

AMENDED IN ASSEMBLY AUGUST 22, 2014

AMENDED IN ASSEMBLY AUGUST 20, 2014

AMENDED IN SENATE MAY 27, 2014

AMENDED IN SENATE APRIL 22, 2014

**SENATE BILL**

**No. 1129**

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**Introduced by Senator Steinberg**  
**(Principal coauthors: Senators Corbett and Liu)**  
(Principal coauthor: Assembly Member Gatto)

February 19, 2014

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An act to amend Sections 33130, 34167.5, 34171, 34177, 34177.5, 34179, 34180, 34191.4, and 34191.5 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 1129, as amended, Steinberg. Redevelopment: successor agencies to redevelopment agencies.

(1) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies, subject to review by oversight boards, and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law requires the Department of Finance to issue a finding of completion to a successor agency upon confirmation by the county auditor-controller that specified payments have been fully made by the successor agency. Existing law prohibits a successor agency from entering into contracts with, incurring obligations or making commitments to, any entity, as specified; or from amending or modifying

existing agreements, obligations, or commitments with any entity, for any purpose. Existing law defines “enforceable obligation” for these purposes to generally exclude any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency.

This bill would authorize a successor agency, if the successor agency has received a finding of completion, to enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations, if the contract, agreement, or project will not commit new property tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies, as specified.

The bill would specifically include within the definition of “enforceable obligation” an agreement entered into by the redevelopment agency prior to June 30, 2011, if the agreement relates to state highway infrastructure improvements to which the redevelopment agency committed funds pursuant to specified law.

(2) Existing law requires that loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency be deemed enforceable obligations if the oversight board makes a specific finding. Existing law requires that, if the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan be recalculated from origination at that interest rate earned by funds deposited into the Local Agency Investment Fund and requires the loan to be repaid in accordance with a defined schedule at an interest rate not to exceed that interest rate.

This bill would revise those provisions to provide that any accumulated interest on the remaining principal balance of the loan be recalculated from origination using the interest rate earned by funds deposited into the Local Agency Investment Fund in effect on the date of loan origination, and as adjusted quarterly thereafter and that the remaining balance of the loan and the accumulated interest be repaid in accordance with a defined schedule at an interest rate not to exceed that interest rate as the rate is adjusted on a quarterly basis. This bill would state the Legislature’s intent that these revisions be clarifying.

(3) Existing law requires a successor agency to prepare a recognized obligation payment schedule, which sets forth the minimum payment amounts and due dates of payments required by enforceable obligations for each 6-month fiscal period, that is required to be submitted to, and

approved by, the oversight board, and submitted to other entities, including the Department of Finance. Existing law requires the Department of Finance to 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.

This bill would require the rejection of an enforceable obligation from a recognized obligation payment schedule for a successor agency that has received a finding of completion from the department to be submitted to the oversight board for review and approval, and would provide that the determination of the oversight board is final and conclusive without further review by the department.

(4) Existing law provides that, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and the allocation of those revenues is expected to occur over time, the successor agency may petition the Department of Finance to provide written confirmation that its determination of the enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the department's approval of subsequent payments made pursuant to the enforceable obligation.

This bill would require the Department of Finance to provide that written confirmation within 45 days.

(5) Existing law requires a city, county, or city and county that wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, to reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax for the value of the property retained, as specified.

This bill would specify that these provisions do not apply to the disposition of properties pursuant to a long-range property management plan.

(6) Existing law requires the disposition of assets and properties of the former redevelopment agency as directed by the oversight board, as specified, and suspends these requirements until the Department of Finance has approved a long-range property management plan, as specified. Upon approval of a long-range property management plan, the plan governs and supersedes, all other provisions relating to the disposition and use of the real property assets of the former redevelopment agency. Existing law requires the property of a former redevelopment agency to be disposed of according to law if the

department has not approved a long-range property management plan by January 1, 2016.

This bill would prohibit the department from requiring compensation agreements as part of the approval of a long-range property management plan and would specify the criteria the department may consider in approving a long-range property management plan. The bill would require the department to approve long-range property management plans as expeditiously as possible. This bill would also provide that actions relating to the disposition of property after approval of a long-range property management plan do not require review by the department.

(7) Existing law requires the Controller to review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency.

This bill would require the review to be completed no later than January 1, 2016.

(8) Existing law prohibits an agency or community officer or employee who is required to participate in the formulation of, or to approve plans or policies for, the redevelopment of a project area from acquiring any interest in any property included within a project area within the community.

This bill would provide that an agency or community officer or employee is not prohibited from acquiring an interest in property within a former redevelopment project area of a dissolved redevelopment agency, as specified.

(9) Existing law requires each successor agency to have an oversight board composed of 7 members and requires each member to be appointed by a specified authority.

This bill would allow each appointing authority to appoint an alternate representative to serve on the oversight board as may be necessary. This bill would provide that the alternative representative has the same participatory and voting rights as all other attending members of the oversight board, and would require the successor agency to promptly notify the Department of Finance regarding the appointment of any alternate representative.

~~(10) This bill would incorporate additional changes to Section 34177 of the Health and Safety Code proposed by AB 1582 that would become~~

~~operative only if this bill and AB 1582 are both chaptered and this bill is chaptered last.~~

~~(11)~~

~~(10) This bill would incorporate additional changes to Section 34180 of the Health and Safety Code proposed by SB 1404 that would become operative only if this bill and SB 1404 are both chaptered and this bill is chaptered last.~~

~~(12)~~

~~(11) This bill would incorporate additional changes to Section 34191.4 of the Health and Safety Code proposed by AB 2493 that would become operative only if this bill and AB 2493 are both chaptered and this bill is chaptered last.~~

Vote: majority. 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 33130 of the Health and Safety Code is  
2 amended to read:

3 33130. (a) No agency or community officer or employee who  
4 in the course of his or her duties is required to participate in the  
5 formulation of, or to approve plans or policies for, the  
6 redevelopment of a project area shall acquire any interest in any  
7 property included within a project area within the community. If  
8 any such officer or employee owns or has any direct or indirect  
9 financial interest in property included within a project area, that  
10 officer or employee shall immediately make a written disclosure  
11 of that financial interest to the agency and the legislative body and  
12 the disclosure shall be entered on the minutes of the agency and  
13 the legislative body. Failure to make the disclosure required by  
14 this subdivision constitutes misconduct in office.

