actions as required by law in order to effectuate its purposes.

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

APPROVED and ADOPTED this 29<sup>th</sup> day of August 2012.

\_\_\_\_\_  
Chairperson

Attest:

\_\_\_\_\_  
Oversight Board Clerk



**SPECIAL LIABILITY INSURANCE PROGRAM (SLIP)  
PROPOSAL  
TBD TO SEPTEMBER 29, 2012**

**NAMED INSURED:** Oversight Board of the Successor Agency to the Community Development Commission of the City of Santa Fe Springs

**PROGRAM TERM:** TBD to 9/29/12

**INSURANCE COMPANY:** Associated Industries Insurance Company

**A.M. BEST RATING:\*** A, Excellent; Financial Size Category IX; (\$250 Million to \$500 Million) as of 6/13/11

**STANDARD & POOR RATING:\*** Not Rated

**CALIFORNIA STATUS:** Non-Admitted

**POLICY NUMBER:** TBD

**COVERAGE:** Manuscript Liability Form on an Occurrence Basis. Coverage included for:

(Coverage applies only where checked)		LIMIT
Maximum Per Occurrence Limit for all Coverages Combined		\$1,000,000

		LIMIT	DED/SIR
X	Personal Injury (Including Bodily Injury and Property Damage)	\$1,000,000	\$1,000
	Broadcasters Liability		
	Owned Automobile Liability		
	Uninsured Motorist Coverage		
X	Non-Owned and Hired Automobile Liability	\$1,000,000	\$1,000
	Nonprofit Directors and Officers Liability		
X	Public Officials Errors and Omissions	\$1,000,000	\$1,000
	Educators Legal Liability		
	Employment Practices Liability		
	Nose Coverage		
	Retro Date:		

Annual Aggregate Limits		LIMIT
X	Products / Completed Operations	\$1,000,000
X	Public Officials Errors and Omissions	\$1,000,000
	Employment Practices Liability	
	Educators Legal Liability	

*\*See last page for additional information.*

**SLIP Proposal**

**SUBLIMITS:**

(Coverage applies only where checked)		LIMIT	DED/SIR
X	Fire Damage Liability (Sublimit of Personal Injury/property Damage Coverage Limit) Capped at \$1,000,000	\$1,000,000	\$1,000

- Limits are exhausted by Indemnity and Defense Cost.
- Limits are Per Occurrence.
- There is no General Aggregate.
- Limits apply to each entity in the program.

\*\*This QUOTATION is subject to review and possible re-rating if there are any significant changes in operations, exposure or experience prior to AmTrust binding. Such significant changes include, but are not limited to, any declared or potential occurrence series, claims series or batch notices by or to the insured.\*\*

**ANNUAL**

**PREMIUM:**

\* Taxes, surplus lines fee and brokerage fees are included.

Option 1 - \$1,000,000  
 Premium: \$1,000.00  
 Taxes: \$30.00  
 Stamp Fee: \$2.50  
 Broker Fee: \$115.00  
 SHR Fee: \$6.00  
 MGA Service Fee: \$25.00  
**Total Cost: \$1,178.50**

Option 1 - \$2,000,000  
 Premium: \$1,375.00  
 Taxes: \$41.25  
 Stamp Fee: \$3.44  
 Broker Fee: \$158.13  
 SHR Fee: \$8.25  
 MGA Service Fee: \$34.38  
**Total Cost: \$1,620.44**

**IMPORTANT NOTICE:** THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) GOES INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

