

**MONTEBELLO OVERSIGHT BOARD
AGENDA STAFF REPORT**

TO: Honorable Chair and Members of the Oversight Board

FROM: Francesca Tucker-Schuyler, Executive Director of Successor Agency

BY: Christopher G. Cardinale, Successor Agency Legal Counsel

SUBJECT: Consideration of Successor Agency’s Recognized Obligations Payment Schedule for July 1 to December 31, 2014 (ROPS 14-15A).

DATE: February 26, 2014

OBJECTIVE

Obtain Oversight Board approval of the Successor Agency’s Recognized Obligation Payment Schedule covering the July 1 through December 31, 2014 payment period (“**ROPS 14-15A**”)

BACKGROUND

The Community Redevelopment Agency of the City of Montebello (“**Agency**”) was dissolved effective February 1, 2012 by way of Assembly Bill (“**AB**”) 1x 26 and the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos*. As authorized by AB 1x 26 (as subsequently amended by AB 1484, the “**Dissolution Act**”), the City Council of the City of Montebello (“**City**”) adopted a resolution electing to serve as the “successor agency” to the dissolved Agency (the “**Successor Agency**”), and thereby assumed responsibility for winding down the Agency’s affairs.

The Successor Agency’s responsibilities include preparing a Recognized Obligations Payment Schedule (“**ROPS**”) for each six (6) month fiscal period. The ROPS is required to list payments due on all “enforceable obligations” during the applicable payment period. To date, the Successor Agency has prepared five (5) ROPS documents, and hereby presents the sixth such document – **ROPS 14-15A** – for the Oversight Board’s consideration.

The Oversight Board must approve ROPS 14-15A before it is deemed valid. It will thereafter be submitted to the Los Angeles County Auditor-Controller, the State Controller, and the Department of Finance (“**DOF**”) for subsequent review and approval; with DOF having ultimate approval authority. The Successor Agency is required to submit an Oversight Board-approved ROPS 14-15A to DOF for review before March 1, 2014.

DISCUSSION

The majority of items listed on ROPS 14-15A are “hold overs” from past ROPS and have previously been approved by the Oversight Board and DOF. While Successor Agency staff

remains ready and willing to answer questions on previously approved items, staff desires to highlight the new items appearing on ROPS 14-15A.

- **Items 36 and 37 – Low Mod Housing Deferral / SERAF**

Items 36 and 37 represent amounts owed to former Agency’s low-and-moderate income housing fund as of its dissolution date (“**Low/Mod Deferrals**”). The Dissolution Act provides that, upon the Oversight Board’s approval of a repayment schedule, such amounts constitute “enforceable obligations” payable to the “housing successor.”¹ Repayment of Low/Mod Deferrals is authorized after the 2013-14 fiscal year, and is subject to a statutory repayment formula set forth in Health & Safety Code section 34176(e)(6)(B). The Successor Agency has prepared a repayment schedule for the Oversight Board’s consideration that is consistent with this formula. Resulting funds will be paid to the Montebello Housing Successor for use in completing housing projects of benefit to qualifying low-and-moderate income housing families.

- **Items 38 and 46 – Reimbursement Agreement Re 2000 COPs**

Items 38 and 46 are in response to a matter which the Oversight Board is familiar; DOF and the State Controller (“**SCO**”) have preliminarily demanded that the City / Successor Agency unwind the “Prepayment and Partial Satisfaction Agreement (“**Prepayment Agreement**”). (**Attachment “A”** [Prepayment Agreement].)

For background purposes, under the Prepayment Agreement the City assumed the Agency’s payment obligations under the 2000 Certificates of Participation (“**COPs**”), in exchange for an offset of amounts owed by the City under a loan agreement between the parties. The City’s “assumption” of the COPs payments is scheduled to commence with the November 2014 payment and continue through expiration of payment obligations in 2026.

Recently, the SCO questioned the Prepayment Agreement in its preliminary audit findings of pre-dissolution Agency transactions,² and directed the Successor Agency to either reverse it or obtain Oversight Board ratification of the transaction. To avoid a legal dispute, the Successor Agency sought and obtained Oversight Board ratification of the Prepayment Agreement transaction. However as with all Oversight Board actions, DOF reviewed the matter, and on January 17, 2014 rendered a determination demanding: (1) the Prepayment Agreement be unwound, (2) the City repay the underlying loan agreement with the Agency, and (3) the Agency’s payment obligations under the COPs be reinstated. (**Attachment “B”** [DOF Determination Re Prepayment Agreement].)

As with the SCO’s findings, the Successor Agency vehemently disagrees with DOF’s determination, and Staff met with DOF representatives on February 6, 2014 to “meet and discuss” the matter. DOF indicated it would re-evaluate and provide a final determination within approximately thirty (30) days.

Pending DOF’s final determination on this issue, the obligation to pay the COPs debt service is uncertain. If the Prepayment Agreement is upheld (as the Successor Agency believes it should

¹ HSC § 34171(d)(1)(G).

² See HSC § 34167.5 (requiring the SCO to engage in an audit of redevelopment transactions occurring between January 1, 2011 and February 1, 2012).

be), the COPs payments will be the obligation of the City beginning with the November 2014 payment. If, however, DOF demands the Prepayment Agreement be unwound, the November 2014 COPs payment will be the obligation of the Agency.

Because of this uncertainty, the Successor Agency is requesting RPTTF monies to make the November 2014 payment, and such amounts are reflected at Items 38 and 46. If DOF ultimately upholds the Prepayment Agreement, the City will make the November 2014 COPs payment, and the excess RPTTF monies will be recaptured via the “reconciliation” process.

- **Items 39 Through 42 – Retirement Pension Tax Revenues**

Items 39 through 42 have been placed on ROPS 14-15A to address uncertainties in the Dissolution Act’s treatment of “property tax override” revenues generated from redevelopment project areas. Some background is appropriate.

In 1946, Montebello voters approved a special ad valorem real property tax to fund the City’s participation in the “State Employees’ Retirement System.” (**Attachment “C”** [1946 Initiative].) In 1976, Montebello voters modified this initiative and increased the applicable tax rate. (**Attachment “D”** [Proposition A].) Since 1996, the applicable rate for these voter-approved taxes (hereinafter “**Retirement Tax Override**”) has been codified at \$0.197875 per \$100 of assessed property valuation.³ The Retirement Tax Override is not subject to Proposition 13 limitations,⁴ and continues to be collected by the City to fund employee retirement benefits.

While in existence, the former Agency received all “tax increment” generated within its project areas; including the “tax increment” attributable to the Retirement Tax Override.⁵ This treatment of “project area” override revenues was common throughout the State.

Following dissolution of redevelopment agencies, there has been significant uncertainty as to how property tax override revenues generated in project areas should be treated; i.e. whether the proceeds should be included in the “Real Property Tax Trust Fund” to pay “enforceable obligations,” or whether they should be allocated to the levying entity.⁶ This uncertainty stems from the fact that the Dissolution Act does not directly address the issue.

Notably, several lawsuits have been filed on the topic, and the Los Angeles County Auditor-Controller (“**CAC**”) has wavered on the issue. For example, the CAC initially allocated “project area” Retirement Tax Override revenues to the City, and “Questions and Answers” published by the CAC indicate this is the proper method of apportionment. (**Attachment “E”** [CAC Q&A, # 26 (“Upon dissolution, amounts previously allocated to RDAs resulting from bond/pension override tax rates will be distributed to the taxing entity that issued the bond that levied the tax...”)].) However the CAC has since changed its position, has “recaptured” the previously allocated Retirement Tax Override revenues from the City, and prospectively is including such revenues in the RPTTF.

³ See Montebello Municipal Code § 3.28.020.

⁴ See Cal. Const. article XIII, § 1(b); *Carman v. Alvord* (1982) 31 Cal.3d 318; *Howard Jarvis Taxpayers Ass’n v. County of Orange* (2003) 110 Cal.App.4th 1375.

⁵ See HSC § 33672 (“taxes” for purposes of tax increment financing includes all taxes levied on an ad valorem basis upon land or real property); see also Cal. Const. article XVI, § 16.

⁶ Several lawsuits have been filed on this issue and are currently pending in Sacramento Superior Court and the Third District Court of Appeal.

The City / Successor Agency are of the opinion that project area Retirement Tax Override revenues should be allocated to the City consistent with their voter-approved purpose.⁷ Based on its position, the Successor Agency has included Items 39 through 42 as “enforceable obligations” to recover erroneously diverted Retirement Tax Override revenues for the past ROPS periods.⁸ The Successor Agency anticipates obtaining clarification from DOF as to its position on this issue via the ROPS approval process.

- **Items 43 and 44 – Oversight Board / Successor Agency Litigation Fees**

Items 43 and 44 respectively represent Oversight Board and Successor Agency litigation fees anticipated to be incurred in the *Montebello v. Matosantos* litigation, currently pending in Sacramento Superior Court (Case No. 34-2013-80001703). Attorneys fees incurred in litigation matters are “enforceable obligations.”⁹

- **Item 45 – AB 471 Allocation (Housing Successor Administrative Cost Allowance)**

Item 45 represents changes in the Dissolution Act anticipated during the ROPS 14-15A payment period.

Namely, AB 471 was recently enrolled and presented to the Governor for his signature. Among other changes, AB 471 implements an administrative cost allowance for housing successors equal to one percent (1%) of the RPTTF monies allocated to their respective successor agency. (See **Attachment “F”** [proposed HSC § 34171(p)].) Allocation of this “housing entity administrative cost allowance” is to commence July 1, 2014. (*Ibid.*) The Successor Agency has included Item 45 on ROPS 14-15A in anticipation of AB 471 being signed into law. If the Governor vetoes the bill, it is anticipated that DOF will deny funding for the Item.

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution approving the ROPS 14-15A as attached.

⁷ Staff believes this allocation should take place either “above the line” (i.e. before “enforceable obligations are paid), or through a greater share of the “residual” RPTTF payment after all enforceable obligations are paid. (See, e.g. HSC 34183(a)(1) [“[T]he county auditor-controller shall...allocate monies in each redevelopment property tax trust fund as follows...[tax increment revenues] which are attributable to a tax rate levied by a taxing entity for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness for the acquisition or improvement or real property shall be allocated to, and when collected shall be paid into, the fund of that taxing entity.”].); see also HSC §§ 34183(a)(4), 34188(a)(2) (residual RPTTF monies shall be distributed to local and school entities in based upon property tax laws in effect on the date of distribution).

⁸ HSC § 34171(d)(1)(C) (enforceable obligations include obligations imposed by state law).

⁹ HSC §§ 34171(d)(1)(F) (enforceable obligations include contracts necessary for the administration or operation of the successor agency, including agreements concerning litigation expenses), 34171(b) (litigation expenses are not administrative costs).