15 (b) Subdivision (a) does not prohibit any agency or community  
16 officer or employee from acquiring an interest in property within  
17 a former redevelopment project area of a redevelopment agency  
18 dissolved pursuant to Part 1.85 (commencing with Section 34170).

19 (c) Subdivision (a) does not prohibit any agency or community  
20 officer or employee from acquiring an interest in property within  
21 the project area for the purpose of participating as an owner or  
22 reentering into business pursuant to this part if that officer or  
23 employee has owned a substantially equal interest as that being

1 acquired for the three years immediately preceding the selection  
2 of the project area.

3 (d) A rental agreement or lease of property which meets all of  
4 the following conditions is not an interest in property for purposes  
5 of subdivision (a):

6 (1) The rental or lease agreement contains terms that are  
7 substantially equivalent to the terms of a rental or lease agreement  
8 available to any member of the general public for comparable  
9 property in the project area.

10 (2) The rental or lease agreement includes a provision which  
11 prohibits any subletting, sublease, or other assignment at a rate in  
12 excess of the rate in the original rental or lease agreement.

13 (3) The property which is subject to the rental or lease agreement  
14 is used in the pursuit of the principal business, occupation, or  
15 profession of the officer or employee.

16 (4) The agency or community officer or employee who obtains  
17 the rental or lease agreement immediately makes a written  
18 disclosure of that fact to the agency and the legislative body.

19 SEC. 2. Section 34167.5 of the Health and Safety Code is  
20 amended to read:

21 34167.5. Commencing on the effective date of the act adding  
22 this part, the Controller shall review the activities of redevelopment  
23 agencies in the state to determine whether an asset transfer has  
24 occurred after January 1, 2011, between the city or county, or city  
25 and county that created a redevelopment agency or any other public  
26 agency, and the redevelopment agency. The review required by  
27 this section shall be completed no later than January 1, 2016. If  
28 such an asset transfer did occur during that period and the  
29 government agency that received the assets is not contractually  
30 committed to a third party for the expenditure or encumbrance of  
31 those assets, to the extent not prohibited by state and federal law,  
32 the Controller shall order the available assets to be returned to the  
33 redevelopment agency or, on or after October 1, 2011, to the  
34 successor agency, if a successor agency is established pursuant to  
35 Part 1.85 (commencing with Section 34170). Upon receiving that  
36 order from the Controller, an affected local agency shall, as soon  
37 as practicable, reverse the transfer and return the applicable assets  
38 to the redevelopment agency or, on or after October 1, 2011, to  
39 the successor agency, if a successor agency is established pursuant  
40 to Part 1.85 (commencing with Section 34170). The Legislature

1 hereby finds that a transfer of assets by a redevelopment agency  
2 during the period covered in this section is deemed not to be in  
3 the furtherance of the Community Redevelopment Law and is  
4 thereby unauthorized.

5 SEC. 3. Section 34171 of the Health and Safety Code is  
6 amended to read:

7 34171. The following terms shall have the following meanings:

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

10 (b) “Administrative cost allowance” means an amount that,  
11 subject to the approval of the oversight board, is payable from  
12 property tax revenues of up to 5 percent of the property tax  
13 allocated to the successor agency on the Recognized Obligation  
14 Payment Schedule covering the period January 1, 2012, through  
15 June 30, 2012, and up to 3 percent of the property tax allocated to  
16 the Redevelopment Obligation Retirement Fund money that is  
17 allocated to the successor agency for each fiscal year thereafter;  
18 provided, however, that the amount shall not be less than two  
19 hundred fifty thousand dollars (\$250,000), unless the oversight  
20 board reduces this amount, for any fiscal year or such lesser amount  
21 as agreed to by the successor agency. However, the allowance  
22 amount shall exclude, and shall not apply to, any administrative  
23 costs that can be paid from bond proceeds or from sources other  
24 than property tax. Administrative cost allowances shall exclude  
25 any litigation expenses related to assets or obligations, settlements  
26 and judgments, and the costs of maintaining assets prior to  
27 disposition. Employee costs associated with work on specific  
28 project implementation activities, including, but not limited to,  
29 construction inspection, project management, or actual  
30 construction, shall be considered project-specific costs and shall  
31 not constitute administrative costs.

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

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

35 (A) Bonds, as defined by Section 33602 and bonds issued  
36 pursuant to Chapter 10.5 (commencing with Section 5850) of  
37 Division 6 of Title 1 of the Government Code, including the  
38 required debt service, reserve set-asides, and any other payments  
39 required under the indenture or similar documents governing the  
40 issuance of the outstanding bonds of the former redevelopment

1 agency. A reserve may be held when required by the bond  
2 indenture or when the next property tax allocation will be  
3 insufficient to pay all obligations due under the provisions of the  
4 bond for the next payment due in the following half of the calendar  
5 year.

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

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

30 (D) Judgments or settlements entered by a competent court of  
31 law or binding arbitration decisions against the former  
32 redevelopment agency, other than passthrough payments that are  
33 made by the county auditor-controller pursuant to Section 34183.  
34 Along with the successor agency, the oversight board shall have  
35 the authority and standing to appeal any judgment or to set aside  
36 any settlement or arbitration decision.

