

AMENDED IN ASSEMBLY MARCH 21, 2012

AMENDED IN ASSEMBLY MARCH 15, 2012

AMENDED IN ASSEMBLY MARCH 8, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1585

**Introduced by Assembly Members John A. Pérez, Atkins, Dickinson,
Hill, Mitchell, Perea, and Torres**

February 2, 2012

An act to amend Sections 34171, 34173, 34176, 34177, 34179, 34180, 34181, 34182, 34183, 34187, and 34189 of the Health and Safety Code, relating to redevelopment, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1585, as amended, John A. Pérez. Redevelopment.

Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, repay enforceable obligations, as defined, and to remit unencumbered balances of redevelopment agency funds, including housing funds, to the county auditor-controller for distribution to taxing entities.

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

This bill would modify the scope of the term “enforceable obligation” and modify provisions relating to the transfer of housing funds and responsibilities associated with dissolved redevelopment agencies. The bill would provide that any amounts on deposit in the Low and Moderate Income Housing Fund of a dissolved redevelopment agency be transferred to specified entities. The bill would make conforming changes.

Existing law provides that, upon a specified date, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid. Notwithstanding this provision, an agreement that provided loans or other startup funds for the agency that was entered into within 2 years of the formation of the agency is valid and binds the successor agency.

The bill would expand this exception to include an agreement involving a loan specific to a project area and other specified obligations. The bill would provide that other loan agreements entered into between the redevelopment agency and the city, county, or city and county that created it are deemed to be enforceable obligations, except as specified. The bill would further expand upon, and clarify, the scope of the successor agency’s and the oversight board’s responsibilities.

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

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

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

- 1 SECTION 1. Section 34171 of the Health and Safety Code is
- 2 amended to read:
- 3 34171. The following terms shall have the following meanings:
- 4 (a) “Administrative budget” means the budget for administrative
- 5 costs of the successor agencies as provided in Section 34177.
- 6 (b) “Administrative cost allowance” means an amount that,
- 7 subject to the approval of the oversight board, is payable from
- 8 property tax revenues of up to 5 percent of the property tax
- 9 allocated to the former redevelopment agency and successor agency
- 10 for the 2011–12 fiscal year and up to 3 percent of the property tax
- 11 allocated to the Redevelopment Obligation Retirement Fund money
- 12 that is allocated to the successor agency for each fiscal year

1 thereafter, except as provided by subdivision (l) of Section 34180;
2 provided, however, that the amount shall not be less than two
3 hundred fifty thousand dollars (\$250,000) for any fiscal year or
4 such lesser amount as agreed to by the successor agency. However,
5 the allowance amount shall exclude any administrative costs that
6 can be paid from bond proceeds or from sources other than property
7 tax. Employee costs associated with work on specific project
8 implementation activities, including, but not limited to, construction
9 inspection, project management, or actual construction, shall be
10 considered project-specific costs and are not administrative costs.

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

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

14 (A) Bonds, as defined by Section 33602 and bonds issued
15 pursuant to Section 5850 of the Government Code, including the
16 required annual debt service, reserve set-asides, and any other
17 payments required under the indenture or similar documents
18 governing the issuance of the outstanding bonds of the former
19 redevelopment agency.

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

24 (C) Payments required by the federal government, preexisting
25 obligations to the state or obligations imposed by state law, other
26 than passthrough payments that are made by the county
27 auditor-controller pursuant to Section 34183, or legally enforceable
28 payments required in connection with the agencies’ employees,
29 including, but not limited to, pension payments, pension obligation
30 debt service, unemployment payments, or other obligations
31 conferred through a collective bargaining agreement. Costs incurred
32 to fulfill collective bargaining agreements for layoffs or
33 terminations of city employees who performed work directly on
34 behalf of the former redevelopment agency shall be considered
35 enforceable obligations payable from property tax funds. The
36 obligations to employees specified in this subparagraph shall
37 remain enforceable obligations payable from property tax funds
38 for any employee to whom those obligations apply if that employee
39 is transferred to the entity assuming the housing functions of the
40 former redevelopment agency pursuant to Section 34176. The

1 successor agency or designated local authority shall enter into an
2 agreement with the housing entity to reimburse it for any costs of
3 the employee obligations.

4 (D) Judgments or settlements entered by a competent court of
5 law or binding arbitration decisions against the former
6 redevelopment agency, other than passthrough payments that are
7 made by the county auditor-controller pursuant to Section 34183.
8 Along with the successor agency, the oversight board shall have
9 the authority and standing to appeal any judgment or to set aside
10 any settlement or arbitration decision.

11 (E) Any legally binding and enforceable agreement or contract
12 that is not otherwise void as violating the debt limit or public
13 policy. However, nothing in this act shall prohibit either the
14 successor agency, with the approval or at the direction of the
15 oversight board, or the oversight board itself from terminating any
16 existing agreements or contracts and providing any necessary and
17 required compensation or remediation for such termination.

18 (F) Contracts or agreements necessary for the administration or
19 operation of the successor agency, in accordance with this part,
20 including, but not limited to, agreements to purchase or rent office
21 space, equipment and supplies, and pay-related expenses pursuant
22 to Section 33127 and for carrying insurance pursuant to Section
23 33134.

24 (G) Amounts borrowed from or payments owing to the Low
25 and Moderate Income Housing Fund of a redevelopment agency,
26 which had been deferred as of the effective date of the act adding
27 this part; provided, however, that the repayment schedule is
28 approved by the oversight board. Repayments shall be made to
29 the Low and Moderate Income Housing Fund maintained by the
30 entity assuming the housing functions formerly performed by the
31 redevelopment agency, as described in Section 34176.

32 (2) (A) Except as specifically provided in this part, “enforceable
33 obligation” does not include any agreements, contracts, or
34 arrangements between the city, county, or city and county that
35 created the redevelopment agency and the former redevelopment
36 agency. However, written agreements entered into (i) at the time
37 of issuance, but in no event later than December 31, 2010, of
38 indebtedness obligations, and (ii) solely for the purpose of securing
39 or repaying those indebtedness obligations may be deemed
40 enforceable obligations for purposes of this part.