ATTACHMENTS

- “A” – Prepayment Agreement
- “B” – DOF Determination Re Prepayment Agreement
- “C” – 1946 Voter Initiative
- “D” – Proposition A
- “E” – CAC Questions and Answers
- “F” – AB 471

Recognized Obligation Payment Schedule (ROPS 14-15A) - Summary

Filed for the July 1, 2014 through December 31, 2014 Period

Name of Successor Agency: Montebello
 Name of County: Los Angeles

Current Period Requested Funding for Outstanding Debt or Obligation		Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):		\$ 135,000
A	Bond Proceeds Funding (ROPS Detail)	-
C	Reserve Balance Funding (ROPS Detail)	-
D	Other Funding (ROPS Detail)	135,000
E Enforceable Obligations Funded with RPTTF Funding (F+G):		\$ 16,709,606
F	Non-Administrative Costs (ROPS Detail)	16,459,606
G	Administrative Costs (ROPS Detail)	250,000
H Current Period Enforceable Obligations (A+E):		\$ 16,844,606
Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
I	Enforceable Obligations funded with RPTTF (E):	16,709,606
J	Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(408,233)
K Adjusted Current Period RPTTF Requested Funding (I-J)		\$ 16,301,373
County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
L	Enforceable Obligations funded with RPTTF (E):	16,709,606
M	Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N Adjusted Current Period RPTTF Requested Funding (L-M)		16,709,606

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
/s/ _____	
Signature	Date

Recognized Obligation Payment Schedule (ROPS) 14-15A - ROPS Detail
July 1, 2014 through December 31, 2014
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					O	P
										Funding Source						
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF			
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin		
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired							
								\$ 101,200,312			\$ -	\$ -	\$ 135,000	\$ 16,459,606	\$ 250,000	\$ 16,844,606
1	Hillside 1997 Refunding Bonds	Bonds Issued On or Before 12/31/10	3/1/1997	3/1/2019	Bank of New York	Land and Infrastructure Improvements	Montebello Hills	1,866,395	N				68,880		\$ 68,880	
2	1998 Series A Hillside Refunding Bonds	Bonds Issued On or Before 12/31/10	3/1/1998	3/1/2019	Bank of New York	Land and Infrastructure Improvements	Montebello Hills	4,326,750	N				93,375		\$ 93,375	
3	Tax Allocation Parity Refunding Bonds 1998 Series B (Hillside)	Bonds Issued On or Before 12/31/10	3/1/1998	3/1/2019	Bank of New York	Land and Infrastructure Improvements	Montebello Hills	1,993,300	N				55,519		\$ 55,519	
4	Tax Allocation Parity Refunding Bonds 1999 Series A (Hillside)	Bonds Issued On or Before 12/31/10	3/1/1999	3/1/2024	Bank of New York	Land and Infrastructure Improvements	Montebello Hills	1,101,336	N				22,336		\$ 22,336	
5	Tax Allocation Parity Refunding Bonds 2007 Series A (Hillside)	Bonds Issued On or Before 12/31/10	3/1/2007	3/1/2024	Bank of New York	Land and Infrastructure Improvements	Montebello Hills	2,311,201	N				40,900		\$ 40,900	
6	Tax Allocation Parity Bonds 2007 Series B (Hillside)	Bonds Issued On or Before 12/31/10	3/1/2007	3/1/2019	Bank of New York	Land and Infrastructure Improvements	Montebello Hills	3,748,228	N				81,224		\$ 81,224	
7	Tax Allocation Bonds 2009 Series A (Hillside)	Bonds Issued On or Before 12/31/10	3/1/2009	3/1/2027	Bank of New York	Land and Infrastructure Improvements	Montebello Hills	9,902,518	N				387,824		\$ 387,824	
8	Tax Allocation Parity Refunding Bonds So Ind 1999 Series A	Bonds Issued On or Before 12/31/10	3/1/1999	9/1/2022	Bank of New York	Infrastructure Improvements	South Industrial	2,768,248	N				554,868		\$ 554,868	
9	Tax Allocation Parity Refunding Bonds So Ind 1999 Series B	Bonds Issued On or Before 12/31/10	3/1/1999	9/1/2022	Bank of New York	Infrastructure Improvements	South Industrial	2,791,457	N				255,493		\$ 255,493	
10	Tax Allocation Parity Refunding Bonds So Ind 2007 Series A	Bonds Issued On or Before 12/31/10	9/1/2007	9/1/2022	Bank of New York	Infrastructure Improvements	South Industrial	6,238,561	N				554,943		\$ 554,943	
11	1997 Housing Series B	Bonds Issued On or Before 12/31/10	9/1/1997	9/1/2019	Bank of New York	Low/Mod Senior Housing	MERP	5,200,229	N				426,690		\$ 426,690	
12	2002 Housing Tax Allocation Parity Bonds MERP Housing)	Bonds Issued On or Before 12/31/10	9/1/2002	9/1/2024	Bank of New York	Low/Mod Senior Housing	MERP	2,884,453	N				128,888		\$ 128,888	
13	2007Housing Series A	Bonds Issued On or Before 12/31/10	9/1/2007	9/1/2019	Bank of New York	Low/Mod Senior Housing	MERP	8,405,541	N				825,447		\$ 825,447	
14	Reimbursement Agreement Between City & Successor Agency pursuant to 2000 Certificates of Participation	Bonds Issued On or Before 12/31/10	10/27/2000	5/1/2014	City of Montebello	Long Term Lease Agreement per Reimbursement Agreements of 2000 COPs	Montebello Hills & South Industrial		N				-		\$ -	
15	Low Mod Housing Deferral	Unfunded Liabilities	1/28/2009	6/30/2028	City of Montebello Successor Housing Agency	Per 33333.6(g) of California Health and Safety Code	Montebello Hills		N							
16	Ostrom Chevrolet Note Payable	Third-Party Loans	2/1/2009	1/31/2030	Sevecherian	Purchase of Former Ostrom Chevrolet Property	MERP	5,405,050	N				168,890		\$ 168,890	
17	Town Center Payments - Shops at Montebello	Miscellaneous	5/2/2000	5/2/2024	Aetna Life Insurance	Debt Obligation per Agreement # 1839	Montebello Hills	4,833,766	N				437,000		\$ 437,000	
18	Pension Obligations	Unfunded Liabilities	7/1/2012	6/30/2024	City of Montebello	Agency obligation of Employer Contributions	Agency		N						\$ -	
19	Oversight Board Attorney - Litigation	Legal	7/1/2012	6/30/2014	Stradling, Yocca, Carlson, & Rauth	Successor Agency Attorney	Agency		N				15,000		\$ 15,000	
20	Attorneys Fees - Litigation	Legal	7/1/2012	6/30/2014	Various	Attorney's Fees Directly Charged Sevecharian Litigation	MERP		N						\$ -	
21	Administrative Transaction fee	Admin Costs	7/5/2012	6/30/2014	Various	Admin Overhead and other G&A Chgs	Agency		N					250,000	\$ 250,000	
22	Arbitrage Calculation Costs on Bonds	Fees	3/1/1997	3/1/2027	Arbitrage Compliance Specialists	Preparation of Federal & State Arbitrage Compliance Computations	Agency		N			3,000	-		\$ 3,000	
23	Agreed Upon Procedures - Housing	Dissolution Audits	10/15/2012	1/31/2013	Auditor to be determined	Successor Agency Housing review	Low/Mod		N						\$ -	
24	Project Maintenece Costs	Property Maintenance	7/1/2012	6/30/2030	Various	Costs associated with maintaing property owned by SA	Montebello Hills		N				70,000		\$ 70,000	
25	Due Diligence and audit of fye 6.30..	Dissolution Audits	6/30/2012	6/30/2014	Various	DDR and other professional accounting services	Agency		N			12,000	-		\$ 12,000	
26	fiscal agent fees	Fees	7/1/1997	3/1/2027	BNY Western Trust	BNY Western Trust	Agency		N			20,000	-		\$ 20,000	
27	Litigation Settlement	Litigation	2/21/2013	6/30/2016	Severcherian	Settlement of lawsuit against former Redevelopment Agency	MERP		N				300,000		\$ 300,000	
28	Property Management plan	Professional Services	7/1/2012	12/31/2014	Kosmont Realty	Preparation of Property management plan pursuant to AB 1484	Agency		N				50,000		\$ 50,000	
29	Mainteneance Costs on SA properties paid by City	Property Maintenance	2/1/2012	12/31/2014	City of Montebello	Maintenance Charges on City Hall, Acuna Park & Police Station	Montebello Hills		N							
30	Attorneys Fees - Litigation	Litigation	7/1/2012	6/30/2014	various	Litigation expenses per HSC 34171(b)	MERP		N							

Recognized Obligation Payment Schedule (ROPS) 14-15A - Report of Cash Balances

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177(l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.									
A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR balances retained	Prior ROPS RPTTF distributed as reserve for next bond payment	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments	
ROPS 13-14A Actuals (07/01/13 - 12/31/13)									
1	Beginning Available Cash Balance (Actual 07/01/13) Note that for the RPTTF, 1 + 2 should tie to columns J and O in the Report of Prior Period Adjustments (PPAs)	4,666,731		1,073,895		255,308	-		
2	Revenue/Income (Actual 12/31/13) Note that the RPTTF amounts should tie to the ROPS 13-14A distribution from the County Auditor-Controller during June 2013	-		-	-		5,905,522		
3	Expenditures for ROPS 13-14A Enforceable Obligations (Actual 12/31/13) Note that for the RPTTF, 3 + 4 should tie to columns L and Q in the Report of PPAs						5,612,397		
4	Retention of Available Cash Balance (Actual 12/31/13) Note that the RPTTF amount should only include the retention of reserves for debt service approved in ROPS 13-14A						407,644		
5	ROPS 13-14A RPTTF Prior Period Adjustment Note that the RPTTF amount should tie to column S in the Report of PPAs.	No entry required						408,233	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 4,666,731	\$ -	\$ 1,073,895	\$ -	\$ 255,308	\$ (522,752)		
ROPS 13-14B Estimate (01/01/14 - 06/30/14)									
7	Beginning Available Cash Balance (Actual 01/01/14) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 4,666,731	\$ -	\$ 1,073,895	\$ 407,644	\$ 255,308	\$ (114,519)		
8	Revenue/Income (Estimate 06/30/14) Note that the RPTTF amounts should tie to the ROPS 13-14B distribution from the County Auditor-Controller during January 2014						4,794,247		
9	Expenditures for 13-14B Enforceable Obligations (Estimate 06/30/14)				407,644		4,794,247		
10	Retention of Available Cash Balance (Estimate 06/30/14) Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14B								
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ 4,666,731	\$ -	\$ 1,073,895	\$ -	\$ 255,308	\$ (114,519)		

AGREEMENT 2695A

PREPAYMENT AND PARTIAL SATISFACTION AGREEMENT

Dated May 11 2011

By and between

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO,

and

CITY OF MONTEBELLO

PREPAYMENT AND PARTIAL SATISFACTION AGREEMENT

This PREPAYMENT AND PARTIAL SATISFACTION AGREEMENT dated May 11 2011 (this "Agreement"), is made by and between the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO (the "Agency") and the CITY OF MONTEBELLO (the "City").