37 (E) Any legally binding and enforceable agreement or contract  
38 that is not otherwise void as violating the debt limit or public  
39 policy. However, nothing in this act shall prohibit either the  
40 successor agency, with the approval or at the direction of the

1 oversight board, or the oversight board itself from terminating any  
2 existing agreements or contracts and providing any necessary and  
3 required compensation or remediation for such termination. Titles  
4 of or headings used on or in a document shall not be relevant in  
5 determining the existence of an enforceable obligation.

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

14 (G) Amounts borrowed from, or payments owing to, the Low  
15 and Moderate Income Housing Fund of a redevelopment agency,  
16 which had been deferred as of the effective date of the act adding  
17 this part; provided, however, that the repayment schedule is  
18 approved by the oversight board. Repayments shall be transferred  
19 to the Low and Moderate Income Housing Asset Fund established  
20 pursuant to subdivision (d) of Section 34176 as a housing asset  
21 and shall be used in a manner consistent with the affordable  
22 housing requirements of the Community Redevelopment Law (Part  
23 1 (commencing with Section 33000)).

24 (2) For purposes of this part, “enforceable obligation” does not  
25 include any agreements, contracts, or arrangements between the  
26 city, county, or city and county that created the redevelopment  
27 agency and the former redevelopment agency. However, written  
28 agreements entered into (A) at the time of issuance, but in no event  
29 later than December 31, 2010, of indebtedness obligations, and  
30 (B) solely for the purpose of securing or repaying those  
31 indebtedness obligations may be deemed enforceable obligations  
32 for purposes of this part. Notwithstanding this paragraph, loan  
33 agreements entered into between the redevelopment agency and  
34 the city, county, or city and county that created it, within two years  
35 of the date of creation of the redevelopment agency, may be  
36 deemed to be enforceable obligations. Notwithstanding this  
37 paragraph, an agreement entered into by the redevelopment agency  
38 prior to June 30, 2011, is an enforceable obligation if the agreement  
39 relates to state highway infrastructure improvements to which the  
40 redevelopment agency committed funds pursuant to Section 33445.

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

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

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

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

23 (h) “Recognized Obligation Payment Schedule” means the  
24 document setting forth the minimum payment amounts and due  
25 dates of payments required by enforceable obligations for each  
26 six-month fiscal period as provided in subdivision (m) of Section  
27 34177.

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

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

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

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

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

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

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

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

16 (1) If a local housing authority assumed the housing functions  
17 of the former redevelopment agency pursuant to paragraph (2) or  
18 (3) of subdivision (b) of Section 34176, then the housing entity  
19 administrative cost allowance shall be listed by the successor  
20 agency on the Recognized Obligation Payment Schedule. Upon  
21 approval of the Recognized Obligation Payment Schedule by the  
22 oversight board and the department, the housing entity  
23 administrative cost allowance shall be remitted by the successor  
24 agency on each January 2 and July 1 to the local housing authority  
25 that assumed the housing functions of the former redevelopment  
26 agency pursuant to paragraph (2) or (3) of subdivision (b) of  
27 Section 34176.

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

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

36 34177. Successor agencies are required to do all of the  
37 following:

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

39 (1) On and after February 1, 2012, and until a Recognized  
40 Obligation Payment Schedule becomes operative, only payments

1 required pursuant to an enforceable obligations payment schedule  
2 shall be made. The initial enforceable obligation payment schedule  
3 shall be the last schedule adopted by the redevelopment agency  
4 under Section 34169. However, payments associated with  
5 obligations excluded from the definition of enforceable obligations  
6 by paragraph (2) of subdivision (d) of Section 34171 shall be  
7 excluded from the enforceable obligations payment schedule and  
8 be removed from the last schedule adopted by the redevelopment  
9 agency under Section 34169 prior to the successor agency adopting  
10 it as its enforceable obligations payment schedule pursuant to this  
11 subdivision. The enforceable obligation payment schedule may  
12 be amended by the successor agency at any public meeting and  
13 shall be subject to the approval of the oversight board as soon as  
14 the board has sufficient members to form a quorum. In recognition  
15 of the fact that the timing of the California Supreme Court's ruling  
16 in the case California Redevelopment Association v. Matosantos  
17 (2011) 53 Cal.4th 231 delayed the preparation by successor  
18 agencies and the approval by oversight boards of the January 1,  
19 2012, through June 30, 2012, Recognized Obligation Payment  
20 Schedule, a successor agency may amend the Enforceable  
21 Obligation Payment Schedule to authorize the continued payment  
22 of enforceable obligations until the time that the January 1, 2012,  
23 through June 30, 2012, Recognized Obligation Payment Schedule  
24 has been approved by the oversight board and by the Department  
25 of Finance. The successor agency may utilize reasonable estimates  
26 and projections to support payment amounts for enforceable  
27 obligations if the successor agency submits appropriate supporting  
28 documentation of the basis for the estimate or projection to the  
29 Department of Finance and the auditor-controller.

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

37 (3) Commencing on the date the Recognized Obligation Payment  
38 Schedule is valid pursuant to subdivision (1), only those payments  
39 listed in the Recognized Obligation Payment Schedule may be  
40 made by the successor agency from the funds specified in the

1 Recognized Obligation Payment Schedule. In addition, after it  
2 becomes valid, the Recognized Obligation Payment Schedule shall  
3 supersede the Statement of Indebtedness, which shall no longer  
4 be prepared nor have any effect under the Community  
5 Redevelopment Law (Part 1 (commencing with Section 33000)).

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

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

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

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

21 (d) Remit unencumbered balances of redevelopment agency  
22 funds to the county auditor-controller for distribution to the taxing  
23 entities, including, but not limited to, the unencumbered balance  
24 of the Low and Moderate Income Housing Fund of a former  
25 redevelopment agency. In making the distribution, the county  
26 auditor-controller shall utilize the same methodology for allocation  
27 and distribution of property tax revenues provided in Section  
28 34188.

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

1 completion by the Department of Finance pursuant to Section  
2 34179.7.

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

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

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

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

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

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

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

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

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

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

36 (A) Low and Moderate Income Housing Fund.