**SHR Fee is 100% earned.**

**Mid-term cancellations could have a short-rate penalty applied to the return premium.**

**TRIA OPTION:** 5% of premium plus applicable taxes and fees.

**MINIMUM EARNED:** 25% of the annual premium

**SUBJECT TO AUDIT:** NO

**MAJOR EXCLUSIONS:**

- Workers' Compensation
- Asbestos
- Auto Liability (unless Owned Auto coverage provided)
- Uninsured Motorist coverage except if Auto Liability marked X'd above, or unless coverage specifically requested and in file
- Failure to Supply
- Pollution Except for Hostile Fire and Vehicle Upset / Overturn coverage
- Inverse Condemnation / Eminent Domain
- Care, Custody, and Control
- Medical Payment Coverage
- Dam Liability
- All Aircraft; Watercraft over 51 feet in length
- Airports
- Medical Malpractice (except incidental)
- Subsidence
- Nuclear Material
- ERISA
- Fungi or Bacteria
- War or Terrorism
- Securities and Financial Interest
- Mold
- Directors & Officers Liability if Public Officials E&O applies
- Employment Practices Liability
- Montrose Exclusion – Prior knowledge of incident or loss
- Abuse & Molestation
- Residential Construction
- Athletic Participants
- Transit Operations
- Bodily Injury of Tenants or Guests of Tenants for Habitational Risks
- Insurance Agent/Claims Administration/Mortgage Broker
- Lead

**CLAIMS REPORTING:** Please contact Alliant to report claims. Program and Deductible loss adjustment will be provided by Carl Warren Co.

**PROPOSAL DATE:** 8/8/12

**PROPOSAL VALID UNTIL:** 30 days from proposal date

**SLIP Proposal**

**BROKER:**

**ALLIANT INSURANCE SERVICES, INC. • NEWPORT BEACH, CA**

Gordon B. DesCombes, Executive Vice President

Rick Steddom, Vice President

Christine Tobin, Vice President

John Peterson, Account Manager Lead

Sheryl Fitzgerald, Account Manager lead

**SUBJECT TO POLICY TERMS, CONDITIONS AND EXCLUSIONS**



*This proposal is for information purposes only and does not amend, extend or alter the policy in any way. Please refer to the policy form for completed coverage and exclusion information.*

*Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliantinsurance.com](http://www.alliantinsurance.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.*

*\*Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.*

*A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).*

*To learn more about companies doing business in California, visit the California Department of Insurance website at [www.insurance.ca.gov](http://www.insurance.ca.gov).*

**NEW BUSINESS**

**Oversight Board  
August 29, 2012**

TO: Oversight Board Members

FROM: Successor Agency to the Santa Fe Springs CDC

ORIGINATED BY: Thaddeus McCormack, City Manager

SUBJECT: **Overview of New Deadlines and Procedures Added to the  
Redevelopment Dissolution Process by AB 1484**

**RECOMMENDED ACTION**

That the Oversight Board receive an overview of the new deadlines and procedures added to the redevelopment dissolution process by AB 1484.

**BACKGROUND**

On June 27, 2012, a clean-up bill to the redevelopment dissolution legislation (AB x1 26) was enacted by the State Legislature ("AB 1484"). AB 1484 established several new procedures that must be followed and accelerated several timelines for existing procedures.

**Due Diligence Review**

The Successor Agency must contract with a certified public accountant, approved by the County Auditor-Controller ("Auditor-Controller"), to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities. The due diligence review must include (1) a valuation of all cash assets transferred from the former Redevelopment Agency to the Successor Agency on February 1, 2012; (2) the value of all cash assets transferred from the Redevelopment Agency or Successor Agency to the City between January 1, 2011 and June 30, 2012; and (3) the dollar value of any cash transferred from the Redevelopment Agency or Successor Agency to any other public agency or private party between January 1, 2011 and June 30, 2012. Deductions may be made from the amount to be distributed to taxing entities for (1) assets obligated for a legally restricted purpose, such as grants or bonds; (2) non-cash assets, such as property or equipment; (3) assets restricted or obligated to fund an enforceable obligation; and (4) assets required to pay the Successor Agency's current year Recognized Obligation Payment Schedule ("ROPS") obligations. The Successor Agency has included a new line item on its ROPS to pay for the auditing and reporting services required to meet this obligation.