RECITALS

WHEREAS, the Agency and the City have entered into a Reimbursement Agreement, dated as of September 1, 2000, relating to the South Montebello Industrial Redevelopment Project, and a Reimbursement Agreement, dated as of September 1, 2000 relating to the Montebello Hills Redevelopment Project (collectively, the "Reimbursement Agreements");

WHEREAS, on October 27, 2000, the City caused the execution and delivery of \$22,930,000 Certificates of Participation, Series 2000 (Refunding and Capital Improvement Project) (the "Certificates"), evidencing direct, undivided fractional interests of Owners thereof in Lease Payments to be made by the City as rental for certain property pursuant to a Second Amended and Restated Lease Agreement, dated as of September 1, 2000 (the "Lease Agreement"), between the Montebello Public Improvement Corporation, as Lessor and the City as Lessee, to finance the City Hall, Police Facility and Fire Station No 2 projects;

WHEREAS, the City issued a tax and revenue anticipation note ("TRAN") in the amount of \$19,300,000 pursuant to an Amended and Restated Loan Agreement, dated September 22, 2010, between the Agency and the City and such TRAN was purchased by the Agency as an investment, and

WHEREAS, the Agency desires to prepay a portion of its obligations under the Reimbursement Agreements in the aggregate amount of \$17,462,276, which is equal to the amortization of the Lease Payments to be made by the City in connection with the Certificates for the period November 1 2014 through November 1, 2026, to provide a credit to the City in partial satisfaction of the obligation of the City to pay the TRAN,

NOW, THEREFORE, in consideration of the premises herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

PREPAYMENT AND PARTIAL SATISFACTION

SECTION 1.01 Prepayment and Partial Satisfaction. The Agency hereby prepays a portion of its obligations to the City under the Reimbursement Agreements in the aggregate amount of \$17,462,276 in partial satisfaction of the obligations of the Agency under the Reimbursement Agreements, by crediting the City for an equal dollar amount of the repayment of the TRAN. The amount of \$17,462,276 is equal to the amortization of the Lease Payments to be made by the City in connection with the Certificates for the period November 1, 2014 through November 1, 2026, at a discount equal to 67% of the Internal Revenue Service Applicable Federal Rate (which on the date hereof is 4.19%). The City hereby accepts such prepayment as a credit in the discounted amount of \$13,487,438.08, and the parties hereto agree that on the date hereof such amount shall constitute a credit towards the obligation of the City to repay the TRAN.

ARTICLE II

MISCELLANEOUS

SECTION 2.01 Binding Effect. This Agreement shall become effective when it shall have been executed by the Agency and the City and thereafter shall be binding upon and inure to the benefit of the Agency and the City and their respective successors and assigns.

SECTION 2.02. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

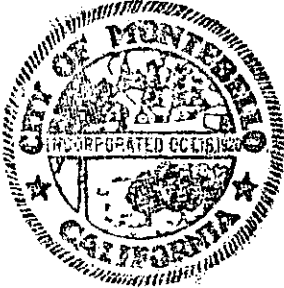
SECTION 2.03 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

SECTION 2.04 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

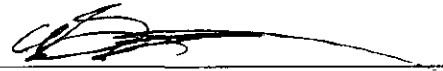
SECTION 2.05 Execution in Counterparts. It shall not be necessary that all parties execute and deliver the same counterpart of this Agreement. This Agreement shall therefore become effective when each party has executed any counterpart hereof and delivered the same to the other parties. All such counterparts, collectively, shall be deemed a single Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

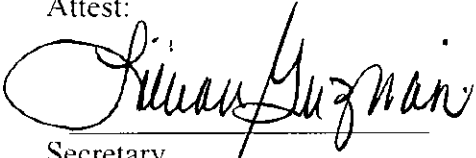
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MONTEBELLO



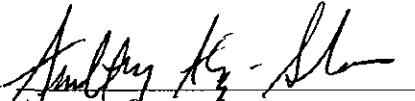
(Seal)

By 
Chairman

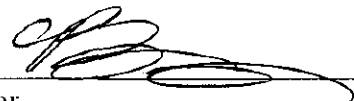
Attest:


Secretary

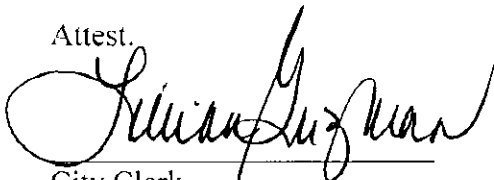
Approved as to form.


Agency Counsel

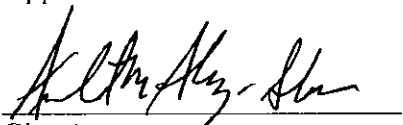
CITY OF MONTEBELLO

By 
Mayor

Attest.


City Clerk

Approved as to form.


City Attorney

May 11, 2011

City of Montebello
1600 West Beverly Boulevard
Montebello, California 90640

Community Redevelopment Agency
of the City of Montebello
1600 West Beverly Boulevard
Montebello, California 90640

Re: Prepayment and Partial Satisfaction Agreement

Ladies and Gentlemen.

We have acted as special counsel to the City of Montebello (the "City") and the Community Redevelopment Agency of the City of Montebello (the "Agency") in connection with the Prepayment and Partial Satisfaction Agreement, dated May 11, 2011 (the "Prepayment Agreement"), by and between the Agency and the City. We have examined an executed copy of the Prepayment Agreement. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the Prepayment Agreement. The opinion expressed herein is limited to the laws of the State of California.

Based upon and subject to the foregoing and on our review of such law as we have deemed necessary or appropriate for the purpose of rendering the opinions expressed herein, subject to the qualifications and exceptions set forth herein, we are of the opinion that.

1. Under existing law, the City and the Agency have all the necessary power and authority to enter into the Prepayment Agreement.

2. The Prepayment Agreement has been duly approved, executed and delivered by the City and the Agency and constitutes the legal, valid and binding obligation of the City and the Agency, enforceable in accordance with its terms, subject to bankruptcy, insolvency reorganization, fraudulent conveyance, arrangement, moratorium and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California.

City of Montebello
Community Redevelopment Agency of the City of Montebello
May 11, 2011
Page 2

We are furnishing this letter for the benefit of the addressees hereof, and this letter is not to be used, circulated, quoted or otherwise referred to or relied on for any other purpose without our consent. We have not been engaged, nor have we undertaken, to advise any party or to opine as to any matter not specifically covered hereinabove. Our opinions are based on existing law which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinion to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective

Respectfully submitted,

Fulbright Jaworski L.L.P.



January 17, 2014

Ms. Francesca Schuyler, City Administrator
City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

Dear Ms. Schuyler:

Subject: Objection of Oversight Board Actions

The City of Montebello Successor Agency (Agency) notified the California Department of Finance (Finance) of its November 13, 2013 Oversight Board (OB) resolutions on December 5, 2013. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB actions.

Based on our review and application of the law, Finance has made the following determinations:

- OB Resolution No. 13-9, approving the January 4, 2011 redemption payment relating to the Montebello Economic Revitalization Project 1993 Tax Allocation bond made from the former redevelopment agency (RDA) to the City of Montebello (City), is not approved.

It is our understanding; the former RDA issued the 1993 bonds on June 30, 1993 in the amount of \$4,757,015 with a scheduled maturity on June 1, 2011. It is also our understanding; the City purchased the bonds on the open market and since 1994, the former RDA has been making annual interest-only payments of over \$570,000. The City of Montebello Treasurer is the trustee. On December 8, 2010, the City redeemed the bonds pursuant to section 2.03 of the Indenture of Trust by and between the former RDA and the City. As a result, the former RDA repaid the bonds in the amount of \$5,042,436 on January 4, 2011. The Agency claims, the redemption payment saved approximately, \$856,260 in debt service payments.

However; HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable, unless issued within two years of the RDA's creation date or for issuance of indebtedness to third-party investors or bondholders. All components of this transaction stem from agreements or arrangements between the former RDA and the City. Therefore, the Indenture of Trust and the associated redemption payment are not enforceable obligations.

It is our understanding the \$5,042,436 was not captured in the Agency's Other Funds and Accounts Due Diligence Review (DDR). Pursuant to HSC section 34179.5 (c) (2), this transfer to the City should have been questioned during the DDR since there is no underlying enforceable obligation. Therefore, the City must return the \$5,042,436, plus

any interest earned, to the Agency. According to HSC section 34177 (l) (E), these funds should be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF) on the Recognized Obligation Payment Schedule (ROPS).

Our records indicate the Agency has yet to receive a Finding of Completion. To the extent the Agency believes this arrangement constitutes a City loan, the Agency should pay the amounts outstanding from the DDR, obtain a Finding of Completion, request the OB determine the loan was made for legitimate redevelopment purposes, and request the loan repayment on the ROPS. Such repayment would be restricted to the formulas outlined in HSC section 34191.4 (b) (2) (A).

- OB Resolution No. 13-10, ratifying the May 11, 2011 Prepayment and Partial Satisfaction Agreement (Prepayment Agreement) between the former RDA and the City, is not approved.

It is our understanding the Prepayment Agreement essentially functioned as an offset, partially eliminating future amounts owed to the City from the former RDA pursuant to a Reimbursement Agreement; and at the same time and in consideration of a \$3,375,724 payment from the City to the RDA, eliminating future amounts owed from the City to the RDA pursuant to an Amended and Restated Loan Agreement. The Agency indicates the Prepayment Agreement saves the Agency \$4 million in debt service interest payments over the life of the Reimbursement Agreement.

The May 11, 2011 Prepayment Agreement amended both the Reimbursement Agreement and the Amended and Restated Loan Agreement, both by and between the former RDA and the City. This OB Resolution attempts to ratify those amendments as set forth in the Prepayment Agreement. HSC section 34181 (e), authorizes the OB to direct the Agency to determine whether any contracts, agreements, or other arrangements between the dissolved RDA and any *private* parties should be terminated or renegotiated to reduce liabilities and increase net revenues. Since both the Reimbursement Agreement and the Amended and Restated Loan Agreement are by and between the former RDA and the City, HSC section 34181 (e) does not apply, as there are no private parties involved.

In addition, the Prepayment Agreement is an agreement between the former RDA and the City. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable.