37 (B) Bond proceeds.

38 (C) Reserve balances.

39 (D) Administrative cost allowance.

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

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

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

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

19 (B) The Recognized Obligation Payment Schedule is submitted  
20 to and duly approved by the oversight board. The successor agency  
21 shall submit a copy of the Recognized Obligation Payment  
22 Schedule to the county administrative officer, the county  
23 auditor-controller, and the Department of Finance at the same time  
24 that the successor agency submits the Recognized Obligation  
25 Payment Schedule to the oversight board for approval.

26 (C) A copy of the approved Recognized Obligation Payment  
27 Schedule is submitted to the county auditor-controller, the  
28 Controller's office, and the Department of Finance, and is posted  
29 on the successor agency's Internet Web site.

30 (3) The Recognized Obligation Payment Schedule shall be  
31 forward looking to the next six months. The first Recognized  
32 Obligation Payment Schedule shall be submitted to the Controller's  
33 office and the Department of Finance by April 15, 2012, for the  
34 period of January 1, 2012, to June 30, 2012, inclusive. This  
35 Recognized Obligation Payment Schedule shall include all  
36 payments made by the former redevelopment agency between  
37 January 1, 2012, through January 31, 2012, and shall include all  
38 payments proposed to be made by the successor agency from  
39 February 1, 2012, through June 30, 2012. Former redevelopment  
40 agency enforceable obligation payments due, and reasonable or

1 necessary administrative costs due or incurred, prior to January 1,  
2 2012, shall be made from property tax revenues received in the  
3 spring of 2011 property tax distribution, and from other revenues  
4 and balances transferred to the successor agency.

5 (m) The Recognized Obligation Payment Schedule for the period  
6 of January 1, 2013, to June 30, 2013, shall be submitted by the  
7 successor agency, after approval by the oversight board, no later  
8 than September 1, 2012. Commencing with the Recognized  
9 Obligation Payment Schedule covering the period July 1, 2013,  
10 through December 31, 2013, successor agencies shall submit an  
11 oversight board-approved Recognized Obligation Payment  
12 Schedule to the Department of Finance and to the county  
13 auditor-controller no fewer than 90 days before the date of property  
14 tax distribution. The Department of Finance shall make its  
15 determination of the enforceable obligations and the amounts and  
16 funding sources of the enforceable obligations no later than 45  
17 days after the Recognized Obligation Payment Schedule is  
18 submitted. Within five business days of the department's  
19 determination, a successor agency may request additional review  
20 by the department and an opportunity to meet and confer on  
21 disputed items. The meet and confer period may vary; an untimely  
22 submittal of a Recognized Obligation Payment Schedule may result  
23 in a meet and confer period of less than 30 days. The department  
24 shall notify the successor agency and the county auditor-controllers  
25 as to the outcome of its review at least 15 days before the date of  
26 property tax distribution.

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

36 (2) If a successor agency does not submit a Recognized  
37 Obligation Payment Schedule by the deadlines provided in this  
38 subdivision, the city, county, or city and county that created the  
39 redevelopment agency shall be subject to a civil penalty equal to  
40 ten thousand dollars (\$10,000) per day for every day the schedule

1 is not submitted to the department. The civil penalty shall be paid  
2 to the county auditor-controller for allocation to the taxing entities  
3 under Section 34183. If a successor agency fails to submit a  
4 Recognized Obligation Payment Schedule by the deadline, any  
5 creditor of the successor agency or the Department of Finance or  
6 any affected taxing entity shall have standing to and may request  
7 a writ of mandate to require the successor agency to immediately  
8 perform this duty. Those actions may be filed only in the County  
9 of Sacramento and shall have priority over other civil matters.  
10 Additionally, if an agency does not submit a Recognized Obligation  
11 Payment Schedule within 10 days of the deadline, the maximum  
12 administrative cost allowance for that period shall be reduced by  
13 25 percent.

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

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

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

8 (C) A Recognized Obligation Payment Schedule may also  
9 include appropriation of moneys from bonds subject to passage  
10 during the Recognized Obligation Payment Schedule cycle when  
11 an enforceable obligation requires the agency to issue the bonds  
12 and use the proceeds to pay for project expenditures.

13 (5) Prior to the rejection of an enforceable obligation from a  
14 recognized obligation payment schedule for a successor agency  
15 that has received a finding of completion from the Department of  
16 Finance under Section 34179.7, the Department of Finance shall  
17 submit the proposed rejection to the oversight board for review  
18 and approval, whose determination shall be final and conclusive  
19 without further review by the Department of Finance.

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

23 ~~SEC. 4.5. Section 34177 of the Health and Safety Code is~~  
24 ~~amended to read:~~

25 ~~34177. Successor agencies are required to do all of the~~  
26 ~~following:~~

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

28 ~~(1) On and after February 1, 2012, and until a Recognized~~  
29 ~~Obligation Payment Schedule becomes operative, only payments~~  
30 ~~required pursuant to an enforceable obligations payment schedule~~  
31 ~~shall be made. The initial enforceable obligation payment schedule~~  
32 ~~shall be the last schedule adopted by the redevelopment agency~~  
33 ~~under Section 34169. However, payments associated with~~  
34 ~~obligations excluded from the definition of enforceable obligations~~  
35 ~~by paragraph (2) of subdivision (d) of Section 34171 shall be~~  
36 ~~excluded from the enforceable obligations payment schedule and~~  
37 ~~be removed from the last schedule adopted by the redevelopment~~  
38 ~~agency under Section 34169 prior to the successor agency adopting~~  
39 ~~it as its enforceable obligations payment schedule pursuant to this~~  
40 ~~subdivision. The enforceable obligation payment schedule may~~

1 be amended by the successor agency at any public meeting and  
2 shall be subject to the approval of the oversight board as soon as  
3 the board has sufficient members to form a quorum. In recognition  
4 of the fact that the timing of the California Supreme Court's ruling  
5 in the case California Redevelopment Association v. Matosantos  
6 (2011) 53 Cal.4th 231 delayed the preparation by successor  
7 agencies and the approval by oversight boards of the January 1,  
8 2012, through June 30, 2012, Recognized Obligation Payment  
9 Schedule, a successor agency may amend the Enforceable  
10 Obligation Payment Schedule to authorize the continued payment  
11 of enforceable obligations until the time that the January 1, 2012,  
12 through June 30, 2012, Recognized Obligation Payment Schedule  
13 has been approved by the oversight board and by the Department  
14 of Finance. The successor agency may utilize reasonable estimates  
15 and projections to support payment amounts for enforceable  
16 obligations if the successor agency submits appropriate supporting  
17 documentation of the basis for the estimate or projection to the  
18 Department of Finance and the auditor-controller.