There are separate tracts for review and approval of the due diligence review of the amount available for distribution in the Successor Agency's Low and Moderate Income Housing Fund ("Housing Fund") and the due diligence review for all other funds ("Non-Housing Funds"). The Successor Agency must submit the Housing Fund due diligence review to the Oversight Board, Auditor-Controller, State Controller, and Department of Finance ("DOF") by October 1, 2012, and it must be approved by the Oversight Board no later than October 15, 2012. DOF will have until November 9, 2012, to review the Housing Fund due diligence review and provide its determination to the Successor Agency. Within five days after

DOF's determination the Successor Agency must transmit any unobligated Housing Funds to the Auditor-Controller. If the Successor Agency does not agree with DOF's determination it can submit a request to meet and confer, as outlined in AB 1484 the meet and confer process would take no longer than thirty days. During this period the requirement to transmit the unobligated Housing Funds to the Auditor-Controller would be suspended until after the meet and confer process is complete.

For Non-Housing Funds the Successor Agency must submit the due diligence review to the Oversight Board, Auditor-Controller, State Controller, and DOF by December 15, 2012, and it must be approved by the Oversight Board no later than January 15, 2013. DOF will have until April 1, 2013, to review the Non-Housing Fund due diligence review and provide its determination to the Successor Agency. Within five days after DOF's determination the Successor Agency must transmit any unobligated Non- Housing Funds due to the Auditor-Controller. If the Successor Agency does not agree with DOF's determination it can submit a request to meet and confer, as outlined in AB 1484 the meet and confer process would take no longer than thirty days. During this period the requirement to transmit the unobligated Non-Housing Funds to the Auditor-Controller would be suspended until after the meet and confer process is complete. Failure to meet the above deadlines may subject the Successor Agency, City of Santa Fe Springs, and potentially the Oversight Board, to substantial fines and penalties assessed by various State agencies.

Upon completion of the due diligence reviews and transmittal of the unobligated balances to the County Auditor-Controller, the Successor Agency will be issued a "finding of completion" from DOF. Due to the deadlines associated with the due diligence reviews it is not anticipated that a "finding of completion" will be issued to the Successor Agency until at least April 2013.

### **Recognized Obligation Payment Schedule No. 3 (Jan 2013 - June 2013)**

AB 1484 created specific new deadlines for ROPS review and approval, intended to provide the reviewing agencies additional time for review. The ROPS for the period from January 1, 2013 through June 30, 2013 ("ROPS No. 3") must be approved by the Oversight Board and transmitted to DOF no later than September 1, 2012. DOF will have 45 days to review ROPS No. 3 and provide its determination to the Successor Agency and Oversight Board. The Successor Agency or Oversight Board can submit a request to meet and confer if it does not agree with DOF's determination. If the Oversight Board or Successor Agency disputes a DOF ROPS determination and DOF subsequently agrees with the objection, later ROPS may be amended to reflect the revised understanding. County Auditor-Controllers do not have the authority to withhold any allocation from a ROPS approved by DOF unless required to do so pursuant to a court order.

Moving forward, each successive ROPS must be approved by the Oversight Board and submitted to DOF no later than 90 days prior to the County's distribution of tax increment, resulting in an approximate deadline of October 4 (for Jan. – June ROPS) and March 3 (for July – Dec. ROPS) of each year. Similar to the required due diligence review, failure to meet the above deadlines may subject the Successor Agency, City of Santa Fe Springs, and potentially the Oversight Board, to substantial fines and penalties assessed by various State agencies.

AB 1484 also expands and clarifies what may be considered an enforceable obligation. It clarifies that litigation expenses, costs of maintaining assets prior to disposition, and employee costs associated with work on specific project implementation activities are all enforceable obligations that may be included on the ROPS. Any housing enforceable obligations and bond obligations may still be included on the ROPS, even if the Housing Successor Agency assumes responsibility of the former Agency's housing assets. Starting in FY 2013-14, repayments or deferrals owed to the Housing Fund may be repaid to the Housing Successor Agency and listed on the ROPS. Also, upon issuance of a Finding of Completion from the DOF, discussed below, excess bond proceeds not needed to pay enforceable obligations and loans between the City of Santa Fe Springs and Successor Agency may properly be listed on the ROPS, subject to limitations outlined in AB 1484.