Therefore, this OB Resolution is not approved and the actions already taken pursuant to the Prepayment Agreement should be reversed. As a result, the obligations associated with the Reimbursement Agreement should continue to be placed on a ROPS until the obligation is retired. Similarly, the amounts owed to the Agency pursuant to the Amended and Restated Loan Agreement, which according to the Loan Agreement is past due, should be immediately repaid to the Agency. According to HSC section 34177 (l) (E), these funds should be used prior to requesting RPTTF on the ROPS.

As authorized by HSC section 34179 (h), Finance is returning your OB action to the board for reconsideration.

Ms. Francesca Schuyler

January 17, 2014

Page 3

Please direct inquiries to Kylie Oltmann, Supervisor, or Brian Dunham, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD

Assistant Program Budget Manager

cc: Mr. Andy Zageris, City of Montebello
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
Ms. Elizabeth Gonzalez, Bureau Chief, Local Government Audit Bureau, California State
Controller's Office
California State Controller's Office

ORDINANCE NO. 398

AN ORDINANCE OF THE PEOPLE OF THE CITY OF MONTEBELLO AUTHORIZING A CONTRACT BETWEEN THE CITY COUNCIL OF THE CITY OF MONTEBELLO AND THE BOARD OF ADMINISTRATION, CALIFORNIA STATE EMPLOYEES' RETIREMENT SYSTEM, PROVIDING FOR THE PARTICIPATION OF SAID STATE EMPLOYEES' RETIREMENT SYSTEM BY MAKING ITS EMPLOYEES MEMBERS OF SAID SYSTEM.

The People of the City of Montebello ordain as follows:

SECTION 1. That a contract is hereby authorized between the City Council of the City of Montebello and the Board of Administration, California State Employees' Retirement System, a copy of said contract being attached hereto marked "Exhibit A", and by such reference made a part hereof as though herein set out in full.

SECTION 2. The Mayor of the City of Montebello is hereby authorized, empowered, and directed to execute said contract for and on behalf of said Agency.

This is to certify that the foregoing Ordinance was adopted by majority vote of the electors of the City of Montebello at a Special Municipal Election held in said City on Tuesday, the 9th day of July, 1946.

Dated: July 17, 1946.

Samuel W. Karnes, Jr.

City Clerk, City of Montebello.

ORDINANCE NO. 402

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO, FIXING THE RATE OF TAXES FOR THE FISCAL YEAR BEGINNING JULY 1, 1946.

The City Council of the City of Montebello does ordain as follows:

SECTION 1. That for the purpose of raising the sums of money necessary to be raised by taxation upon the taxable property of the City of Montebello, as a revenue to carry on the various departments of said City for the fiscal year beginning July 1, 1946, the rates of taxes for the different portions of said City for the fiscal year beginning July 1, 1946, in the number of cents upon One Hundred Dollars of the assessed value of said property as assessed by the County Assessor and equalized by the Board of Supervisors of the County of Los Angeles, and with respect to certain property as assessed by the State Board of Equalization and equalized by said Board, and for the several funds and purposes set forth in the following table, the taxes levied upon property in each portion of said City hereinafter and designated by a district number be at the rate set opposite the designation of the respective funds in the column headed by the district number which is prefixed to the description of such portion of said City as hereinafter stated.

DISTRICT 1. All that portion of the City of Montebello, included within the boundaries thereof as originally incorporated; all that territory annexed to the City of Montebello at annexation held June 3, 1924, and known as Rio Honda Territory;

	ASSESSED VALUE
Taxation District No. 1	\$11,606,539.00
Total	\$11,606,539.00

DISTRICT NO. 1

For General budget funds	\$1,500.00
For interest and sinking fund for Water and Park bonds authorized at election held September 10, 1926	306.00

For interest and sinking fund for City Library bonds authorized at election held June 11, 1929..... .04

For obligations of the City to the State Employees' Retirement System for the retirement of City employees, authorized at election held on July 9, 1946.. .35

Total General Tax Rate..... \$1.45

SECTION 2. That in addition to the rates hereinabove fixed and determined, there shall also be levied upon all the taxable lands of the several Acquisition and Improvement District in said City, to pay the principal and interest which has become payable upon the bonds of said district issued under the proceedings thereof, before the proceeds of another levy can be made available for the payment of said principal and interest, a special assessment tax in each of respective zones of said districts as set forth in the following table:

TABLE

A. & I. DISTRICT NO. 3-a

No zones..... \$1.20

SECTION 3. This Ordinance is urgently required for the immediate preservation of public health, peace and safety. The following is a specific statement showing the urgency of this Ordinance:

That the information and financial data required as a basis for the computation involved in arriving at the figures included in this Ordinance was not available in sufficient time to enable this Ordinance to be adopted at an earlier date; that it is necessary that it take effect immediately in order to comply with taxing procedure; that the revenue derived from the taxes to be levied and collected in accordance with the terms hereof is necessary for the preservation of the public health, peace and safety, and in order for this Ordinance to be in effect in time required for this year's tax levy, such Ordinance is now immediately required.

SECTION 4. The City Clerk shall certify to the passage and adoption of this Ordinance by a vote of four-fifths of all members of the City Council of the City of Montebello, and shall,

within fifteen days after the passage and adoption hereof, cause the same to be published once in the MONTEBELLO MESSENGER, a weekly newspaper of general circulation, published and circulated in the City of Montebello, and immediately upon its adoption and passage the same shall be in full force and effect.

Adopted and approved this 24th day of August, 1946.

Ernest Chapin
 Mayor of the City of Montebello

ATTEST: *Samuel W. Karnes, Jr.*
 City Clerk

STATE OF CALIFORNIA)
 COUNTY OF LOS ANGELES) SS
 CITY OF MONTEBELLO)

I, Samuel W. Karnes, Jr., City Clerk of the City of Montebello, do hereby certify that the whole number of the City Council of the City of Montebello is five, and that the foregoing Ordinance was passed and adopted by a vote of four-fifths of all members at the adjourned regular meeting thereof held on the 24th day of August, 1946, by the following vote, to-wit:

AYES: COUNCILMEN Allen, Andrews, Earl, Heacock and Chapin.
 NOES: COUNCILMEN None.
 ABSENT: COUNCILMEN None.

Samuel W. Karnes, Jr.
 City Clerk

EXHIBIT D

RESOLUTION NO. 76-33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, RECITING THE FACT OF THE GENERAL MUNICIPAL ELECTION HELD IN SAID CITY OF MONTEBELLO ON THE 2ND DAY OF MARCH, 1976, DECLARING THE RESULT THEREOF AND SUCH OTHER MATTERS AS ARE PROVIDED BY LAW.

WHEREAS, a regular general municipal election was held and conducted in the City of Montebello, County of Los Angeles, State of California, on Tuesday, the 2nd day of March, 1976, as required by law; and

WHEREAS, notice of said election was duly and regularly given in time, form and manner as provided by law; that voting precincts were properly established; that election officers were appointed and that all respects said election was held and conducted and the votes cast thereat, received and canvassed and the returns made and declared in time, form and manner as required by the provisions of the Elections Code of the State of California for the holding of elections in cities; and

WHEREAS, pursuant to Resolution No. 75-202 adopted the 22nd day of December, 1975, the City Clerk of the City of Montebello canvassed the returns of said election and has certified the results to this City Council, said results are received, attached and made a part hereof as "Exhibit A".

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA, DOES RESOLVE AS FOLLOWS:

SECTION 1. That there were 43 voting precincts established for the purpose of holding said election consisting (of consolidations) of the regular election precincts in the City of Montebello as established for the holding of state and county elections.

SECTION 2. That said regular general municipal election was held for the purpose of electing the following officers of said City as required by the laws relating to cities in the State of California, to wit:

Three Members of the City Council of said City for the full term of four years.

SECTION 3. That at said regular general municipal election, the following measure was submitted to the electors of said City, to wit:

PROPOSITION "A" Ballot Measure

Shall the City of Montebello's Employee Retirement Plan, originally adopted in 1946, be modified to provide for death benefits for widows, orphans and other survivors, authorized by the State Legislature in 1959 (see California Government Code Section 21380 et seq.,) and for updating retirement features, authorized by the State Legislature in 1968 and 1974, respectively (see California Government Code Sections 21252.01 and 20024.2) for all of the City's police officers and firefighters, to be financed by a property tax rate increase in the amount, not to exceed, fourteen and one-half cents (14½¢) per one hundred dollars (\$100) assessed valuation, to be used only for such modified plan?

SECTION 4. That the whole number of votes cast in said City (except absent voter ballots) was 6313

That the whole number of absent voter ballots cast in said City was 78, making a total of 6391 votes cast in said City.

SECTION 5. That the names of persons voted for at said election for Member of the City Council of said City are as follows:

Craig D. Bell
William O. Nighswonger
Andrew T. Lambo
Cathy Hensel
Tim O'Connor
Gilbert M. Asencio
Sal E. Morales
Arnold Martinez
Ann S. Volkoff
Phillip M. Ramos

That the measure voted upon at said election is as follows:

PROPOSITION "A" Ballot Measure
Shall the City of Montebello's Employee Retirement Plan, originally adopted in 1946, be modified to provide for death benefits for widows, orphans and other survivors, authorized by the State Legislature in 1959 (see California Government Code Section 21380 et seq.,) and for updating retirement features, authorized by the State Legislature in 1968 and 1974, respectively (see California Government Code Sections 21252.01 and 20024.2) for all of the City's police officers and firefighters, to be financed by a property tax rate increase in the amount, not to exceed, fourteen and one-half cents (14½¢) per one hundred dollars (\$100) assessed valuation, to be used only for such modified plan?

That the number of votes given at each precinct and the number of votes given in the City to each of such persons above named for the respective offices for which said persons were candidates and for and against the measure were as listed in Exhibit "A": attached.

SECTION 6. The City Council does declare and determine that:

William O. Nighswonger was elected as Member of the City Council of said City for the full term of four years;

Catherine P. Hensel was elected as Member of the City Council of said City for the full term of four years;

Phillip M. Ramos was elected as Member of the City Council of said City for the full term of four years.

That as a result of said election, a majority of the qualified voters voting on said measure relating to Proposition "A" did vote in favor thereof, and that said proposition was carried, and shall be deemed adopted and ratified.

SECTION 7. The City Clerk shall enter on the records of the City Council of said City, a statement of the result of said election, showing:

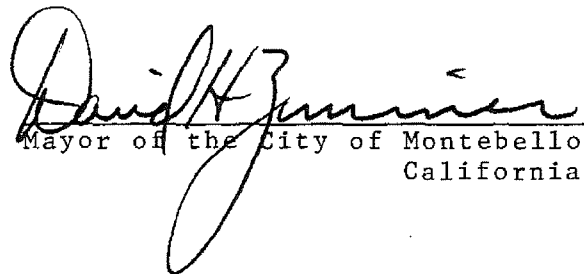
- (1) The whole number of votes cast in the City;
- (2) The names of the persons voted for;
- (3) The measures voted upon;
- (4) For what office each person was voted for;
- (5) The number of votes given at each precinct to each person, and for and against each measure;
- (6) The number of votes given in the city to each person, and for and against each measure.