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

26 (3) Commencing on the date the Recognized Obligation Payment  
27 Schedule is valid pursuant to subdivision (1), only those payments  
28 listed in the Recognized Obligation Payment Schedule may be  
29 made by the successor agency from the funds specified in the  
30 Recognized Obligation Payment Schedule. In addition, after it  
31 becomes valid, the Recognized Obligation Payment Schedule shall  
32 supersede the Statement of Indebtedness, which shall no longer  
33 be prepared nor have any effect under the Community  
34 Redevelopment Law (Part 1 (commencing with Section 33000)).

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

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

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

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

11 ~~(d) Remit unencumbered balances of redevelopment agency~~  
12 ~~funds to the county auditor-controller for distribution to the taxing~~  
13 ~~entities, including, but not limited to, the unencumbered balance~~  
14 ~~of the Low and Moderate Income Housing Fund of a former~~  
15 ~~redevelopment agency. In making the distribution, the county~~  
16 ~~auditor-controller shall utilize the same methodology for allocation~~  
17 ~~and distribution of property tax revenues provided in Section~~  
18 ~~34188.~~

19 ~~(e) Dispose of assets and properties of the former redevelopment~~  
20 ~~agency as directed by the oversight board; provided, however, that~~  
21 ~~the oversight board may instead direct the successor agency to~~  
22 ~~transfer ownership of certain assets pursuant to subdivision (a) of~~  
23 ~~Section 34181. The disposal is to be done expeditiously and in a~~  
24 ~~manner aimed at maximizing value. Proceeds from asset sales and~~  
25 ~~related funds that are no longer needed for approved development~~  
26 ~~projects or to otherwise wind down the affairs of the agency, each~~  
27 ~~as determined by the oversight board, shall be transferred to the~~  
28 ~~county auditor-controller for distribution as property tax proceeds~~  
29 ~~under Section 34188. The requirements of this subdivision shall~~  
30 ~~not apply to a successor agency that has been issued a finding of~~  
31 ~~completion by the Department of Finance pursuant to Section~~  
32 ~~34179.7.~~

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

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

1 ~~(h) Expediently wind down the affairs of the redevelopment~~  
2 ~~agency pursuant to the provisions of this part and in accordance~~  
3 ~~with the direction of the oversight board.~~

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

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

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

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

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

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

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

28 ~~(A) Low and Moderate Income Housing Fund.~~

29 ~~(B) Bond proceeds.~~

30 ~~(C) Reserve balances.~~

31 ~~(D) Administrative cost allowance.~~

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

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

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

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

11    ~~(B) The Recognized Obligation Payment Schedule is submitted~~  
12    ~~to and duly approved by the oversight board. The successor agency~~  
13    ~~shall submit a copy of the Recognized Obligation Payment~~  
14    ~~Schedule to the county administrative officer, the county~~  
15    ~~auditor-controller, and the Department of Finance at the same time~~  
16    ~~that the successor agency submits the Recognized Obligation~~  
17    ~~Payment Schedule to the oversight board for approval.~~

18    ~~(C) A copy of the approved Recognized Obligation Payment~~  
19    ~~Schedule is submitted to the county auditor-controller, the~~  
20    ~~Controller's office, and the Department of Finance, and is posted~~  
21    ~~on the successor agency's Internet Web site.~~

22    ~~(3) The Recognized Obligation Payment Schedule shall be~~  
23    ~~forward looking to the next six months. The first Recognized~~  
24    ~~Obligation Payment Schedule shall be submitted to the Controller's~~  
25    ~~office and the Department of Finance by April 15, 2012, for the~~  
26    ~~period of January 1, 2012, to June 30, 2012, inclusive. This~~  
27    ~~Recognized Obligation Payment Schedule shall include all~~  
28    ~~payments made by the former redevelopment agency between~~  
29    ~~January 1, 2012, through January 31, 2012, and shall include all~~  
30    ~~payments proposed to be made by the successor agency from~~  
31    ~~February 1, 2012, through June 30, 2012. Former redevelopment~~  
32    ~~agency enforceable obligation payments due, and reasonable or~~  
33    ~~necessary administrative costs due or incurred, prior to January 1,~~  
34    ~~2012, shall be made from property tax revenues received in the~~  
35    ~~spring of 2011 property tax distribution, and from other revenues~~  
36    ~~and balances transferred to the successor agency.~~

37    ~~(m) The Recognized Obligation Payment Schedule for the period~~  
38    ~~of January 1, 2013, to June 30, 2013, shall be submitted by the~~  
39    ~~successor agency, after approval by the oversight board, no later~~  
40    ~~than September 1, 2012. Commencing with the Recognized~~

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

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

28 ~~(2) If a successor agency does not submit a Recognized~~  
29 ~~Obligation Payment Schedule by the deadlines provided in this~~  
30 ~~subdivision, the city, county, or city and county that created the~~  
31 ~~redevelopment agency shall be subject to a civil penalty equal to~~  
32 ~~ten thousand dollars (\$10,000) per day for every day the schedule~~  
33 ~~is not submitted to the department. The civil penalty shall be paid~~  
34 ~~to the county auditor-controller for allocation to the taxing entities~~  
35 ~~under Section 34183. If a successor agency fails to submit a~~  
36 ~~Recognized Obligation Payment Schedule by the deadline, any~~  
37 ~~creditor of the successor agency or the Department of Finance or~~  
38 ~~any affected taxing entity shall have standing to and may request~~  
39 ~~a writ of mandate to require the successor agency to immediately~~  
40 ~~perform this duty. Those actions may be filed only in the County~~

1 of Sacramento and shall have priority over other civil matters.  
2 Additionally, if an agency does not submit a Recognized Obligation  
3 Payment Schedule within 10 days of the deadline, the maximum  
4 administrative cost allowance for that period shall be reduced by  
5 25 percent.