1 (B) Loan agreements entered into between the redevelopment
2 agency and the city, county, or city and county that created it,
3 within two years of the date of creation of the redevelopment
4 agency, or within two years of the date of the creation of a project
5 area if the loan is specific to that project area, and any obligations
6 imposed by paragraph (1) of subdivision (d) of Section 33691 may
7 be deemed to be enforceable obligations.

8 (C) Other loan agreements entered into between the
9 redevelopment agency and the city, county, or city and county that
10 created it shall be deemed to be enforceable obligations, if the
11 conditions of subdivision (k) of Section 34180 are met.

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

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

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

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

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

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

1 (j) “Successor agency” means the county, city, or city and county
 2 that authorized the creation of each redevelopment agency acting
 3 in its separate capacity as a successor agency or another entity as
 4 provided in Section 34173.

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

10 SEC. 2. Section 34173 of the Health and Safety Code is
 11 amended to read:

12 34173. (a) Successor agencies, as defined in this part, are
 13 hereby designated as successor entities to the former redevelopment
 14 agencies. ~~A successor agency shall constitute a legally distinct and~~
 15 ~~separate body~~ *For purposes of this part, a successor agency is a*
 16 *public entity separate from the entity or entities that authorized*
 17 *the creation of each redevelopment agency that acts, by resolution,*
 18 *on its own behalf and shall have all the powers and duties set forth*
 19 *herein, the power to sue and be sued, and such additional powers*
 20 *as may be conferred upon it. Each successor agency shall be*
 21 *deemed to be a local entity for purposes of the Ralph M. Brown*
 22 *Act (Chapter 9 (commencing with Section 54950) of Part 1 of*
 23 *Division 2 of Title 5 of the Government Code).*

24 (b) Except for those provisions of the Community
 25 Redevelopment Law that are repealed, restricted, or revised
 26 pursuant to the act adding this part, all authority, rights, powers,
 27 duties, and obligations previously vested with the former
 28 redevelopment agencies, under the Community Redevelopment
 29 Law, are hereby vested in the successor agencies.

30 (c) (1) Where the redevelopment agency was in the form of a
 31 joint powers authority, and where the joint powers agreement
 32 governing the formation of the joint powers authority addresses
 33 the allocation of assets and liabilities upon dissolution of the joint
 34 powers authority, then each of the entities that created the former
 35 redevelopment agency may be a successor agency within the
 36 meaning of this part and each shall have a share of assets and
 37 liabilities based on the provisions of the joint powers agreement.

38 (2) Where the redevelopment agency was in the form of a joint
 39 powers authority, and where the joint powers agreement governing
 40 the formation of the joint powers authority does not address the

1 allocation of assets and liabilities upon dissolution of the joint
2 powers authority, then each of the entities that created the former
3 redevelopment agency may be a successor agency within the
4 meaning of this part, a proportionate share of the assets and
5 liabilities shall be based on the assessed value in the project areas
6 within each entity's jurisdiction, as determined by the county
7 assessor, in its jurisdiction as compared to the assessed value of
8 land within the boundaries of the project areas of the former
9 redevelopment agency.

10 (d) (1) A city, county, city and county, or the entities forming
11 the joint powers authority that authorized the creation of each
12 redevelopment agency may elect not to serve as a successor agency
13 under this part. A city, county, city and county, or any member of
14 a joint powers authority that elects not to serve as a successor
15 agency under this part must file a copy of a duly authorized
16 resolution of its governing board to that effect with the county
17 auditor-controller no later than January 13, 2012.

18 (2) The determination of the first local agency that elects to
19 become the successor agency shall be made by the county
20 auditor-controller based on the earliest receipt by the county
21 auditor-controller of a copy of a duly adopted resolution of the
22 local agency's governing board authorizing such an election. As
23 used in this section, "local agency" means any city, county, city
24 and county, or special district in the county of the former
25 redevelopment agency.

26 (3) If no local agency elects to serve as a successor agency for
27 a dissolved redevelopment agency, a public body, referred to herein
28 as a "designated local authority" shall be immediately formed,
29 pursuant to this part, in the county and shall be vested with all the
30 powers and duties of a successor agency as described in this part.
31 The Governor shall appoint three residents of the county to serve
32 as the governing board of the authority. The designated local
33 authority shall serve as successor agency until a local agency elects
34 to become the successor agency in accordance with this section.

35 (4) A city, county, or city and county, or the entities forming
36 the joint powers authority that authorized the creation of a
37 redevelopment agency and that elected not to serve as the successor
38 agency under this part, may subsequently reverse this decision and
39 agree to serve as the successor agency pursuant to this section.
40 *Any reversal of this decision shall not become effective for 60 days*

1 *after notice has been given to the current successor agency and*
2 *the oversight board and shall not invalidate any action of the*
3 *successor agency or oversight board taken prior to the effective*
4 *date of the transfer of responsibility.*

5 (e) The liability of any successor agency, acting pursuant to the
6 powers granted under the act adding this part, shall be limited to
7 the extent of the total sum of property tax revenues it receives
8 pursuant to this part and the value of assets transferred to it as a
9 successor agency for a dissolved redevelopment agency.

10 SEC. 3. Section 34176 of the Health and Safety Code is
11 amended to read:

12 34176. (a) The city, county, or city and county that authorized
13 the creation of a redevelopment agency may elect to retain the
14 housing assets and functions previously performed by the
15 redevelopment agency. If a city, county, or city and county elects
16 to retain the responsibility for performing housing functions
17 previously performed by a redevelopment agency, all rights,
18 powers, ~~duties, and obligations~~ *assets, liabilities, duties, and*
19 *obligations, excluding enforceable obligations of the successor*
20 *agency, associated with the housing activities of the agency,*
21 *including any amounts on deposit in the Low and Moderate Income*
22 *Housing Fund, shall be transferred to the city, county, or city and*
23 *county. Any funds transferred to the city, county, or city and county*
24 *pursuant to this subdivision shall be maintained in a separate Low*
25 *and Moderate Income Housing Fund and expended pursuant to*
26 *the provisions of the Community Redevelopment Law relating to*
27 *the Low and Moderate Income Housing Fund.*

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

35 (1) Where there is one local housing authority in the territorial
36 jurisdiction of the former redevelopment agency, to that local
37 housing authority.