RESOLUTION NO. 76-33

SECTION 8. That the City Clerk shall immediately make and, upon compliance by the persons elected with the provisions of Section 11550 and Section 11559 of the Elections Code of the State of California, shall deliver to each of such persons so elected a Certificate of Election signed by him or her and duly authenticated; that he or she shall also administer to each person elected, the Oath of Office prescribed in the State Constitution of the State of California and shall have them subscribe thereto and file the same in his or her office. Whereupon, each and all of said persons so elected shall be inducted into the respective office to which they have been elected.

SECTION 9. That the City Clerk shall certify to the passage and adoption of this resolution; shall enter the same in the book of original Resolutions of said City; and shall make a minute of the passage and adoption thereof in the records of the proceedings of the City Council of said City, in the minutes of the meeting at which the same is passed and adopted.

PASSED, APPROVED AND ADOPTED this 9th day of March, 1976.



Mayor of the City of Montebello,
California

ATTEST:



City Clerk of the City of Montebello,
California

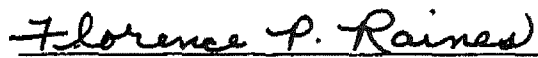
STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS.
CITY OF MONTEBELLO)

I, Florence P. Raines, City Clerk of the City of Montebello, do hereby certify that the foregoing resolution was duly adopted by the City Council of said City at a special meeting thereof held on the 9th day of March 1976, by the following vote:

AYES: Councilmen: Nighswonger, Ramos, Tafoya, Zimmer, Lambo.

NOES: Councilmen: None.

ABSENT: Councilmen: None.



City Clerk

CITY CLERK'S CERTIFICATE OF CANVASS

EXHIBIT "A"

I, Florence P. Raines, City Clerk of the City of Montebello, County of Los Angeles, State of California, duly authorized by Resolution No. 75-202 adopted by the City Council of said City on the 22nd day of December, 1975, do hereby certify that I have canvassed the returns of the regular general municipal election held in said city on the 2nd day of March, 1976, and find that the number of votes given at each precinct and the number of votes given in the City to persons voted for, the respective offices for which said persons were candidates and for and against the measure were as follows:

Dated: March 9, 1976

Florence P. Raines
City Clerk of the City of Montebello

MONTEBELLO PRECINCTS	1	2	3	4	5	6	7	8	9	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	29	30
FOR MEMBER OF CITY COUNCIL																												
Craig D. Bell	10	17	6	4	7	17	13	10	10	5	16	14	5	7	7	20	6	9	8	17	18	9	11	14	11	9	14	12
William O. Nighswonger	61	78	56	43	70	123	74	66	88	64	69	115	83	75	45	112	133	81	95	132	62	107	88	66	86	76	105	93
Andrew T. Lambo	59	59	59	53	52	134	79	67	65	52	72	85	76	44	70	139	83	79	90	92	50	67	80	57	67	65	72	72
Cathy Hensel	69	85	64	50	67	132	93	70	59	71	82	101	78	69	68	109	122	78	96	89	61	104	62	75	89	87	86	72
Tim O'Connor	12	9	4	5	7	14	12	8	12	6	3	3	3	5	9	12	6	6	4	9	15	4	6	11	13	7	5	12
Gilbert M. Asencio	8	4	2	2	12	6	7	10	3	5	4	4	2	4	1	6	6	9	12	4	4	8	11	21	9	4	6	6
Sal E. Morales	12	18	20	18	18	24	19	13	15	8	16	7	8	10	11	15	21	33	37	16	10	9	21	13	21	18	16	13
Arnold Martinez	18	26	35	36	33	63	36	36	39	20	31	25	13	40	13	63	60	40	42	24	30	42	53	56	42	49	58	34
Ann S. Volkoff	9	13	6	5	8	26	15	6	13	9	12	13	18	11	9	15	19	12	22	42	10	20	6	14	19	12	5	24
Phillip M. Ramos	67	60	78	60	73	127	81	75	71	56	66	78	72	69	40	85	107	130	110	74	46	74	90	77	68	72	61	83
Paul Craig																												
Proposition "A"																												
Yes	79	65	79	61	103	143	98	86	98	74	90	113	71	71	84	125	0	112	118	121	59	115	96	95	91	98	84	103
No	32	47	36	30	19	84	49	29	33	33	43	41	50	40	16	70	0	58	75	41	43	44	44	46	49	38	49	39
TOTAL BALLOTS CAST	121	130	128	98	124	248	156	129	135	112	139	157	129	121	105	213	207	178	209	177	109	165	153	148	151	145	153	155

EXHIBIT "A"

MONTEBELLO PRECINCTS	31	32	33	34	36	37	38	39	40	41	42	44	64	65	72	Total Votes Cast at Precincts	Absentee Votes	Total Votes Cast
FOR MEMBER OF CITY COUNCIL																		
Craig D. Bell	10	10	12	13	24	6	8	12	28	14	8	23	8	12	6	500	4	504
William O. Nighswonger	51	87	59	50	118	72	145	77	55	83	22	117	90	91	87	3550	46	3595
Andrew T. Lambo	24	57	41	46	75	72	94	69	48	64	25	58	62	67	74	2915	48	2963
Cathy Hensel	55	74	74	83	104	68	101	89	90	64	54	113	74	78	76	3485	39	3524
Tim O'Connor	2	6	7	7	14	4	3	6	12	3	9	9	6	13	2	325	3	328
Gilbert M. Asencio	4	3	5	8	17	8	9	13	13	10	7	11	6	6	9	309	2	311
Sal E. Morales	9	19	25	16	11	16	25	18	23	9	14	11	10	20	15	701	10	711
Arnold Martinez	22	31	39	39	54	45	81	47	69	42	34	53	32	11	37	1693	19	1712
Ann S. Volkoff	7	14	16	15	31	13	7	20	19	19	10	31	5	0	12	612	3	615
Phillip M. Ramos	48	80	62	64	90	67	109	76	66	72	47	87	81	66	82	3247	39	3286
Paul Craig				1												1		1
Proposition "A"																		
Yes	52	93	83	74	100	79	143	74	88	78	43	92	75	86	86	3778	43	3821
No	21	25	30	35	82	45	68	44	51	39	34	78	55	39	51	1875	30	1905
TOTAL BALLOTS CAST	84	129	120	119	192	134	228	148	151	120	80	178	144	145	147	6314	78	6392

Total Registered Voters: 15,540-Percentage Voted: 41%

**ABx1 26
QUESTIONS & ANSWERS**

RECOGNIZED OBLIGATION PAYMENT SCHEDULES (ROPS) AND REPORTING

1. When will Successor Agencies receive payments from the County Auditor-Controller?

Health and Safety (H&S) § 34177(l)(3) contemplated that Redevelopment Agencies (RDAs) had sufficient tax increment distributed to them in the Spring of 2011 to allow them to pay their obligations through December 31, 2011. Since the Spring of 2011, LA County has remitted payments to RDAs in July, August, November, and December 2011 and January 2012, which Successor Agencies should use to cover enforceable obligations up to June 30, 2012.

Therefore, the first payment Successor Agencies will receive from the County will be on June 1, 2012. This payment is intended to cover enforceable obligations for the period July 1, 2012 through December 31, 2012. Please refer to the chart "Distribution, Reporting, and Transaction Periods for Redevelopment Property Tax Trust Funds" (RPTTF) on the Department of Finance (DOF) website (Exhibit 8 in their Q&A Section).

2. DOF recently provided Instructions for ROPS on their website, stating the ROPS should cover the period January 1, 2012 through June 30, 2012. Does that mean the County Auditor-Controller will deposit funds in the RPTTF for the month of January?

DOF's intent in adding the month of January on the ROPS was to allow each Successor Agency (SA) to identify pass-through obligations owed for the Fiscal Year (FY) 2011-12 that were due, but not paid by the former RDA as of January 31st. These obligations should carry forward onto the ROPS covering July 1, 2012 to December 31, 2012 if they are not paid by Successor Agencies.

3. Can Successor Agencies include reserves on ROPS filings to ensure they have sufficient funds on hand to pay uneven bond payments?

H&S §34177(b) permits RDAs to maintain reserves in the amount required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds. However, there is nothing mentioned in ABx1 26 that permits Successor Agencies to report additional reserves to allow for uneven bond payments.

DOF has stated in their FAQs (dated 2-29-12) that they may allow reserves to ensure large bond payments can be made. Successor Agencies must prove a need

for future reserves by developing a long-term budget that incorporates estimates of periodic payments and revenues.

4. What if a Successor Agency does not have enough cash to pay all the items listed on the ROPS?

Successor Agencies are expected to ensure bond payments are made. If the Successor Agency does not have sufficient revenue/cash on hand to pay their bond obligations, H&S §34183(b) requires Successor Agencies to notify the A-C. The A-C then notifies the Department of Finance (DOF). This section also describes the priority order Successor Agencies are to pay items listed on the ROPS.

In the event Successor Agencies cannot meet their bond obligations, they may also request the County Treasurer to loan funds sufficient to pay the bonds (§ 34183(b)).

5. Can a Successor Agency borrow funds from the County Treasury in order to ensure prompt payment of debts, pursuant to California Health and Safety Code Section 34183 (c)?

No, not at the present time. The loaning of funds from the County Treasury to a Successor Agency raises a number of complex issues which the Treasurer and County Counsel are currently reviewing. Within the next 45 to 60 days, the County will determine if the Treasurer will participate in a loan program, and, if so, under what specific circumstances.

6. Are Successor Agencies allowed to refinance bonds?

Yes. H&S §34180 permits Successor Agencies (with Oversight Board approval) to refund outstanding bonds or other debt of the former RDA as long as no additional cost is created and debt service is not accelerated.

7. When will cities receive their distribution of property tax revenue not needed by the RDA to pay the ROPS.

If there are excess property tax revenues, taxing entities, including cities, will receive these distributions on January 16th and June 1st annually.

8. When will Successor Agencies find out if any of the items on their ROPS do not qualify as enforceable obligations?

The Oversight Board should be notifying the Successor Agencies as they identify items that they do not believe meet the definition of an enforceable obligation. In addition the DOF has started to request information from agencies to begin evaluating certain obligations. The completion of their evaluation will be contingent on receiving information timely from Successor Agencies.

9. Do Successor Agencies need to deposit funds into Low and Moderate Housing Funds?

No. H&S §34177(d) requires Successor Agencies to remit the unencumbered balance of the Low and Moderate Income Housing Fund of a former RDA to the County Auditor-Controller for distribution to taxing entities.

10. Do loans from the Low and Moderate Housing Funds need to be repaid?

According to H&S 34171(d)(1)(G) the Oversight Board must approve repayment of amounts borrowed from the Low and Moderate Income Housing Fund.