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

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

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

39 ~~(C) A Recognized Obligation Payment Schedule may also~~  
40 ~~include appropriation of moneys from bonds subject to passage~~

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

4 (5) ~~Prior to the rejection of an enforceable obligation from a  
5 recognized obligation payment schedule for a successor agency  
6 that has received a finding of completion from the Department of  
7 Finance under Section 34179.7, the Department of Finance shall  
8 submit the proposed rejection to the oversight board for review  
9 and approval, whose determination shall be final and conclusive  
10 without further review by the Department of Finance.~~

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

14 (o) ~~This section shall remain in effect only until July 1, 2016,  
15 and as of that date is repealed.~~

16 SEC. 4.7. ~~Section 34177 is added to the Health and Safety  
17 Code, to read:~~

18 ~~34177. Successor agencies are required to do all of the  
19 following:~~

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

21 (1) ~~On and after February 1, 2012, and until a Recognized  
22 Obligation Payment Schedule becomes operative, only payments  
23 required pursuant to an enforceable obligations payment schedule  
24 shall be made. The initial enforceable obligation payment schedule  
25 shall be the last schedule adopted by the redevelopment agency  
26 under Section 34169. However, payments associated with  
27 obligations excluded from the definition of enforceable obligations  
28 by paragraph (2) of subdivision (d) of Section 34171 shall be  
29 excluded from the enforceable obligations payment schedule and  
30 be removed from the last schedule adopted by the redevelopment  
31 agency under Section 34169 prior to the successor agency adopting  
32 it as its enforceable obligations payment schedule pursuant to this  
33 subdivision. The enforceable obligation payment schedule may  
34 be amended by the successor agency at any public meeting and  
35 shall be subject to the approval of the oversight board as soon as  
36 the board has sufficient members to form a quorum. In recognition  
37 of the fact that the timing of the California Supreme Court's ruling  
38 in the case California Redevelopment Association v. Matosantos  
39 (2011) 53 Cal.4th 231 delayed the preparation by successor  
40 agencies and the approval by oversight boards of the January 1,~~

1 ~~2012, through June 30, 2012, Recognized Obligation Payment~~  
2 ~~Schedule, a successor agency may amend the Enforceable~~  
3 ~~Obligation Payment Schedule to authorize the continued payment~~  
4 ~~of enforceable obligations until the time that the January 1, 2012,~~  
5 ~~through June 30, 2012, Recognized Obligation Payment Schedule~~  
6 ~~has been approved by the oversight board and by the Department~~  
7 ~~of Finance. The successor agency may utilize reasonable estimates~~  
8 ~~and projections to support payment amounts for enforceable~~  
9 ~~obligations if the successor agency submits appropriate supporting~~  
10 ~~documentation of the basis for the estimate or projection to the~~  
11 ~~Department of Finance and the auditor-controller.~~

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

19 ~~(3) Commencing on the date the Recognized Obligation Payment~~  
20 ~~Schedule is valid pursuant to subdivision (f), only those payments~~  
21 ~~listed in the Recognized Obligation Payment Schedule may be~~  
22 ~~made by the successor agency from the funds specified in the~~  
23 ~~Recognized Obligation Payment Schedule. In addition, after it~~  
24 ~~becomes valid, the Recognized Obligation Payment Schedule shall~~  
25 ~~supersede the Statement of Indebtedness, which shall no longer~~  
26 ~~be prepared nor have any effect under the Community~~  
27 ~~Redevelopment Law (Part 1 (commencing with Section 33000)).~~

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

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

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

1 ~~(e) Perform obligations required pursuant to any enforceable~~  
2 ~~obligation.~~

3 ~~(d) Remit unencumbered balances of redevelopment agency~~  
4 ~~funds to the county auditor-controller for distribution to the taxing~~  
5 ~~entities, including, but not limited to, the unencumbered balance~~  
6 ~~of the Low and Moderate Income Housing Fund of a former~~  
7 ~~redevelopment agency. In making the distribution, the county~~  
8 ~~auditor-controller shall utilize the same methodology for allocation~~  
9 ~~and distribution of property tax revenues provided in Section~~  
10 ~~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 expeditiously and in a~~  
16 ~~manner aimed at maximizing value. Proceeds from asset sales and~~  
17 ~~related funds that are no longer needed for approved development~~  
18 ~~projects or to otherwise wind down the affairs of the agency, each~~  
19 ~~as determined by the oversight board, shall be transferred to the~~  
20 ~~county auditor-controller for distribution as property tax proceeds~~  
21 ~~under Section 34188. The requirements of this subdivision shall~~  
22 ~~not apply to a successor agency that has been issued a finding of~~  
23 ~~completion by the Department of Finance pursuant to Section~~  
24 ~~34179.7.~~