### **Housing Assets Report**

Although the City of Santa Fe Springs elected to become the Housing Successor Agency on January 11, 2012, AB 1484 clarifies that the Oversight Board must approve the transfer of housing assets to the Housing Successor Agency by resolution after providing 10 days public notice and conducting a public hearing. The Successor Agency will seek the Oversight Board's approval of a resolution retroactively memorializing the transfer of housing assets to the City.

### **Increased DOF Review of Oversight Board Actions**

Similar to review of the ROPS, AB 1484 expands and lengthens DOF review of all Oversight Board actions. Each action by the Oversight Board requires a resolution and must be transmitted to the DOF by electronic means in a manner of the DOF's choosing. The time period wherein DOF may request review is expanded from 3 to 5 days. The largest expansion is in the amount of time that DOF has to review a particular action when it requests such review, which is changed from 10 to 40 days. Regarding the transfer of housing assets and distribution of former redevelopment properties, the Oversight Board must provide at least 10 days public notice. Any such actions are subject to DOF review similar to other Oversight Board actions, except that DOF may extend its review period by an additional 60 days.

For further discussion and summary of AB 1484, please see the attached League of California Cities documents, entitled "Major Provisions of AB 1484" and "AB 1484: Important Dates".



Thaddeus McCormack  
City Manager

### **ATTACHMENTS:**

Major Provisions of AB 1484  
AB 1484: Important Dates



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## Major Provisions of AB 1484<sup>1</sup>

1. **Three payments:** Successor agency must make three payments:

- July 12: Taxing entities' share of December 2011 property tax distribution to redevelopment agency/successor agency
- November 9+/-: Low-Moderate Income Housing Fund
- April 10 +/-: Unencumbered cash

In addition to these three payments, if a successor agency did not make complete 2011-12 pass-through payments, amount of payment not made will be deducted from property tax distribution from auditor-controller.<sup>2</sup>

2. **New audit by October 1:** Successor agency must retain licensed accountant to audit books:<sup>3</sup>

- Audit of LMIHF
- Audit of cash assets
- Audit of cash transfers to public agencies and private parties<sup>4</sup>

3. **New penalties:**

- Failure to make July 12 payment: successor agency subject to civil penalty of 10% of the amount owed plus 1.5% of the amount owed for each month that payment is not made unless DOF finds that payment of penalty will jeopardize payment of enforceable obligations. Until payment is made,

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<sup>1</sup> The League will continue to refine this analysis with the assistance of its RDA Attorney Working Group and other city officials.

<sup>2</sup> Additional information about these payments is found in the Appendix.

<sup>3</sup> Agreed-upon procedures audit completed by auditor-controller can substitute for the licensed accountant audit if it includes all statutory requirements

<sup>4</sup> Successor agency must attempt to recover cash transferred to public agency without an enforceable obligation.

July 2, 2012

successor agency may only pay bond debt. City subject to same civil penalty. City will not receive July 18 sales tax payment (up to amount owed).<sup>5</sup>

- Failure to transfer LMIHF funds: Offset of city sales tax or property tax of the amount required to be transferred<sup>6</sup>
- Failure to transfer cash assets: Offset of city sales tax or property tax of the amount required to be transferred<sup>7</sup>
- Failure to recover cash transferred to local agency without enforceable obligation: Offset of sales tax or property tax of the local agency to which the cash was transferred.<sup>8</sup>
- Failure to submit ROPS by September 1, 2012 and subsequent deadlines: City to pay civil penalty of \$10,000 per day for each day beyond deadline

#### 4. Safe Harbor: Finding of Completion<sup>9</sup>

The Department of Finance will issue a finding of completion to a successor agency that pays the following amounts:

- ✓ The amount determined in the audit of the LMIHF<sup>10</sup>
- ✓ The amount determined in the audit of all other funds<sup>11</sup>
- ✓ The amount (if any) owing to taxing entities from the December 2011 property tax payment<sup>12</sup>

The following applies to a successor agency that is issued a finding of completion:

- ✓ Loan agreements entered into between the redevelopment agency and the city are deemed to be enforceable obligations if oversight board makes a finding that loan was for legitimate redevelopment purposes. As enforceable obligations, payments are listed on ROPS<sup>13</sup>.