38 (2) Where there is more than one local housing authority in the
39 territorial jurisdiction of the former redevelopment agency, to the

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

3 (3) Where there is no local housing authority in the territorial
4 jurisdiction of the former redevelopment agency or where the local
5 housing authority selected does not accept the responsibility for
6 performing housing functions previously performed by the former
7 redevelopment agency, to the Department of Housing and
8 Community Development. Funds shall be deposited into the State
9 Low and Moderate Income Housing Trust Fund and awarded on
10 a competitive basis to projects within the counties in which the
11 funds were collected. Priority shall be given to eligible projects
12 for extremely low, very low, and low-income projects.

13 (c) Commencing on the operative date of this part, the entity
14 assuming the housing functions formerly performed by the
15 redevelopment agency shall enforce affordability covenants and
16 perform related activities pursuant to applicable provisions of the
17 Community Redevelopment Law (Part 1 (commencing with
18 Section 33000), including, but not limited to, Section 33418.

19 (d) The succeeding housing entity shall contract to expend at
20 least 80 percent of the moneys in the Low and Moderate Income
21 Housing Fund within two years of the date of receipt of those
22 moneys. If within four years of the date of receipt of those moneys
23 the succeeding housing entity has not spent the money in the Low
24 and Moderate Income Housing Fund, then the excess amount,
25 minus the amount necessarily reserved for the ongoing monitoring
26 and maintenance of affordable housing projects, shall be transferred
27 to the State Low and Moderate Income Housing Trust Fund, which
28 is hereby created, for expenditure by the Department of Housing
29 and Community Development for the purpose of increasing the
30 supply of low- and moderate-income housing in the county with
31 priority given to extremely low, very low, and low-income projects.
32 Excess funds shall not be transferred to the department if the
33 succeeding housing entity applies for, and receives, a waiver from
34 the department. If a waiver is granted, funds shall remain with the
35 entity for an additional two years from the date of waiver approval.
36 In approving a waiver, the department shall consider, among other
37 factors, whether the city, county, or city and county, or housing
38 authority has a site specific project plan with local approvals,
39 including the issuance of building permits, whether the project has
40 secured financing, and evidence that some funds have been

1 expended from the Low and Moderate Income Housing Fund. A
2 succeeding housing entity may reapply at the end of the two-year
3 period for a renewal of the previously granted waiver.

4 (e) A succeeding housing entity may transfer all or a portion of
5 the moneys in the Low and Moderate Income Housing Fund to
6 another succeeding housing entity within the county where the
7 moneys were collected, to be spent on affordable housing if all of
8 the following conditions are met:

9 (1) The funds shall be spent on projects that primarily benefit
10 low-income families or families that are below low income.

11 (2) Both succeeding housing entities involved in the transfer
12 adopt a resolution detailing the need for the transfer of funds and
13 the intended use of the funds by the receiving jurisdiction.

14 (3) The funds shall be spent in compliance with subdivision (d).

15 (f) The succeeding housing entity shall, within 45 days of the
16 date the act amending this section takes effect or 45 days from
17 receipt of moneys for the Low and Moderate Income Housing
18 Fund, whichever date is later, notify the department of the amount
19 of moneys on deposit in the Low and Moderate Income Housing
20 Fund and that entity's plan for spending the funds. Two years from
21 this date, the succeeding housing entity shall report to the
22 department the percentage of funds that it has entered into contract
23 to spend. Within four years of receipt of the funds, the succeeding
24 housing entity shall report to the department if there are remaining
25 moneys in the Low and Moderate Income Housing Fund and if it
26 will apply for a waiver specified in subdivision (d) or whether the
27 excess amount will be transferred to the department.

28 (g) For purposes of this section, "succeeding housing entity"
29 means the entity that assumes responsibility for retaining the
30 housing assets and functions previously performed by a
31 redevelopment agency, as described in subdivisions (a) and (b).

32 SEC. 4. Section 34177 of the Health and Safety Code is
33 amended to read:

34 34177. Successor agencies are required to do all of the
35 following:

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

37 (1) On and after February 1, 2012, and until a Recognized
38 Obligation Payment Schedule becomes operative, only payments
39 required pursuant to an enforceable obligations payment schedule
40 shall be made. The initial enforceable obligation payment schedule

1 shall be the last schedule adopted by the redevelopment agency
2 under Section 34169. However, payments associated with
3 obligations excluded from the definition of enforceable obligations
4 by paragraph (2) of subdivision (e) of Section 34171 shall be
5 excluded from the enforceable obligations payment schedule and
6 be removed from the last schedule adopted by the redevelopment
7 agency under Section 34169 prior to the successor agency adopting
8 it as its enforceable obligations payment schedule pursuant to this
9 subdivision. The enforceable obligation payment schedule may
10 be amended by the successor agency at any public meeting and
11 shall be subject to the approval of the oversight board as soon as
12 the board has sufficient members to form a quorum.

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

20 (3) Commencing on the date the Recognized Obligation Payment
21 Schedule is valid pursuant to subdivision (l), only those payments
22 listed in the Recognized Obligation Payment Schedule may be
23 made by the successor agency from the funds specified in the
24 Recognized Obligation Payment Schedule. In addition,
25 commencing on the date the Recognized Obligation Payment
26 Schedule is valid pursuant to subdivision (l), the Recognized
27 Obligation Payment Schedule shall supersede the Statement of
28 Indebtedness, which shall no longer be prepared nor have any
29 effect under the Community Redevelopment Law.