11. What impact does ABx1 26 have on loans made by a City to its RDA?

H&S §34171(d)(2) specifies that agreements between an RDA and the city that created it, including loan agreements, are not enforceable obligations, and therefore cannot be listed on the ROPS. The exceptions include:

- a. Written agreements that were entered into:
 - i. at the time of issuance but no later than December 31, 2010, of indebtedness obligations
 - ii. solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations.
- b. Loan agreements entered into between the RDA and city/county that created it, within two years of the date of creation of the RDA

In addition, H&S §34178(a) states that agreements, contracts, or arrangements between the RDA and the city that created it are invalid and shall not be binding on the Successor Agency.

12. What happens to the assets of the former RDA?

H&S §34177(e) requires the former RDA to transfer all assets to the Successor Agency, who in turn is responsible for disposing the assets, as directed by the Oversight Board. Proceeds from asset sales and related funds no longer needed for redevelopment projects are remitted to the Auditor-Controller for distribution as property tax proceeds (H&S § 34188). However, the Oversight Board may direct the Successor Agency to transfer ownership of those assets that were constructed and used for a governmental purpose such as roads, school buildings, parks and fire stations to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.

13. Can the Successor Agency use bond proceeds to pay obligations including administrative costs?

H&S §34177(i) requires bond proceeds to be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case the proceeds may be used to defease the bonds.

14. Why did the Auditor-Controller require Successor Agencies to submit the ROPS by March 1st?

H&S §34177((l)(2)(A) required the Successor Agencies to prepare a draft ROPS by November 1, 2011. The Supreme Court extended this due date by four months (to March 1, 2012).

15. Will the County Auditor-Controller be providing a form to the Successor Agency to request monies from the Redevelopment Property Tax Trust Fund in order to make payments on the ROPS? If so, when will the form be available?

We are in the process of creating a database to store ROPS information for each agency. We will be loading the ROPS we receive from each SA, and will then produce an Excel version in a format we would like the SA to utilize going forward to track how the SA paid RPTTF monies. We will request that each SA adjust the Total Obligation Column to identify the use of RPTTF monies and return the Excel document to report the expenses that will be paid in the next 6 months.

16. How will administration dollars be calculated?

H&S §34171(b) states that “administrative cost allowance” is payable from property tax revenues of up to 5% of the property tax allocated to the Successor Agency for FY 2011-12 and up to 3% of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the Successor Agency for each fiscal year thereafter. The amount of the Administrative Cost Allowance will not be less than \$250,000.00, and must be approved by the Oversight Board. Please refer to the chart referenced in question one for more clarification.

AGREED UPON AUDIT ENGAGEMENTS/AUDITS

17. What is the status for the Upcoming Engagement process for CPA firms to contract with the County to perform Agreed Upon Procedures developed by the State Controller’s Office (SCO) on Redevelopment Agencies in LA County?

It is anticipated that contract CPA firms will begin contacting cities to begin the Agreed Upon Procedures (AUP) engagements toward the end of March or early April.

18. What procedures are required in the AUP?

A copy of the AUPs approved by the SCO can be obtained from their website at http://www.sco.ca.gov/aud_aup_report.html.

19. Will the County have outside CPAs review all or only some agencies under these Agreed Upon Procedure contracts? If not all, is the County then going to use only in-house Auditor-Controller staff for other agency reviews?

County internal auditors are gathering information to complete the AUP Engagements, but will not fully complete any of the engagements.

20. Why is Auditor-Controller staff requesting copies of documents (e.g., contracts, bond issuance statements, etc.), including some documents we provided in prior years? Will the County share what information we have provided with the external CPA firms that will be performing the Agreed Upon Audit Engagements?

Auditor-Controller internal audit staff is gathering information to assist in completion of the AUP Engagements. Internal audit staff is utilizing existing files to determine if we have supporting documentation before we request copies from Successor Agencies. We apologize for any inconvenience this is creating. We will provide external auditors with complete copies of documents we have for each Successor Agency to ensure documents already provided are not requested a second time. However, external auditors may request additional information to complete their Agreed Upon Audit Engagement.

21. Will the A-C be completing the audits due by July 1? Some A-Cs have said they won't make RPTTF allocations until the audit is completed.

We anticipate that all audits will be completed by the July 1 deadline. As long as Successor Agencies provide the July 1 to December 31, 2012 ROPS by April 15th, as suggested by the California Redevelopment Association, the June 1st distribution will not be impacted by the completion date of the audit.

22. Will Successor Agencies be required to produce financial statements for the former RDAs for the period ending January 31, 2012?

Although the law does not require financial statements to be produced, it would be helpful if Successor Agencies would provide financial statements for this period to assist auditors in completing the AUP engagements.

23. Will the County be certifying the ROPS before the audits are complete? If so, what needs to happen before then?

No. The AUP Engagements need to be completed before the County can certify the ROPS.

PASS-THROUGH

24. Are the former Redevelopment Agencies responsible for calculating the AB1290 pass-through amounts through January 31, 2012?

Yes. The County Auditor-Controller assumes responsibility for calculating pass-through effective with the dissolution of RDAs on February 1, 2012.

25. Will the County be making reductions to the pass-through payment amounts otherwise calculated as due to the various taxing entities to take into account the distribution to the taxing entities of the property tax remaining after paying for the Successor Agency's obligations, as provided for in Section 34188?

The calculation of pass-through under the new law is still under analysis.

26. As part of the tax revenue calculation, will the A-C consider incremental changes in overrides?

Upon dissolution, amounts previously allocated to RDAs resulting from bond/pension override tax rates will be distributed to the taxing entity that issued the bond that levied the tax. We are aware that prior to dissolution, some RDAs may have pledged tax increment related to the override tax rates. In these situations, it is suggested the DOF and the SCO be contacted for specific guidance.

27. When will the Board of Supervisors be formally making Oversight Board appointments?

The County is in the process of evaluating nominees and expects to begin making appointments at the end of March and into April.

28. The State has advised that the July 1 – December 31 ROPS must be submitted to DOF by May 11th. How will the Oversight Board meet this deadline?

We understand the DOF guidance to state the ROPS for July to December 2012 should be turned in as soon as possible, but no later than May 11, 2012. While this due date may be a challenge for Oversight Boards to meet, due to the number of Successor Agencies in Los Angeles County, it would not be possible for us to issue payments to Successor Agencies by June 1st if ROPS are received in May. Therefore, we are recommending that Successor Agencies provide this ROPS by April 15, 2012. To meet these dates, it is recommended that Oversight Boards meet as soon as there is a quorum.

29. What rules apply to Oversight Board Meetings (e.g. how many members constitute a quorum)?

According to H&S 34179(e), a majority of the total membership (4 members) of the Oversight Board shall constitute a quorum for the transaction of business.

30. How should Successor Agency actions be transmitted to the Oversight Board?

There is no guidance provided in the law. Therefore, the Oversight Board and Successor Agency should mutually agree on how this process will take place.

31. Who will post the Agenda for the Oversight Board meetings and be responsible for satisfying Brown Act requirements?

There is no guidance provided in the law. Therefore, the Oversight Board and Successor Agency should mutually agree on how this process will take place.

32. Who will prepare minutes for Oversight Board Meetings?

According to H&S §34179(c), the Oversight Board may direct the staff of the Successor Agency to perform work in furtherance of the Oversight Board's duties and responsibilities. However, our Board of Supervisors is willing to assist with this responsibility.

33. Will Oversight Boards adopt rules of conduct that include time periods for public participation?

Full compliance with the Ralph Brown Act requires allowing time for public participation/comment.

34. Can the city retain the assets of the former RDA?

According to H&S 34180(f)(1) if a city wishes to retain any properties or other assets for future redevelopment activities, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, pursuant to H&S §34188.

35. What happens to projects that are partially completed? Can the Successor Agency enter into new contracts to complete partially completed projects?

H&S §34177(i) requires Successor Agencies to continue to oversee the development of properties until the contracted work has been completed, or the contractual obligations of the former RDA can be transferred to other parties. Additionally, H&S §34181(d) permits the Oversight Board to direct the Successor

Agency to determine whether contracts, agreements or other arrangements should be terminated or renegotiated to reduce liabilities.

36. What is the role of the Oversight Board, and what happens if Oversight Boards do not agree with Successor Agency actions?

All actions taken by the Successor Agency are subject to approval by the Oversight Board. Thus, disagreements between the Oversight Board and the successor agency are resolved in favor of the Oversight Board.

37. How was the largest Special District determined?

H&S §34179 identifies the largest special district as the district with the largest property tax share. We interpret this to be the district that contributes the largest property tax share to the former redevelopment agency pursuant to H&S 33670.

QUESTIONS FOR DOF and SCO

38. Once an Oversight Board has taken action, how will it be transmitted to the DOF?

We will refer this question to DOF for response.

39. Has the SCO confirmed whether closeout audits are required for the period July 1, 2011 through January 31, 2012?

SCO has not yet provided us with clarification. As soon as we receive a response from the SCO, we will advise all Successor Agencies.

40. Will the SCO be issuing new/revised audit guidelines to external auditors of Successor Agency financial statements for the five month period ending 6/30/12.

We will forward this question to SCO for clarification.

41. Will a Statement of Indebtedness, Redevelopment Agency Annual Report, State Controller's Report and Housing & Community Development Report need to be prepared and filed with the State and/or County for FY 2011-12 activities?

In accordance with H&S §34177(a)(3), the ROPS will supersede the Statement of Indebtedness, which shall no longer be prepared.

The SCO will need to address whether the Agency Annual Report, State Controller's Report and Housing & Community Development Report will still be required.

EXHIBIT F

Assembly Bill No. 471

CHAPTER 1

An act to amend Section 53395.4 of the Government Code, and to amend Sections 34171, 34177, 34191.4, and 34191.5 of the Health and Safety Code, relating to local government, and declaring the urgency thereof, to take effect immediately.

[Filed with Secretary of State February 18, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

AB 471, Atkins. Local government: redevelopment: successor agencies to redevelopment agencies.

(1) Existing law authorizes the creation of infrastructure financing districts, as defined, for the sole purpose of financing public facilities, subject to adoption of a resolution by the legislative body and affected taxing entities proposed to be subject to the division of taxes and voter approval requirements. Existing law prohibits an infrastructure financing district from including any portion of a redevelopment project area.

This bill would delete that prohibition and would authorize a district to finance a project or portion of a project that is located in, or overlaps with, a redevelopment project area or former redevelopment project area, as specified.

(2) Existing law requires a successor agency to submit a Recognized Obligation Payment Schedule to the Department of Finance, and requires the successor agency to make payments pursuant to that schedule.