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

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

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

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

1     ~~(j) Prepare a proposed administrative budget and submit it to~~  
2 ~~the oversight board for its approval. The proposed administrative~~  
3 ~~budget shall include all of the following:~~  
4     ~~(1) Estimated amounts for successor agency administrative costs~~  
5 ~~for the upcoming 12-month fiscal period.~~  
6     ~~(2) Proposed sources of payment for the costs identified in~~  
7 ~~paragraph (1).~~  
8     ~~(3) Proposals for arrangements for administrative and operations~~  
9 ~~services provided by a city, county, city and county, or other entity.~~  
10    ~~(k) Provide administrative cost estimates, from its approved~~  
11 ~~administrative budget that are to be paid from property tax revenues~~  
12 ~~deposited in the Redevelopment Property Tax Trust Fund, to the~~  
13 ~~county auditor-controller for each 12-month fiscal period.~~  
14    ~~(l) (1) Before each 12-month fiscal period, prepare a~~  
15 ~~Recognized Obligation Payment Schedule in accordance with the~~  
16 ~~requirements of this paragraph. For each recognized obligation,~~  
17 ~~the Recognized Obligation Payment Schedule shall identify one~~  
18 ~~or more of the following sources of payment:~~  
19     ~~(A) Low and Moderate Income Housing Fund.~~  
20     ~~(B) Bond proceeds.~~  
21     ~~(C) Reserve balances.~~  
22     ~~(D) Administrative cost allowance.~~  
23     ~~(E) The Redevelopment Property Tax Trust Fund, but only to~~  
24 ~~the extent no other funding source is available or when payment~~  
25 ~~from property tax revenues is required by an enforceable obligation~~  
26 ~~or by the provisions of this part.~~  
27     ~~(F) Other revenue sources, including rents, concessions, asset~~  
28 ~~sale proceeds, interest earnings, and any other revenues derived~~  
29 ~~from the former redevelopment agency, as approved by the~~  
30 ~~oversight board in accordance with this part.~~  
31    ~~(2) A Recognized Obligation Payment Schedule shall not be~~  
32 ~~deemed valid unless all of the following conditions have been met:~~  
33     ~~(A) A Recognized Obligation Payment Schedule is prepared~~  
34 ~~by the successor agency for the enforceable obligations of the~~  
35 ~~former redevelopment agency. The initial schedule shall project~~  
36 ~~the dates and amounts of scheduled payments for each enforceable~~  
37 ~~obligation for the remainder of the time period during which the~~  
38 ~~redevelopment agency would have been authorized to obligate~~  
39 ~~property tax increment had the redevelopment agency not been~~  
40 ~~dissolved.~~

1 ~~(B) The Recognized Obligation Payment Schedule is submitted~~  
2 ~~to and duly approved by the oversight board. The successor agency~~  
3 ~~shall submit a copy of the Recognized Obligation Payment~~  
4 ~~Schedule to the county administrative officer, the county~~  
5 ~~auditor-controller, and the Department of Finance at the same time~~  
6 ~~that the successor agency submits the Recognized Obligation~~  
7 ~~Payment Schedule to the oversight board for approval.~~

8 ~~(C) A copy of the approved Recognized Obligation Payment~~  
9 ~~Schedule is submitted to the county auditor-controller, the~~  
10 ~~Controller's office, and the Department of Finance, and is posted~~  
11 ~~on the successor agency's Internet Web site.~~

12 ~~(3) The Recognized Obligation Payment Schedule shall be~~  
13 ~~forward looking to the next 12-month fiscal period, for the first~~  
14 ~~12-month fiscal period commencing after January 1, 2016. The~~  
15 ~~first Recognized Obligation Payment Schedule shall be submitted~~  
16 ~~to the Controller's office and the Department of Finance by April~~  
17 ~~15, 2012, for the period of January 1, 2012, to June 30, 2012,~~  
18 ~~inclusive. This Recognized Obligation Payment Schedule shall~~  
19 ~~include all payments made by the former redevelopment agency~~  
20 ~~between January 1, 2012, through January 31, 2012, and shall~~  
21 ~~include all payments proposed to be made by the successor agency~~  
22 ~~from February 1, 2012, through June 30, 2012. Former~~  
23 ~~redevelopment agency enforceable obligation payments due, and~~  
24 ~~reasonable or necessary administrative costs due or incurred, prior~~  
25 ~~to January 1, 2012, shall be made from property tax revenues~~  
26 ~~received in the spring of 2011 property tax distribution, and from~~  
27 ~~other revenues and balances transferred to the successor agency.~~

28 ~~(4) The Recognized Obligation Payment Schedule may be~~  
29 ~~amended by the oversight board during a 12-month fiscal period~~  
30 ~~as long as the amendment is approved at least 90 days before the~~  
31 ~~date of the next property tax distribution.~~

32 ~~(m) The Recognized Obligation Payment Schedule for the period~~  
33 ~~of January 1, 2013, to June 30, 2013, shall be submitted by the~~  
34 ~~successor agency, after approval by the oversight board, no later~~  
35 ~~than September 1, 2012. Commencing with the Recognized~~  
36 ~~Obligation Payment Schedule covering the period of July 1, 2013,~~  
37 ~~through December 31, 2013, successor agencies shall submit an~~  
38 ~~oversight board-approved Recognized Obligation Payment~~  
39 ~~Schedule to the Department of Finance and to the county~~  
40 ~~auditor-controller no fewer than 90 days before the date of property~~

1 tax distribution. The Department of Finance shall make its  
2 determination of the enforceable obligations and the amounts and  
3 funding sources of the enforceable obligations no later than 45  
4 days after the Recognized Obligation Payment Schedule is  
5 submitted. Within five business days of the department's  
6 determination, a successor agency may request additional review  
7 by the department and an opportunity to meet and confer on  
8 disputed items. The meet and confer period may vary; an untimely  
9 submittal of a Recognized Obligation Payment Schedule may result  
10 in a meet and confer period of less than 30 days. The department  
11 shall notify the successor agency and the county auditor-controllers  
12 as to the outcome of its review at least 15 days before the date of  
13 property tax distribution.