Repayments of loans may not begin prior to 2013-14 fiscal year at maximum amount described in statute. Repayment amounts received by city must first be used to retire outstanding amounts borrowed and owed to LMIHF of the

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<sup>5</sup> Section 34183.5(b)(2)

<sup>6</sup> Section 34179.6(h)

<sup>7</sup> Section 34179.6(h)

<sup>8</sup> Section 34179.6(h); see, also 34179.8

<sup>9</sup> Section 34191.1.

<sup>10</sup> Section 34179.6

<sup>11</sup> Section 34179.6

<sup>12</sup> Section 34183.5

<sup>13</sup> DOF continues to retain final authority to approve items listed on ROPS.

July 2, 2012

former redevelopment agency for purposes of the SERAF payment. 20% of loan repayment amount must be transferred to LMIH Asset Fund.<sup>14</sup>

- ✓ Bond proceeds derived from bonds issued on or before 12/31/10 shall be used for the purposes for which the bonds were sold. Proceeds which cannot be spent consistent with bond covenants shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.<sup>15</sup> Use of bond proceeds listed on ROPS.<sup>16</sup>
- ✓ Real property assets: In lieu of the provisions of AB 26 which require disposal of real property assets at the direction of the oversight board, successor agency prepares a long-range property management plan and submits to oversight board and DOF for approval. Permissible uses of property include retention for governmental use; retention for future development; sale of property; use of the property to fulfill enforceable obligations. If plan directs use or liquidation of property for a project identified in an approved redevelopment plan, the property shall transfer to the city. No transfers until plan approved by oversight board and DOF.<sup>17</sup>
- ✓ Statute of Limitations: The longer statutes of limitations (2 years) to challenge actions of the former redevelopment agencies do not apply.<sup>18</sup>

## 5. New Power of State Controller<sup>19</sup>

AB 1484 directs the Controller to review the activities of successor agencies to determine whether an asset transfer occurred after January 31, 2012, between the successor agency and the city or county that created the redevelopment agency, or any other public agency that was not pursuant to an enforceable obligation on an approved ROPS. The Controller is directed to order the assets returned to the successor agency. "City" is defined very broadly to include any entity which is controlled by the city or for which the city is financially responsible or accountable.<sup>20</sup>

## 6. Increase in authority for Department of Finance

- DOF may eliminate or modify any item on an oversight board-approved ROPS. The auditor-controller must distribute property tax in accordance with changes made to the ROPS by DOF. If successor agency disputes DOF

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<sup>14</sup> 34191.4(b)(2).

<sup>15</sup> 34191.4(c)

<sup>16</sup> DOF continues to retain final authority to approve items listed on ROPS.

<sup>17</sup> Section 34191.5

<sup>18</sup> Section 33500, 33501

<sup>19</sup> Section 34178.8

<sup>20</sup> Section 34167.10. AB 26 directed the State Controller to review asset transfers from redevelopment agencies to the city or county that created the agency that occurred after January 1, 2011. If the city or county was not contractually committed to a third party for the expenditure or encumbrance of those assets, the Controller was directed to order the return the assets to the redevelopment agency or successor agency.

action, disputed item may be carried on ROPS. If dispute resolved in favor of successor agency in the future, the past allocation of property tax to the successor agency is not changed nor is a "liability" created for any affected taxing entity.<sup>21</sup>

- DOF may review and object to oversight board actions approving (1) establishment of new repayment terms for outstanding loans; and (2) setting aside amounts in reserves as required by bond indentures, and similar documents<sup>22</sup>