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

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

- 1 (b) Maintain reserves in the amount required by indentures,
2 trust indentures, or similar documents governing the issuance of
3 outstanding redevelopment agency bonds.
- 4 (c) Perform obligations required pursuant to any enforceable
5 obligation.
- 6 (d) Remit unencumbered balances of redevelopment agency
7 funds to the county auditor-controller for distribution to the taxing
8 entities. In making the distribution, the county auditor-controller
9 shall utilize the same methodology for allocation and distribution
10 of property tax revenues provided in Section 34188.
- 11 (e) Dispose of assets and properties of the former redevelopment
12 agency as directed by the oversight board; provided, however, that
13 the oversight board may instead direct the successor agency to
14 transfer ownership of certain assets pursuant to subdivision (a) of
15 Section 34181. The disposal is to be done in an expeditious but
16 orderly manner that preserves the value of the asset. Proceeds from
17 asset sales and related funds that are no longer needed for approved
18 development projects or to otherwise wind down the affairs of the
19 agency, each as determined by the oversight board, shall be
20 transferred to the county auditor-controller for distribution as
21 property tax proceeds under Section 34188.
- 22 (f) Enforce all former redevelopment agency rights for the
23 benefit of the taxing entities, including, but not limited to,
24 continuing to collect loans, rents, and other revenues that were due
25 to the redevelopment agency.
- 26 (g) Effectuate transfer of housing functions and assets to the
27 appropriate entity designated pursuant to Section 34176.
- 28 (h) Expeditiously wind down the affairs of the redevelopment
29 agency pursuant to the provisions of this part and in accordance
30 with the direction of the oversight board.
- 31 (i) Continue to oversee development of properties until the
32 contracted work has been completed or the contractual obligations
33 of the former redevelopment agency can be transferred to other
34 parties. Bond proceeds shall be used for the purposes for which
35 bonds were sold unless the purposes can no longer be achieved,
36 in which case, the proceeds may be used to defease the bonds.
- 37 (j) Prepare a proposed administrative budget and submit it to
38 the oversight board for its approval. The proposed administrative
39 budget shall include all of the following:

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

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

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

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

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

16 (A) Low and Moderate Income Housing Fund.

17 (B) Bond proceeds.

18 (C) Reserve balances.

19 (D) Administrative cost allowance.

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

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

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

30 (A) A draft Recognized Obligation Payment Schedule is
31 prepared by the successor agency for the enforceable obligations
32 of the former redevelopment agency by March 1, 2012. From
33 January 1, 2012, to June 30, 2012, inclusive, the initial draft of
34 that schedule shall project the dates and amounts of scheduled
35 payments for each enforceable obligation, and shall be reviewed
36 and certified, as to its accuracy, by an external auditor designated
37 pursuant to Section 34182.

38 (B) The certified Recognized Obligation Payment Schedule is
39 submitted to and duly approved by the oversight board.

1 (C) A copy of the approved Recognized Obligation Payment
 2 Schedule is submitted to the county auditor-controller and both
 3 the Controller’s office and the Department of Finance and be posted
 4 on the successor agency’s Internet Web site.

5 (3) The Recognized Obligation Payment Schedule shall be
 6 forward looking to the next six months. The first Recognized
 7 Obligation Payment Schedule shall be submitted to the Controller’s
 8 office and the Department of Finance by April 15, 2012, for the
 9 period of January 1, 2012, to June 30, 2012, inclusive. However,
 10 the first Recognized Obligation Payment Schedule submitted for
 11 the year may, if necessary, include the total amount of payments
 12 required for an enforceable obligation for the next two six-month
 13 periods and, in the case of debt obligations, may include, if
 14 necessary, the amount of the annual debt service, reserve set-asides,
 15 and any other amounts required under indenture or similar
 16 documents. Former redevelopment agency enforceable obligation
 17 payments due, and reasonable or necessary administrative costs
 18 due or incurred, prior to January 1, 2012, shall be made from
 19 property tax revenues received in the spring of 2011 property tax
 20 distribution, and from other revenues and balances transferred to
 21 the successor agency.

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

25 SEC. 5. Section 34179 of the Health and Safety Code is
 26 amended to read:

27 34179. (a) Each successor agency shall have an oversight
 28 board composed of seven members. The members shall elect one
 29 of their members as the chairperson and shall report the name of
 30 the chairperson and other members to the Department of Finance
 31 on or before May 1, 2012. Members shall be selected as follows:

32 (1) One member appointed by the county board of supervisors.
 33 (2) One member appointed by the mayor for the city that formed
 34 the redevelopment agency.

35 (3) One member appointed by the special district having the
 36 largest property tax share within the redevelopment project areas
 37 of the former redevelopment agency, which is of the type of special
 38 district that is eligible to receive property tax revenues pursuant
 39 to Section 34188.

1 (4) One member appointed by the county superintendent of
2 education to represent schools if the superintendent is elected. If
3 the county superintendent of education is appointed, then the
4 appointment made pursuant to this paragraph shall be made by the
5 county board of education.

6 (5) One member appointed by the Chancellor of the California
7 Community Colleges to represent community college districts in
8 the county.

9 (6) One member of the public appointed by the county board
10 of supervisors.

11 (7) One member representing the employees of the former
12 redevelopment agency appointed by the mayor or chair of the
13 board of supervisors, as the case may be, from the recognized
14 employee organization representing the largest number of former
15 redevelopment agency employees employed by the successor
16 agency at that time. In the case where city or county employees
17 performed administrative duties of the former redevelopment
18 agency, the appointment shall be made from the recognized
19 employee organization representing those employees. If a
20 recognized employee organization does not exist for either the
21 employees of the former redevelopment agency or the city or
22 county employees performing administrative duties of the former
23 redevelopment agency, the appointment shall be made from among
24 the employees of the successor agency. In voting to approve a
25 contract as an enforceable obligation, a member appointed pursuant
26 to this paragraph shall not be deemed to be interested in the contract
27 by virtue of being an employee of the successor agency or
28 community for purposes of Section 1090 of the Government Code.

29 (8) If the county or a joint powers agency formed the
30 redevelopment agency, then the largest city by acreage in the
31 territorial jurisdiction of the former redevelopment agency may
32 select one member. If there are no cities with territory in a project
33 area of the redevelopment agency, the county superintendent of
34 education may appoint an additional member to represent the
35 public.