This bill would authorize the successor agency to schedule Recognized Obligation Payment Schedule payments beyond the existing Recognized Obligation Payment Schedule cycle upon a showing that a lender requires cash on hand beyond the Recognized Obligation Payment Schedule cycle, or when a payment is shown to be due during the Recognized Obligation Payment Schedule period. The bill would authorize the successor agency to utilize reasonable estimates and projections to support payment amounts where a payment is shown to be due during the Recognized Obligation Payment Schedule period but an invoice or other billing document has not been received, if the successor agency submits appropriate supporting documentation for the basis of the estimate or projection to the department and the auditor-controller. The bill would provide that a Recognized Obligation Payment Schedule may also include appropriation of moneys from bonds subject to passage during the Recognized Obligation Payment Schedule cycle when an enforceable obligation requires the agency to issue the bonds and use the proceeds to pay for project expenditures.

(3) Existing law requires the county auditor-controller to determine the amount of property taxes that would have been allocated to each

redevelopment agency if it had not been dissolved and to deposit this amount in a Redevelopment Property Tax Trust Fund in the county. Existing law requires the conducting of a due diligence review to determine the unobligated balances available for transfer to affected taxing entities. Existing law requires the county auditor-controller for each fiscal year to allocate moneys in the Redevelopment Property Tax Trust Fund for passthrough payment obligations, enforceable obligations of the dissolved redevelopment agency, and administrative costs, as specified. Any remaining moneys in the Redevelopment Property Tax Trust Fund are required to be distributed as local property tax revenues to local agencies and school entities, as specified.

This bill would require that, under specified conditions, on July 1, 2014, and twice yearly thereafter until July 1, 2018, funds be allocated to cover the housing entity administrative cost allowance of a local housing authority that has assumed the housing duties of the former redevelopment agency, as specified, before remaining moneys are distributed to local agencies and school entities. The bill would define “housing entity administrative cost allowance” for these purposes. This bill would also exclude from the calculation of the amount distributed to taxing entities during the 2012–13 base year the amounts distributed to taxing entities pursuant to the due diligence review process. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

(4) Existing law requires a successor agency to prepare a long-range property management plan that addresses the disposition and use of the real properties of a former redevelopment agency and requires a transfer of the property to the city, county, or city and county if the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, as specified.

This bill would specify that the term “identified in an approved redevelopment plan” includes properties listed in a community plan or a 5-year implementation plan.

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

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

(6) This bill would declare that it is to take effect immediately as an urgency statute.

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

SECTION 1. Section 53395.4 of the Government Code is amended to read:

53395.4. (a) A district may finance only the facilities or services authorized in this chapter to the extent that the facilities or services are in addition to those provided in the territory of the district before the district

was created. The additional facilities or services may not supplant facilities or services already available within that territory when the district was created but may supplement those facilities and services as needed to serve new developments.

(b) A district may include areas that are not contiguous.

(c) A district may finance a project or portion of a project that is located in, or overlaps with, a redevelopment project area or former redevelopment project area. The successor agency to the former redevelopment agency shall receive a finding of completion, as defined in Section 34179.7 of the Health and Safety Code, prior to the district financing any project or portion of a project under this subdivision.

(d) Notwithstanding subdivision (c), any debt or obligation of a district shall be subordinate to an enforceable obligation of a former redevelopment agency, as defined in Section 34171 of the Health and Safety Code. For the purposes of this chapter, the division of taxes allocated to the district pursuant to subdivision (b) of Section 53396 shall not include any taxes required to be deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund created pursuant to subdivision (b) of Section 34170.5 of the Health and Safety Code.

(e) The legislative body of the city or county forming the district may choose to dedicate any portion of its net available revenue to the district through the financing plan described in Section 53395.14.

(f) For the purposes of this section, “net available revenue” means periodic distributions to the city or county from the Redevelopment Property Tax Trust Fund, created pursuant to Section 34170.5 of the Health and Safety Code, that are available to the city or county after all preexisting legal commitments and statutory obligations funded from that revenue are made pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code. Net available revenue shall not include any funds deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund or funds remaining in the Redevelopment Property Tax Trust Fund prior to distribution. Net available revenues shall not include any moneys payable to a school district that maintains kindergarten and grades 1 to 12, inclusive, community college districts, or to the Educational Revenue Augmentation Fund, pursuant to paragraph (4) of subdivision (a) of Section 34183 of the Health and Safety Code.

SEC. 2. Section 34171 of the Health and Safety Code is amended to read:

34171. The following terms shall have the following meanings:

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

(b) “Administrative cost allowance” means an amount that, subject to the approval of the oversight board, is payable from property tax revenues of up to 5 percent of the property tax allocated to the successor agency on the Recognized Obligation Payment Schedule covering the period January 1, 2012, through June 30, 2012, and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is

allocated to the successor agency for each fiscal year thereafter; provided, however, that the amount shall not be less than two hundred fifty thousand dollars (\$250,000), unless the oversight board reduces this amount, for any fiscal year or such lesser amount as agreed to by the successor agency. However, the allowance amount shall exclude, and shall not apply to, any administrative costs that can be paid from bond proceeds or from sources other than property tax. Administrative cost allowances shall exclude any litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition. Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs and shall not constitute administrative costs.

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

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

(A) Bonds, as defined by Section 33602 and bonds issued pursuant to Chapter 10.5 (commencing with Section 5850) of Division 6 of Title 1 of the Government Code, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency. A reserve may be held when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year.

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

(C) Payments required by the federal government, preexisting obligations to the state or obligations imposed by state law, other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183, or legally enforceable payments required in connection with the agencies’ employees, including, but not limited to, pension payments, pension obligation debt service, unemployment payments, or other obligations conferred through a collective bargaining agreement. Costs incurred to fulfill collective bargaining agreements for layoffs or terminations of city employees who performed work directly on behalf of the former redevelopment agency shall be considered enforceable obligations payable from property tax funds. The obligations to employees specified in this subparagraph shall remain enforceable obligations payable from property tax funds for any employee to whom those obligations apply if that employee is transferred to the entity assuming the housing functions of the former redevelopment agency pursuant to Section 34176. The successor agency or designated local authority shall enter into an agreement with the housing entity to reimburse it for any costs of the employee obligations.

(D) Judgments or settlements entered by a competent court of law or binding arbitration decisions against the former redevelopment agency,

other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183. Along with the successor agency, the oversight board shall have the authority and standing to appeal any judgment or to set aside any settlement or arbitration decision.

(E) Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy. However, nothing in this act shall prohibit either the successor agency, with the approval or at the direction of the oversight board, or the oversight board itself from terminating any existing agreements or contracts and providing any necessary and required compensation or remediation for such termination. Titles of or headings used on or in a document shall not be relevant in determining the existence of an enforceable obligation.

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

(G) Amounts borrowed from, or payments owing to, the Low and Moderate Income Housing Fund of a redevelopment agency, which had been deferred as of the effective date of the act adding this part; provided, however, that the repayment schedule is approved by the oversight board. Repayments shall be transferred to the Low and Moderate Income Housing Asset Fund established pursuant to subdivision (d) of Section 34176 as a housing asset and shall be used in a manner consistent with the affordable housing requirements of the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

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

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

properly authorized under Part 1 (commencing with Section 33000) shall not be deemed void.

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

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

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

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

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

(j) “Successor agency” means the successor entity to the former redevelopment agency as described in Section 34173.

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

(l) “Property taxes” include all property tax revenues, including those from unitary and supplemental and roll corrections applicable to tax increment.

(m) “Department” means the Department of Finance unless the context clearly refers to another state agency.

(n) “Sponsoring entity” means the city, county, or city and county, or other entity that authorized the creation of each redevelopment agency.

(o) “Final judicial determination” means a final judicial determination made by any state court that is not appealed, or by a court of appellate jurisdiction that is not further appealed, in an action by any party.

(p) From July 1, 2014, to July 1, 2018, inclusive, “housing entity administrative cost allowance” means an amount of up to 1 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund on behalf of the successor agency for each applicable fiscal year, but not less than one hundred fifty thousand dollars (\$150,000) per fiscal year.

(1) If a local housing authority assumed the housing functions of the former redevelopment agency pursuant to paragraph (2) or (3) of subdivision (b) of Section 34176, then the housing entity administrative cost allowance shall be listed by the successor agency on the Recognized Obligation Payment Schedule. Upon approval of the Recognized Obligation Payment Schedule by the oversight board and the department, the housing entity administrative cost allowance shall be remitted by the successor agency on

each January 2 and July 1 to the local housing authority that assumed the housing functions of the former redevelopment agency pursuant to paragraph (2) or (3) of subdivision (b) of Section 34176.

(2) If there are insufficient moneys in the Redevelopment Obligations Retirement Fund in a given fiscal year to make the payment authorized by this subdivision, the unfunded amount may be listed on each subsequent Recognized Obligation Payment Schedule until it has been paid in full. In these cases the five-year time limit on the payments shall not apply.

SEC. 3. Section 34177 of the Health and Safety Code is amended to read:

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

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

(1) On and after February 1, 2012, and until a Recognized Obligation Payment Schedule becomes operative, only payments required pursuant to an enforceable obligations payment schedule shall be made. The initial enforceable obligation payment schedule shall be the last schedule adopted by the redevelopment agency under Section 34169. However, payments associated with obligations excluded from the definition of enforceable obligations by paragraph (2) of subdivision (d) of Section 34171 shall be excluded from the enforceable obligations payment schedule and be removed from the last schedule adopted by the redevelopment agency under Section 34169 prior to the successor agency adopting it as its enforceable obligations payment schedule pursuant to this subdivision. The enforceable obligation payment schedule may be amended by the successor agency at any public meeting and shall be subject to the approval of the oversight board as soon as the board has sufficient members to form a quorum. In recognition of the fact that the timing of the California Supreme Court's ruling in the case California Redevelopment Association v. Matosantos (2011) 53 Cal.4th 231 delayed the preparation by successor agencies and the approval by oversight boards of the January 1, 2012, through June 30, 2012, Recognized Obligation Payment Schedule, a successor agency may amend the Enforceable Obligation Payment Schedule to authorize the continued payment of enforceable obligations until the time that the January 1, 2012, through June 30, 2012, Recognized Obligation Payment Schedule has been approved by the oversight board and by the Department of Finance. The successor agency may utilize reasonable estimates and projections to support payment amounts for enforceable obligations if the successor agency submits appropriate supporting documentation of the basis for the estimate or projection to the Department of Finance and the auditor-controller.

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

(3) Commencing on the date the Recognized Obligation Payment Schedule is valid pursuant to subdivision (l), only those payments listed in

the Recognized Obligation Payment Schedule may be made by the successor agency from the funds specified in the Recognized Obligation Payment Schedule. In addition, after it becomes valid, the Recognized Obligation Payment Schedule shall supersede the Statement of Indebtedness, which shall no longer be prepared nor have any effect under the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

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

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

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

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

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

(e) Dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181. The disposal is to be done expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188. The requirements of this subdivision shall not apply to a successor agency that has been issued a finding of completion by the Department of Finance pursuant to Section 34179.7.