## 7. New restrictions on authority of Successor agency

- No new enforceable obligations except (1) as specifically authorized by the statute; (2) in compliance with enforceable obligations that existed prior to June 28, 2011; or (3) to hire staff, acquire professional services and procure insurance.<sup>23</sup>
- May not transfer revenues or powers to any other public or private party except pursuant to enforceable obligation on an approved ROPS. Any such transfer of authority or revenues are "void" and successor agency required to reverse transfers. Controller may audit and order return of transfers of authority or revenues.<sup>24</sup>
- Actions taken by redevelopment agencies pursuant to VARP (Voluntary Alternative Redevelopment Program in AB 27) are "ultra vires" and do not create enforceable obligations.<sup>25</sup>
- If successor agency exercised power to reenter into agreements with city (section 34178) and agreement was approved by oversight board but rejected by DOF, successor agency and oversight board may not act to restore funding for the reentered agreement.<sup>26</sup>
- No reestablishment of loan agreements between successor agency and city except pursuant to safe harbor provisions.<sup>27</sup>

## 8. Miscellaneous

- City loans to successor agency: City may loan or grant funds for administrative costs, enforceable obligations or project-related expenses. Receipt and use of these funds shall be reflected on the ROPS or in the

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<sup>21</sup> Section 34179(h)

<sup>22</sup> Section 34181(f)

<sup>23</sup> Section 34177.3(a); 34177.3(b)

<sup>24</sup> Section 34177.3(c)

<sup>25</sup> Section 34177.3(d)

<sup>26</sup> Section 34178(a)

<sup>27</sup> Section 34180(a)

administrative budget subject to oversight board approval. An enforceable obligation is created for repayment of loans.<sup>28</sup>

- New Oversight Board Provisions<sup>29</sup>
  - ✓ Auditor-controller may determine “largest special district”
  - ✓ Section 1090 does not apply to employee representative on oversight board
  - ✓ Oversight board members are protected by immunities applicable to public entities and public employees
  - ✓ Meetings at which oversight board will consider disposal of successor agency assets or allow set-aside of reserves required by bond indentures requires 10 days’ public notice.<sup>30</sup>
  - ✓ Written notice and information about all oversight board actions must be provided to DOF by electronic means. DOF has 40 (instead of 10) days to review and approve, reject, or modify oversight board action.
  - ✓ Oversight board may direct successor agency to provide additional legal or financial advice.
  - ✓ Authorized to contract with the county or other public or private agencies for administrative support
  - ✓ On matters within its purview, decisions made by oversight board “supersede those made by the successor agency or the staff of the successor agency.”<sup>31</sup>
- New authority for auditor-controller<sup>32</sup>: A county auditor-controller can object to an item on the ROPS or to the funding source listed for an item on the ROPS. Objections are sent to DOF to resolve.
- Polanco Act protection for successor agency: Cleanup plans and liability limits of redevelopment agency transferred to successor agency and to housing entity, upon entity’s request.<sup>33</sup>
- Limited authority for successor agency to refinance existing debt.<sup>34</sup>
- Successor agency is separate public entity.<sup>35</sup>

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<sup>28</sup> Section 34175(h)

<sup>29</sup> Section 34180

<sup>30</sup> Section 34181(f)

<sup>31</sup> Section 34179

<sup>32</sup> Section 34182.5

<sup>33</sup> Section 34173(f)

<sup>34</sup> Section 34177.5

<sup>35</sup> Section 34173(g)

## Appendix – Successor Agency Required Payments/Fund Transfers

### ✓ **Transfer of Unencumbered Balances**<sup>36</sup>

AB 26 requires that a successor agency transfer unencumbered cash balances and low and moderate income housing funds to the county auditor-controller for distribution to the taxing entities. AB 1484 requires a successor agency to retain the services of a licensed accountant to audit (1) the balance in the LMIHF; (2) the balance in other cash funds; (3) cash payments that were made in compliance with an enforceable obligation; and (4) cash transfers that were made without an enforceable obligation. In addition to transferring the balances in the LMIHF and other cash funds, a successor agency must make efforts to recover the cash transferred without an enforceable obligation.

### ✓ **Payment of December 2011 Taxing Entity Property Tax**<sup>37</sup>

AB 26 distributes property tax through a “waterfall” of payments which includes passthrough payments, payments to successor agencies for enforceable obligations, payments to successor agencies for administrative costs, and payments to taxing entities. The waterfall for the December 2011 property tax payment did not operate as intended because of the stay imposed by the Court in *Matosantos*. The property tax payment to taxing entities was not made. AB 1484 requires successor agencies to make those payments by July 12.