36 (9) If there are no special districts of the type that are eligible
37 to receive property tax pursuant to Section 34188, within the
38 territorial jurisdiction of the former redevelopment agency, then
39 the county may appoint one member to represent the public.

1 (10) Where a redevelopment agency was formed by an entity
2 that is both a charter city and a county, the oversight board shall
3 be composed of seven members selected as follows: three members
4 appointed by the mayor of the city, where such appointment is
5 subject to confirmation by the county board of supervisors, one
6 member appointed by the largest special district, by property tax
7 share, with territory in the territorial jurisdiction of the former
8 redevelopment agency, which is the type of special district that is
9 eligible to receive property tax revenues pursuant to Section 34188,
10 one member appointed by the county superintendent of education
11 to represent schools, one member appointed by the Chancellor of
12 the California Community Colleges to represent community college
13 districts, and one member representing employees of the former
14 redevelopment agency appointed by the mayor of the city where
15 such an appointment is subject to confirmation by the county board
16 of supervisors, to represent the largest number of former
17 redevelopment agency employees employed by the successor
18 agency at that time.

19 (b) The Governor may appoint individuals to fill any oversight
20 board member position described in subdivision (a) that has not
21 been filled by May 15, 2012, or any member position that remains
22 vacant for more than 60 days.

23 (c) The oversight board may direct the staff of the successor
24 agency to perform work in furtherance of the oversight board's
25 duties and responsibilities under this part. The successor agency
26 shall pay for all of the costs of meetings of the oversight board
27 and may include such costs in its administrative budget. Oversight
28 board members shall serve without compensation or reimbursement
29 for expenses.

30 (d) Oversight board members shall have personal immunity
31 from suit for their actions taken within the scope of their
32 responsibilities as oversight board members.

33 (e) A majority of the total membership of the oversight board
34 shall constitute a quorum for the transaction of business. A majority
35 vote of the total membership of the oversight board is required for
36 the oversight board to take action. The oversight board shall be
37 deemed to be a local entity for purposes of the Ralph M. Brown
38 Act, the California Public Records Act, and the Political Reform
39 Act of 1974. All actions taken by the oversight board shall be
40 adopted by resolution.

1 (f) All notices required by law for proposed oversight board
2 actions shall also be posted on the successor agency's Internet
3 Web site or the oversight board's Internet Web site.

4 (g) Each member of an oversight board shall serve at the
5 pleasure of the entity that appointed such member.

6 (h) The Department of Finance may review an oversight board
7 action taken pursuant to this part. As such, all oversight board
8 actions shall not be effective for three business days, pending a
9 request for review by the department. Each oversight board shall
10 designate an official to whom the department may make such
11 requests and who shall provide the department with the telephone
12 number and email contact information for the purpose of
13 communicating with the department pursuant to this subdivision.
14 In the event that the department requests a review of a given
15 oversight board action, it shall have 10 days from the date of its
16 request to approve the oversight board action or return it to the
17 oversight board for reconsideration and such oversight board action
18 shall not be effective until approved by the department. In the
19 event that the department returns the oversight board action to the
20 oversight board for reconsideration, the oversight board shall
21 resubmit the modified action for department approval and the
22 modified oversight board action shall not become effective until
23 approved by the department.

24 (i) Oversight boards shall have fiduciary responsibilities to
25 holders of enforceable obligations and the taxing entities that
26 benefit from distributions of property tax and other revenues
27 pursuant to Section 34188. Further, the provisions of Division 4
28 (commencing with Section 1000) of the Government Code shall
29 apply to oversight boards. Notwithstanding Section 1099 of the
30 Government Code, or any other law, any individual may
31 simultaneously be appointed to up to five oversight boards and
32 may hold an office in a city, county, city and county, special
33 district, school district, or community college district.

34 (j) Commencing on and after July 1, 2016, in each county where
35 more than one oversight board was created by operation of the act
36 adding this part, there shall be only one oversight board appointed
37 as follows:

38 (1) One member may be appointed by the county board of
39 supervisors.

1 (2) One member may be appointed by the city selection
2 committee established pursuant to Section 50270 of the
3 Government Code. In a city and county, the mayor may appoint
4 one member.

5 (3) One member may be appointed by the independent special
6 district selection committee established pursuant to Section 56332
7 of the Government Code, for the types of special districts that are
8 eligible to receive property tax revenues pursuant to Section 34188.

9 (4) One member may be appointed by the county superintendent
10 of education to represent schools if the superintendent is elected.
11 If the county superintendent of education is appointed, then the
12 appointment made pursuant to this paragraph shall be made by the
13 county board of education.

14 (5) One member may be appointed by the Chancellor of the
15 California Community Colleges to represent community college
16 districts in the county.

17 (6) One member of the public may be appointed by the county
18 board of supervisors.

19 (7) One member may be appointed by the recognized employee
20 organization representing the largest number of successor agency
21 employees in the county.

22 (k) The Governor may appoint individuals to fill any oversight
23 board member position described in subdivision (j) that has not
24 been filled by July 15, 2016, or any member position that remains
25 vacant for more than 60 days.

26 (l) Commencing on and after July 1, 2016, in each county where
27 only one oversight board was created by operation of the act adding
28 this part, then there will be no change to the composition of that
29 oversight board as a result of the operation of subdivision (b).

30 (m) Any oversight board for a given successor agency shall
31 cease to exist when all of the indebtedness of the dissolved
32 redevelopment agency has been repaid.

33 SEC. 6. Section 34180 of the Health and Safety Code is
34 amended to read:

35 34180. All of the following successor agency actions shall first
36 be approved by the oversight board:

37 (a) The establishment of new repayment terms for outstanding
38 loans where the terms have not been specified prior to the date of
39 this part.

1 (b) Refunding of outstanding bonds or other debt of the former
2 redevelopment agency by successor agencies in order to provide
3 for savings or to finance debt service spikes; provided, however,
4 that no additional debt is created and debt service is not accelerated.