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

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

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

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

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

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

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

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

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

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

(A) Low and Moderate Income Housing Fund.

(B) Bond proceeds.

(C) Reserve balances.

(D) Administrative cost allowance.

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

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

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

(A) A Recognized Obligation Payment Schedule is prepared by the successor agency for the enforceable obligations of the former redevelopment agency. The initial schedule shall project the dates and amounts of scheduled payments for each enforceable obligation for the remainder of the time period during which the redevelopment agency would have been authorized to obligate property tax increment had the a redevelopment agency not been dissolved.

(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, the Controller's office, and the Department of Finance, and is posted on the successor agency's Internet Web site.

(3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months. The first Recognized Obligation Payment Schedule shall be submitted to the Controller's office and the Department of Finance by April 15, 2012, for the period of January 1, 2012, to June 30, 2012, inclusive. This Recognized Obligation Payment Schedule shall include all payments made by the former redevelopment agency between January 1, 2012, through January 31, 2012, and shall include all payments proposed to be made by the successor agency from February 1, 2012, through June 30, 2012. Former redevelopment agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred, prior to January 1, 2012, shall be made from property tax revenues received in the spring of 2011 property tax distribution, and from other revenues and balances transferred to the successor agency.

(m) 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. Commencing with the Recognized Obligation Payment Schedule covering the period July 1, 2013, through December 31, 2013, successor agencies shall submit an oversight board-approved Recognized Obligation Payment Schedule to the Department of Finance and to the county auditor-controller no fewer than 90 days before the date of property tax distribution. The Department of Finance shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted. Within five business days of the department's determination, a successor agency may request additional review by the department and an opportunity to meet and confer on disputed items. The meet and confer period may vary; an untimely submittal of a Recognized Obligation Payment Schedule may result in a meet and confer period of less than 30 days. The department shall notify the successor agency and the county auditor-controllers as to the outcome of its review at least 15 days before the date of property tax distribution.

(1) The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the Department of Finance electronically, and the successor agency shall complete the Recognized Obligation Payment Schedule in the manner provided for by the department. A successor agency shall be in noncompliance with this paragraph if it only submits to the department an electronic message or a letter stating that the oversight board has approved a Recognized Obligation Payment Schedule.

(2) If a successor agency does not submit a Recognized Obligation Payment Schedule by the deadlines provided in this subdivision, the city, county, or city and county that created the redevelopment agency shall be subject to a civil penalty equal to ten thousand dollars (\$10,000) per day for every day the schedule is not submitted to the department. The civil penalty shall be paid to the county auditor-controller for allocation to the taxing entities under Section 34183. If a successor agency fails to submit a Recognized Obligation Payment Schedule by the deadline, any creditor of the successor agency or the Department of Finance or any affected taxing entity shall have standing to and may request a writ of mandate to require the successor agency to immediately perform this duty. Those actions may be filed only in the County of Sacramento and shall have priority over other civil matters. Additionally, if an agency does not submit a Recognized Obligation Payment Schedule within 10 days of the deadline, the maximum administrative cost allowance for that period shall be reduced by 25 percent.

(3) If a successor agency fails to submit to the department an oversight board-approved Recognized Obligation Payment Schedule that complies with all requirements of this subdivision within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the department may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller shall distribute the portion of any of the sums withheld pursuant to this paragraph to the affected taxing entities in accordance with paragraph (4) of subdivision (a) of Section 34183 upon notice by the department that a portion of the withheld balances are in excess of the amount of enforceable obligations. The county auditor-controller shall distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule approved by the department. County auditor-controllers shall lack the authority to withhold any other amounts from the allocations provided for under Section 34183 or 34188 unless required by a court order.

(4) (A) The Recognized Obligation Payment Schedule payments required pursuant to this subdivision may be scheduled beyond the existing Recognized Obligation Payment Schedule cycle upon a showing that a lender requires cash on hand beyond the Recognized Obligation Payment Schedule cycle.

(B) When a payment is shown to be due during the Recognized Obligation Payment Schedule period, but an invoice or other billing document has not yet been received, the successor agency may utilize reasonable estimates and projections to support payment amounts for enforceable obligations if the successor agency submits appropriate supporting documentation of the basis for the estimate or projection to the department and the auditor-controller.

(C) A Recognized Obligation Payment Schedule may also include appropriation of moneys from bonds subject to passage during the

Recognized Obligation Payment Schedule cycle when an enforceable obligation requires the agency to issue the bonds and use the proceeds to pay for project expenditures.

(n) Cause a postaudit of the financial transactions and records of the successor agency to be made at least annually by a certified public accountant.

SEC. 4. Section 34191.4 of the Health and Safety Code is amended to read:

34191.4. The following provisions shall apply to any successor agency that has been issued a finding of completion by the Department of Finance:

(a) All real property and interests in real property identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5 shall be transferred to the Community Redevelopment Property Trust Fund of the successor agency upon approval by the Department of Finance of the long-range property management plan submitted by the successor agency pursuant to subdivision (b) of Section 34191.5 unless that property is subject to the requirements of any existing enforceable obligation.

(b) (1) Notwithstanding subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

(2) If the oversight board finds that the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund. The annual loan repayments provided for in the recognized obligation payment schedules shall be subject to all of the following limitations:

(A) Loan repayments shall not be made prior to the 2013–14 fiscal year. Beginning in the 2013–14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this subdivision and paragraph (7) of subdivision (e) of Section 34176 combined shall be equal to one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012–13 base year, provided, however, that calculation of the amount distributed to taxing entities during the 2012–13 base year shall not include any amounts distributed to taxing entities pursuant to the due diligence review process established in Sections 34179.5 to 34179.8, inclusive. Loan or deferral repayments made pursuant to this subdivision shall be second in priority to amounts to be repaid pursuant to paragraph (7) of subdivision (e) of Section 34176.

(B) Repayments received by the city, county, or city and county that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund and shall be distributed to the Low and Moderate Income Housing Asset Fund established by subdivision (d) of Section 34176.

(C) Twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund, after all outstanding loans from the Low and Moderate Income Housing Fund for purposes of the Supplemental Educational Revenue Augmentation Fund have been paid.

(c) (1) Bond proceeds derived from bonds issued on or before December 31, 2010, shall be used for the purposes for which the bonds were sold.

(2) (A) Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds in excess of the amounts needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

(B) If remaining bond proceeds cannot be spent in a manner consistent with the bond covenants pursuant to subparagraph (A), the proceeds shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

SEC. 5. Section 34191.5 of the Health and Safety Code is amended to read:

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

- (B) The purpose for which the property was acquired.
- (C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.
- (D) An estimate of the current value of the parcel including, if available, any appraisal information.
- (E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.
- (F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.
- (G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.
- (H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

(A) (i) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(ii) For purposes of this subparagraph, the term "identified in an approved redevelopment plan" includes properties listed in a community plan or a five-year implementation plan.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because this act provides for offsetting savings to local agencies or school districts that result in no net costs to the local agencies or school districts, within the meaning of Section 17556 of the Government Code.

SEC. 7. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of

Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to facilitate the smooth and effective implementation and completion of the dissolution of redevelopment agencies, it is necessary that this act go into immediate effect.

OVERSIGHT BOARD RESOLUTION NO. _____

A RESOLUTION OF THE MONTEBELLO OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE FOR THE MONTEBELLO SUCCESSOR AGENCY FOR THE PERIOD FROM JULY 1, 2014 TO DECEMBER 31, 2014 (ROPS 14-15A)

WHEREAS, the former Community Redevelopment Agency of the City of Montebello (“Agency”) was a community redevelopment agency organized and existing under the California Redevelopment Law;

WHEREAS, the Agency was dissolved effective February 1, 2012, by way of Assembly Bill (“AB”) 1x26 (as subsequently amended by AB 1484, the “Dissolution Act”) and the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231;

WHEREAS, the Dissolution Act created a “successor agency” for each dissolved redevelopment agency, and charged them with completing various tasks and obligations geared towards “winding down” the affairs of their respective redevelopment agency;

WHEREAS, the Dissolution Act also created an “oversight board” for each successor agency, and charged them with overseeing, reviewing, and approving enumerated successor agency actions;

WHEREAS, by resolution of the City Council, the City of Montebello serves as the successor agency to the dissolved Agency (“Successor Agency”), and the Montebello Oversight Board is the statutorily created oversight board for the Successor Agency (“Oversight Board”);

WHEREAS, the Dissolution Act requires the Successor Agency to prepare a “recognized obligation payment schedule” (“ROPS”) for each six (6) month fiscal period, listing all payments due on “enforceable obligations” during that fiscal period;

WHEREAS, after preparation by the Successor Agency, each ROPS must be submitted to and approved by the Oversight Board, and thereafter transmitted to the Los Angeles County Auditor-Controller, the State Controller, and the State Department of Finance for review; and

WHEREAS, the Successor Agency has timely prepared and submitted its proposed ROPS covering the July 1, 2014 to December 31, 2014 payment period (“ROPS 14-15A”), and the Oversight Board has duly considered the ROPS 14-15A and all enforceable obligations and payment sources listed thereon, and is satisfied that the

ROPS 14-15A as approved by this Resolution complies with the statutory mandates of the Dissolution Act.

NOW THEREFORE, THE MONTEBELLO OVERSIGHT BOARD HEREBY FINDS, DECLARES, AND RESOLVES AS FOLLOWS:

SECTION 1. The foregoing Recitals are incorporated into this Resolution by this reference, and constitute a material part hereof.

SECTION 2. The Oversight Board hereby approves the Recognized Obligation Payment Schedule for the July 1, 2014 to December 31, 2014 payment period (“ROPS 14-15A”), as such ROPs 14-15A is attached hereto this Resolution.

SECTION 3. The Oversight Board hereby authorizes and directs Successor Agency staff to submit the attached ROPS 14-15A to the Los Angeles County Auditor-Controller, the State Controller, and the California State Department of Finance for review, and to take such further action(s) as required to ensure that all “enforceable obligations” listed on ROPS 14-15A, as such is subsequently approved by the Department of Finance, are timely paid and performed.

SECTION 4. The Oversight Board Secretary shall certify to the passage and adoption of this resolution, which shall become effective immediately upon adoption.

PASSED, APPROVED and ADOPTED this 26th day of February, 2014.

Richard Bruckner, Chairman

ATTEST:

Ivonne Evelyn Umana, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the Montebello Oversight Board

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City of Montebello Oversight Board at a special meeting held on the 26th day of February, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

VACANT: Chancellor of the California Community Colleges Appointee

Ivonne Evelyn Umana, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the Montebello Oversight Board