### ✓ **Payment of 2011-12 Passthrough Payments**

Some successor agencies made 2011-12 passthrough payments and some did not. AB 1484 requires the auditor-controller to reduce property tax payments to those successor agencies that did not make pass through payments in 2011-12.

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<sup>36</sup> Section 34179.5; 34179.6

<sup>37</sup> Section 34183.5



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### AB 1484: Important Dates

- July 9: County auditor-controller notifies successor agency of amount of funds owing taxing entities based upon December 2011 property tax payment<sup>1</sup>
- July 12: Successor agency must make payment to auditor-controller for deposit into Redevelopment Property Tax Trust Fund and distribution to taxing entities.<sup>2</sup>
- July 16: Auditor-controller distributes money received from successor agencies to taxing entities. Monies received after July 12 date distributed within 5 days of receipt.<sup>3</sup>
- July 18: **City sales tax payment suspended if successor agency doesn't make July 12 payment.**<sup>4</sup>
- August 1: Successor housing entity must submit to DOF a list of housing assets that contains explanation of how assets meet criteria set forth in the law. DOF will prescribe format for list. 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.<sup>5</sup>
- August 10: Successor housing entity notifies successor agency of any designations of use or commitments of funds that successor housing entity authorizes successor agency to retain.<sup>6</sup>
- August 15 +/-: Oversight board meets to consider ROPS for January 1, 2013 through June 30, 2013 which must be submitted to DOF by September 1.
- September 1: ROPS for January 1, 2013 through June 30, 2013 must be submitted electronically to DOF after oversight board approval.<sup>7</sup> DOF makes determinations within 45 days. Within 5 days of determination, successor agency may request additional review and meet and confer.

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<sup>1</sup> Section 34183.5(b)(2)(A). Note: The statute, that may be drafted in error, states that if June 1 property tax payment has not been made to successor agencies, the amount owing to taxing entities will be deducted from that same June 1 payment (34183.5(b)(1)).

<sup>2</sup> Section 34183.5(b)(2)(A).

<sup>3</sup> Section 34183.5(b)(2)(A).

<sup>4</sup> Section 34183.5(b)(2)(A)

<sup>5</sup> Section 34176(a)(2). Definition of "housing asset" found at section 34176(e).

<sup>6</sup> Section 34179.6(c)

<sup>7</sup> Section 34177(m). Future ROPS must be submitted to DOF 90 days prior to property tax distribution. **City subject to civil penalty of \$10,000 per day for successor agency's failure to timely submit ROPS (Section 34177(m)(2)).**

July 2, 2012

- October 1: Auditor-controller may provide notice to successor agency of any objections to items on January – June 2013 ROPS.<sup>8</sup>
- October 1: Successor agency submits to oversight board, county auditor-controller, State Controller, and DOF results of the review of the LMIHF conducted by the licensed accountant agency must retain.<sup>9</sup> Note: licensed accountant must be approved by the county auditor-controller.
- October 1: County auditor-controller completes agreed-upon procedures audit of each redevelopment agency.<sup>10</sup> Auditor-controller provides estimate of property tax payments to successor agency for upcoming six-month period.<sup>11</sup>
- October 15: Oversight Board must review, approve, and transmit LMIHF audit to DOF, auditor-controller. Note that oversight board must hold a public session to consider audit at least five business days prior to the meeting of oversight board in which LMIHF audit is considered for approval.<sup>12</sup>
- November 9: Last day for DOF to complete review of LMIHF audit and reports findings, determinations, and decision to overturn oversight board decision to allow retention of successor agency assets.<sup>13</sup>

W/in 5 days of receipt of DOF

audit findings: Successor agency may request meet and confer to resolve disputes with DOF findings on LMIHF audit.<sup>14</sup> DOF must confirm or modify its determination and decisions within 30 days.