5 (c) Entering into a financing agreement, including the issuance
6 of bonds, to fund required payments under an enforceable
7 obligation that exceed the amount of property tax revenue available
8 to the successor agency during the payment period. This
9 subdivision shall not be deemed to authorize a successor agency
10 to create an additional enforceable obligation, as defined by this
11 part, other than for necessary financing costs.

12 (d) Setting aside of amounts in reserves as required by
13 indentures, trust indentures, or similar documents governing the
14 issuance of outstanding redevelopment agency bonds.

15 (e) Merging of project areas.

16 (f) Continuing the acceptance of federal or state grants, or other
17 forms of financial assistance from either public or private sources,
18 where assistance is conditioned upon the provision of matching
19 funds, by the successor entity as successor to the former
20 redevelopment agency, in an amount greater than 5 percent of the
21 total grant amount.

22 (g) (1) If a city, county, or city and county wishes to retain any
23 properties or other assets for future redevelopment activities,
24 funded from its own funds and under its own auspices, it must
25 reach a compensation agreement with the other taxing entities to
26 provide payments to them in proportion to their shares of the base
27 property tax, as determined pursuant to Section 34188, for the
28 value of the property retained.

29 (2) If no other agreement is reached on valuation of the retained
30 assets, the value will be the fair market value as of the 2011
31 property tax lien date as determined by the county assessor.

32 (h) Establishment of the Recognized Obligation Payment
33 Schedule.

34 (i) A request by the successor agency to enter into an agreement
35 with the city, county, or city and county that formed the
36 redevelopment agency that it is succeeding.

37 (j) A request by a successor agency or taxing entity to pledge,
38 or to enter into an agreement for the pledge of, property tax
39 revenues pursuant to subdivision (b) of Section 34178.

1 (k) A loan between a city, county, or city and county and a
2 redevelopment agency as an enforceable obligation pursuant to
3 subparagraph (C) of paragraph (2) of subdivision (d) of Section
4 34171, provided that the oversight board makes a finding that the
5 loan was for legitimate redevelopment purposes and conditions
6 its approval on the loan being repaid to the city, county, or city
7 and county in accordance with a defined schedule over a reasonable
8 term of years at an interest rate not to exceed the interest rate earned
9 by funds deposited into the Local Agency Investment Fund.

10 (l) The approval of temporary increases in the administrative
11 cost allowance to carry out the requirements of an enforceable
12 obligation, to cover litigation costs, or to maintain and preserve
13 the value of assets while in the possession of the successor agency.

14 SEC. 7. Section 34181 of the Health and Safety Code is
15 amended to read:

16 34181. The oversight board shall direct the successor agency
17 to do all of the following:

18 (a) Compile a complete inventory of existing real property assets
19 of the former redevelopment agency, by project area. The inventory
20 shall include general categories of real property assets, the purpose
21 for which they were originally acquired, the original purchase price
22 of each asset and the estimated current market value. Prior to the
23 disposal of any real property asset, the oversight board shall receive
24 and review the inventory compiled by the successor agency, and
25 adopt a policy or strategy for the disposal or transfer of such assets
26 consistent with the requirements of subdivision (b).

27 (b) Dispose of all assets and properties of the former
28 redevelopment agency that were funded by tax increment revenues
29 of the dissolved redevelopment agency, *other than those*
30 *transferred pursuant to subdivision (d)*; provided, however, that
31 the oversight board may instead direct the successor agency to
32 transfer ownership of those assets that were constructed and used
33 for a governmental purpose, such as roads, school buildings, parks,
34 and fire stations, or are integral to the operation of a governmental
35 purpose asset, such as a parking facility, to the appropriate public
36 jurisdiction pursuant to existing agreements, if any, relating to the
37 construction or use of such an asset. Any compensation to be
38 provided to the successor agency for the transfer of the asset shall
39 be governed by agreements, if any, relating to the construction or

1 use of that asset. Disposal shall be done in an expeditious but
2 orderly manner that preserves the value of the asset.

3 (c) Cease performance in connection with and terminate all
4 existing agreements that do not qualify as enforceable obligations.

5 (d) Transfer housing responsibilities and all rights, powers,
6 *assets, liabilities*, duties, and obligations, *excluding enforceable*
7 *obligations of the successor agency*, but including any amounts
8 on deposit in the Low and Moderate Income Housing Fund to the
9 appropriate entity pursuant to Section 34176.

10 (e) Terminate any agreement, between the dissolved
11 redevelopment agency and any public entity located in the same
12 county, obligating the redevelopment agency to provide funding
13 for any debt service obligations of the public entity or for the
14 construction or operation of facilities owned or operated by such
15 public entity, in any instance where the oversight board has found
16 that early termination would be in the best interests of the taxing
17 entities.

18 (f) Determine whether any contracts, agreements, or other
19 arrangements between the dissolved redevelopment agency and
20 any private parties should be terminated or renegotiated to reduce
21 liabilities and increase net revenues to the taxing entities, and
22 present proposed termination or amendment agreements to the
23 oversight board for its approval. The board may approve any
24 amendments to or early termination of such agreements where it
25 finds that amendments or early termination would be in the best
26 interests of the taxing entities.

27 SEC. 8. Section 34182 of the Health and Safety Code is
28 amended to read:

29 34182. (a) (1) The county auditor-controller shall conduct or
30 cause to be conducted an agreed-upon procedures audit of each
31 redevelopment agency in the county that is subject to this part, to
32 be completed by July 1, 2012.

33 (2) The purpose of the audits shall be to establish each
34 redevelopment agency's assets and liabilities, to document and
35 determine each redevelopment agency's passthrough payment
36 obligations to other taxing agencies, and to document and
37 determine both the amount and the terms of any indebtedness
38 incurred by the redevelopment agency and certify the initial
39 Recognized Obligation Payment Schedule.

1 (3) The county auditor-controller may charge the Redevelopment
2 Property Tax Trust Fund for any costs incurred by the county
3 auditor-controller pursuant to this part.

4 (b) By July 15, 2012, the county auditor-controller shall provide
5 the Controller's office a copy of all audits performed pursuant to
6 this section. The county auditor-controller shall maintain a copy
7 of all documentation and working papers for use by the Controller.

8 (c) (1) The county auditor-controller shall determine the amount
9 of property taxes that would have been allocated to each
10 redevelopment agency in the county had the redevelopment agency
11 not been dissolved pursuant to the operation of the act adding this
12 part. These amounts are deemed property tax revenues within the
13 meaning of subdivision (a) of Section 1 of Article XIII A of the
14 California Constitution and are available for allocation and
15 distribution in accordance with the provisions of the act adding
16 this part. The county auditor-controller shall calculate the property
17 tax revenues using current assessed values on the last equalized
18 roll on August 20, pursuant to Section 2052 of the Revenue and
19 Taxation Code, and pursuant to statutory formulas or contractual
20 agreements with other taxing agencies, as of the effective date of
21 this section, and shall deposit that amount along with unitary and
22 supplemental tax increment due to the former redevelopment
23 agency in the Redevelopment Property Tax Trust Fund.

24 (2) Each county auditor-controller shall administer the
25 Redevelopment Property Tax Trust Fund for the benefit of the
26 holders of former redevelopment agency enforceable obligations
27 and the taxing entities that receive passthrough payments and
28 distributions of property taxes pursuant to this part.

29 (3) In connection with the allocation and distribution by the
30 county auditor-controller of property tax revenues deposited in the
31 Redevelopment Property Tax Trust Fund, in compliance with this
32 part, the county auditor-controller shall prepare estimates of
33 amounts to be allocated and distributed, and provide those estimates
34 to both the entities receiving the distributions and the Department
35 of Finance, no later than November 1 and May 1 of each year.

36 (4) Each county auditor-controller shall disburse proceeds of
37 asset sales or reserve balances, which have been received from the
38 successor entities pursuant to Sections 34177 and 34187, to the
39 taxing entities. In making such a distribution, the county
40 auditor-controller shall utilize the same methodology for allocation

1 and distribution of property tax revenues provided in Section
2 34188.

3 (d) By October 1, 2012, the county auditor-controller shall report
4 the following information to the Controller's office and the Director
5 of Finance:

6 (1) The sums of property tax revenues remitted to the
7 Redevelopment Property Tax Trust Fund related to each former
8 redevelopment agency.

9 (2) The sums of property tax revenues remitted to each agency
10 under paragraph (1) of subdivision (a) of Section 34183.

11 (3) The sums of property tax revenues remitted to each successor
12 agency pursuant to paragraph (2) of subdivision (a) of Section
13 34183.

14 (4) The sums of property tax revenues paid to each successor
15 agency pursuant to paragraph (3) of subdivision (a) of Section
16 34183.

17 (5) The sums paid to each city, county, and special district, and
18 the total amount allocated for schools pursuant to paragraph (4)
19 of subdivision (a) of Section 34183.

20 (6) Any amounts deducted from other distributions pursuant to
21 subdivision (b) of Section 34183.

22 (e) A county auditor-controller may charge the Redevelopment
23 Property Tax Trust Fund for the costs of administering the
24 provisions of this part.

25 (f) The Controller may audit and review any county
26 auditor-controller action taken pursuant to the act adding this part.
27 As such, all county auditor-controller actions shall not be effective
28 for three business days, pending a request for review by the
29 Controller. In the event that the Controller requests a review of a
30 given county auditor-controller action, he or she shall have 10 days
31 from the date of his or her request to approve the county
32 auditor-controller's action or return it to the county
33 auditor-controller for reconsideration and such county
34 auditor-controller action shall not be effective until approved by
35 the Controller. In the event that the Controller returns the county
36 auditor-controller's action to the county auditor-controller for
37 reconsideration, the county auditor-controller must resubmit the
38 modified action for Controller approval and such modified county
39 auditor-controller action shall not become effective until approved
40 by the Controller.

1 SEC. 9. Section 34183 of the Health and Safety Code is
2 amended to read:

3 34183. (a) Notwithstanding any other law, from February 1,
4 2012, to July 1, 2012, and for each fiscal year thereafter, the county
5 auditor-controller shall, after deducting administrative costs
6 allowed under Section 34182 and Section 95.3 of the Revenue and
7 Taxation Code, allocate moneys in each Redevelopment Property
8 Tax Trust Fund as follows:

9 (1) Subject to any prior deductions required by subdivision (b),
10 first, the county auditor-controller shall remit from the
11 Redevelopment Property Tax Trust Fund to each local agency and
12 school entity an amount of property tax revenues in an amount
13 equal to that which would have been received under Section 33401,
14 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections
15 read on January 1, 2011, or pursuant to any passthrough agreement
16 between a redevelopment agency and a taxing jurisdiction that
17 was entered into prior to January 1, 1994, that would be in force
18 during that fiscal year, had the redevelopment agency existed at
19 that time. The amount of the payments made pursuant to this
20 paragraph shall be calculated solely on the basis of passthrough
21 payment obligations, existing prior to the effective date of this part
22 and continuing as obligations of successor entities, shall occur no
23 later than May 16, 2012, and no later than June 1, 2012, and each
24 January 16 and June 1 thereafter. Notwithstanding subdivision (e)
25 of Section 33670, that portion of the taxes in excess of the amount
26 identified in subdivision (a) of Section 33670, which are
27 attributable to a tax rate levied by a taxing agency for the purpose
28 of producing revenues in an amount sufficient to make annual
29 repayments of the principal of, and the interest on, any bonded
30 indebtedness for the acquisition or improvement of real property
31 shall be allocated to, and when collected shall be paid into, the
32 fund of that taxing agency.

33 (2) (A) Second, on May 16, 2012, and June 1, 2012, and each
34 January 16 and June 1 thereafter, to each successor agency for
35 payments listed in its Recognized Obligation Payment Schedule
36 for the six-month fiscal period beginning January 1, 2012, or July
37 1, 2012, and each January 16 and June 1 thereafter, in the following
38 order of priority:

39 (i) Debt service payments scheduled to be made for tax
40 allocation bonds.