W/in 5 days of receipt of DOF final audit

determination: Successor agency to transfer LMIHF funds to auditor-controller.<sup>15</sup> **City sales tax/property tax may be offset for unfunded amounts.**

December 1: Successor agency may report to auditor-controller that total amount of available revenues will be insufficient to fund enforceable obligations.<sup>16</sup>

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<sup>8</sup> Section 34182.5.

<sup>9</sup> Section 34179.6(a). The requirement to retain a licensed accountant is found in section 34179.5. The audit provided by the county auditor-controller can be substituted for an audit by a licensed accountant if it contains the information required by Section 34179.5.

<sup>10</sup> Section 34182(a)(1).

<sup>11</sup> Section 34182(c)(3)

<sup>12</sup> Section 34179.6(c) and (b)

<sup>13</sup> Section 34179.6(d)

<sup>14</sup> Section 34179.6(e)

<sup>15</sup> Section 34179.6(f)

<sup>16</sup> Section 34183(b)

December 15: Successor agency submits to oversight board, county auditor-controller, State Controller, and DOF results of the review of all other fund and account balances by licensed accountant.<sup>17</sup>

### 2013

- January 2: Auditor-controller makes distributions of property tax for January – June 2013 ROPS.<sup>18</sup>
- January 15: Oversight board must review, approve, and transmit other funds audit to DOF, auditor-controller.<sup>19</sup>
- March 3: Successor agency submits ROPS for July 1, 2013 through December 31, 2013 to DOF after oversight board approval.<sup>20</sup>
- April 1: County auditor-controller provides estimate of property tax payments to successor agency for upcoming six-month period.<sup>21</sup>
- April 1: DOF completes review of other funds audit and reports findings, determinations, and decision to overturn oversight board decision to allow retention of successor agency assets.<sup>22</sup>
- April 6 +/-: No later than 5 days after receiving DOF determination on other funds audit, successor agency may request meet and confer to resolve disputes with DOF findings. DOF must confirm or modify its determination and decisions within 30 days.
- April 10: +/- Successor agency to transfer other “cash and assets” audit payment to auditor-controller if meet and confer process complete.<sup>23</sup> **City sales tax/property tax may be offset for unfunded amounts.**
- May 1: Successor agency reports to auditor-controller if total amount of available revenues will be insufficient to fund enforceable obligations.<sup>24</sup>

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<sup>17</sup> Section 34179.6(a).

<sup>18</sup> Section 34183(b).

<sup>19</sup> Section 34179.6(a).

<sup>20</sup> Section 34177(m).

<sup>21</sup> Section 34182(c)(3)

<sup>22</sup> Section 34179.6(a)

<sup>23</sup> Section 34179.6(f). The statute does not allow sufficient time between completion of DOF review on April 1 and required payment on April 10.

<sup>24</sup> Section 34183(b).

June 28, 2012

**NEW BUSINESS**

**Oversight Board  
August 29, 2012**

**TO:** Oversight Board Members

**FROM:** Successor Agency to the Santa Fe Springs CDC

**ORIGINATED BY:** Thaddeus McCormack, City Manager

**SUBJECT:** **Revision to Regular Meeting Schedule**

**RECOMMENDATION**

That the Oversight Board discuss whether or not it should amend its regular meeting schedule due to recently imposed Department of Finance (DOF) reporting deadlines.

**BACKGROUND**

At its meeting of May 21, 2012, the Oversight Board agreed to meet quarterly on the second Wednesday of the month at 4:30 p.m., beginning in September (e.g., 9/12/12, 12/12/12, etc...). Recent requirements stemming from State legislation (AB 1484) have necessitated meeting prior to September 1, in order to meet certain reporting deadlines. Similarly, future reporting deadlines (please refer to list of Important dates attached to AB 1484 Summary Agenda Item 9) may require that the Board meet more frequently than the established quarterly meeting schedule allows for.

The question for the Board is whether it wants to maintain the established quarterly meeting schedule and allow for the calling of Special Meetings as needed, or, whether it would prefer to revise the regular meeting schedule to better comport with the known DOF reporting deadlines.



Thaddeus McCormack  
City Manager

**ATTACHMENTS:**

None.