1 (ii) Payments scheduled to be made on revenue bonds, but only
2 to the extent the revenues pledged for them are insufficient to make
3 the payments and only where the agency's tax increment revenues
4 were also pledged for the repayment of the bonds.

5 (iii) Payments scheduled for other debts and obligations listed
6 in the Recognized Obligation Payment Schedule that are required
7 to be paid from former tax increment revenue.

8 (B) For purposes of allocations made pursuant to this paragraph,
9 the auditor-controller shall reserve additional funds in the
10 Redevelopment Property Tax Trust Fund at the time of the January
11 16 allocation, if necessary, to cover payments made in the second
12 half of the calendar year, as described in the Recognized Obligation
13 Payment Schedule, that are in excess of the amounts anticipated
14 to be deposited in the Redevelopment Property Tax Trust Fund
15 from the allocation that is received in May or June.

16 (3) Third, on May 16, 2012, and June 1, 2012, and each January
17 16 and June 1 thereafter, to each successor agency for the
18 administrative cost allowance, as defined in Section 34171, for
19 administrative costs set forth in an approved administrative budget
20 for those payments required to be paid from former tax increment
21 revenues.

22 (4) Fourth, on May 16, 2012, and June 1, 2012, and each January
23 16 and June 1 thereafter, any moneys remaining in the
24 Redevelopment Property Tax Trust Fund after the payments and
25 transfers authorized by paragraphs (1) to (3), inclusive, shall be
26 distributed to local agencies and school entities in accordance with
27 Section 34188.

28 (b) If the successor agency reports, no later than April 1, 2012,
29 and May 1, 2012, and each December 1 and May 1 thereafter, to
30 the county auditor-controller that the total amount available to the
31 successor agency from the Redevelopment Property Tax Trust
32 Fund allocation to that successor agency's Redevelopment
33 Obligation Retirement Fund, from other funds transferred from
34 each redevelopment agency, and from funds that have or will
35 become available through asset sales and all redevelopment
36 operations, are insufficient to fund the payments required by
37 paragraphs (1) to (3), inclusive, of subdivision (a) in the next
38 six-month fiscal period, the county auditor-controller shall notify
39 the Controller and the Department of Finance no later than 10 days
40 from the date of that notification. The county auditor-controller

1 shall verify whether the successor agency will have sufficient funds
2 from which to service debts according to the Recognized
3 Obligation Payment Schedule and shall report the findings to the
4 Controller. If the Controller concurs that there are insufficient
5 funds to pay required debt service, the amount of the deficiency
6 shall be deducted first from the amount remaining to be distributed
7 to taxing entities pursuant to paragraph (4), and if that amount is
8 exhausted, from amounts available for distribution for
9 administrative costs in paragraph (3). If an agency, pursuant to the
10 provisions of Section 33492.15, 33492.72, 33607.5, 33671.5,
11 33681.15, or 33688, made passthrough payment obligations
12 subordinate to debt service payments required for enforceable
13 obligations, funds for servicing bond debt may be deducted from
14 the amounts for passthrough payments under paragraph (1), as
15 provided in those sections, but only to the extent that the amounts
16 remaining to be distributed to taxing entities pursuant to paragraph
17 (4) and the amounts available for distribution for administrative
18 costs in paragraph (3) have all been exhausted.

19 (c) The county treasurer may loan any funds from the county
20 treasury that are necessary to ensure prompt payments of
21 redevelopment agency debts.

22 (d) The Controller may recover the costs of audit and oversight
23 required under this part from the Redevelopment Property Tax
24 Trust Fund by presenting an invoice therefor to the county
25 auditor-controller who shall set aside sufficient funds for and
26 disburse the claimed amounts prior to making the next distributions
27 to the taxing jurisdictions pursuant to Section 34188. Subject to
28 the approval of the Director of Finance, the budget of the Controller
29 may be augmented to reflect the reimbursement, pursuant to
30 Section 28.00 of the Budget Act.

31 SEC. 10. Section 34187 of the Health and Safety Code is
32 amended to read:

33 34187. Commencing May 1, 2012, whenever a recognized
34 obligation that had been identified in the Recognized Payment
35 Obligation Schedule is paid off or retired, either through early
36 payment or payment at maturity, the county auditor-controller
37 shall distribute to the taxing entities, in accordance with the
38 provisions of the Revenue and Taxation Code, all property tax
39 revenues that were associated with the payment of the recognized

1 obligation to the extent not currently required for the payment of
2 other recognized obligations.

3 SEC. 11. Section 34189 of the Health and Safety Code is
4 amended to read:

5 34189. (a) Commencing on the effective date of this part, all
6 provisions of the Community Redevelopment Law that depend on
7 the allocation of tax increment to redevelopment agencies,
8 including, but not limited to, Sections 33445, 33640, 33641, 33645,
9 and subdivision (b) of Section 33670, shall be inoperative.

10 (b) To the extent that a provision of Part 1 (commencing with
11 Section 33000), Part 1.5 (commencing with Section 34000), Part
12 1.6 (commencing with Section 34050), and Part 1.7 (commencing
13 with Section 34100) conflicts with this part, the provisions of this
14 part shall control. Further, if a provision of Part 1 (commencing
15 with Section 33000), Part 1.5 (commencing with Section 34000),
16 Part 1.6 (commencing with Section 34050), or Part 1.7
17 (commencing with Section 34100) provides an authority that the
18 act adding this part is restricting or eliminating, the restriction and
19 elimination provisions of the act adding this part shall control.

20 (c) It is intended that the provisions of this part shall be read in
21 a manner as to avoid duplication of payments.

22 SEC. 12. This act is an urgency statute necessary for the
23 immediate preservation of the public peace, health, or safety within
24 the meaning of Article IV of the Constitution and shall go into
25 immediate effect. The facts constituting the necessity are:

26 In order to effectuate the orderly implementation of
27 responsibilities associated with dissolved redevelopment agencies,
28 it is necessary that this act take immediate effect.

O