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

23 (2) If a successor agency does not submit a Recognized  
24 Obligation Payment Schedule by the deadlines provided in this  
25 subdivision, the city, county, or city and county that created the  
26 redevelopment agency shall be subject to a civil penalty equal to  
27 ten thousand dollars (\$10,000) per day for every day the schedule  
28 is not submitted to the department. The civil penalty shall be paid  
29 to the county auditor-controller for allocation to the taxing entities  
30 under Section 34183. If a successor agency fails to submit a  
31 Recognized Obligation Payment Schedule by the deadline, any  
32 creditor of the successor agency or the Department of Finance or  
33 any affected taxing entity shall have standing to and may request  
34 a writ of mandate to require the successor agency to immediately  
35 perform this duty. Those actions may be filed only in the County  
36 of Sacramento and shall have priority over other civil matters.  
37 Additionally, if an agency does not submit a Recognized Obligation  
38 Payment Schedule within 10 days of the deadline, the maximum  
39 administrative cost allowance for that period shall be reduced by  
40 25 percent.

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

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

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

34     ~~(C) A Recognized Obligation Payment Schedule may also~~  
35 ~~include appropriation of moneys from bonds subject to passage~~  
36 ~~during the Recognized Obligation Payment Schedule cycle when~~  
37 ~~an enforceable obligation requires the agency to issue the bonds~~  
38 ~~and use the proceeds to pay for project expenditures.~~

39     ~~(5) Prior to the rejection of an enforceable obligation from a~~  
40 ~~recognized obligation payment schedule for a successor agency~~

1 that has received a finding of completion from the Department of  
2 Finance under Section 34179.7, the Department of Finance shall  
3 submit the proposed rejection to the oversight board for review  
4 and approval, whose determination shall be final and conclusive  
5 without further review by the Department of Finance.

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

9 ~~(o) The 12-month fiscal period specified in subdivisions (j), (k),~~  
10 ~~and (l) shall correspond to the period from July 1 through June 30,~~  
11 ~~inclusive, unless an oversight board and the Department of Finance~~  
12 ~~approve a successor agency’s request for the 12-month fiscal period~~  
13 ~~to correspond with a different fiscal year used by the city, county,~~  
14 ~~or city and county that created the former redevelopment agency.~~

15 ~~(p) This section shall not be construed to alter the semiannual~~  
16 ~~distribution of Redevelopment Property Tax Trust Fund payments~~  
17 ~~made in accordance with the projected payment schedule of the~~  
18 ~~approved Recognized Obligation Payment Schedule.~~

19 ~~(q) This section shall become operative on January 1, 2016.~~

20 SEC. 5. Section 34177.5 of the Health and Safety Code is  
21 amended to read:

22 34177.5. (a) In addition to the powers granted to each  
23 successor agency, and notwithstanding anything in the act adding  
24 this part, including, but not limited to, Sections 34162 and 34189,  
25 a successor agency shall have the authority, rights, and powers of  
26 the redevelopment agency to which it succeeded solely for the  
27 following purposes:

28 (1) For the purpose of issuing bonds or incurring other  
29 indebtedness to refund the bonds or other indebtedness of its former  
30 redevelopment agency or of the successor agency to provide  
31 savings to the successor agency, provided that (A) the total interest  
32 cost to maturity on the refunding bonds or other indebtedness plus  
33 the principal amount of the refunding bonds or other indebtedness  
34 shall not exceed the total remaining interest cost to maturity on  
35 the bonds or other indebtedness to be refunded plus the remaining  
36 principal of the bonds or other indebtedness to be refunded, and  
37 (B) the principal amount of the refunding bonds or other  
38 indebtedness shall not exceed the amount required to defease the  
39 refunded bonds or other indebtedness, to establish customary debt  
40 service reserves, and to pay related costs of issuance. If the

1 foregoing conditions are satisfied, the initial principal amount of  
2 the refunding bonds or other indebtedness may be greater than the  
3 outstanding principal amount of the bonds or other indebtedness  
4 to be refunded. The successor agency may pledge to the refunding  
5 bonds or other indebtedness the revenues pledged to the bonds or  
6 other indebtedness being refunded, and that pledge, when made  
7 in connection with the issuance of such refunding bonds or other  
8 indebtedness, shall have the same lien priority as the pledge of the  
9 bonds or other obligations to be refunded, and shall be valid,  
10 binding, and enforceable in accordance with its terms.

11 (2) For the purpose of issuing bonds or other indebtedness to  
12 finance debt service spikes, including balloon maturities, provided  
13 that (A) the existing indebtedness is not accelerated, except to the  
14 extent necessary to achieve substantially level debt service, and  
15 (B) the principal amount of the bonds or other indebtedness shall  
16 not exceed the amount required to finance the debt service spikes,  
17 including establishing customary debt service reserves and paying  
18 related costs of issuance.

19 (3) For the purpose of amending an existing enforceable  
20 obligation under which the successor agency is obligated to  
21 reimburse a political subdivision of the state for the payment of  
22 debt service on a bond or other obligation of the political  
23 subdivision, or to pay all or a portion of the debt service on the  
24 bond or other obligation of the political subdivision to provide  
25 savings to the successor agency, provided that (A) the enforceable  
26 obligation is amended in connection with a refunding of the bonds  
27 or other obligations of the political subdivision so that the  
28 enforceable obligation will apply to the refunding bonds or other  
29 refunding indebtedness of the political subdivision, (B) the total  
30 interest cost to maturity on the refunding bonds or other  
31 indebtedness plus the principal amount of the refunding bonds or  
32 other indebtedness shall not exceed the total remaining interest  
33 cost to maturity on the bonds or other indebtedness to be refunded  
34 plus the remaining principal of the bonds or other indebtedness to  
35 be refunded, and (C) the principal amount of the refunding bonds  
36 or other indebtedness shall not exceed the amount required to  
37 defease the refunded bonds or other indebtedness, to establish  
38 customary debt service reserves and to pay related costs of  
39 issuance. The pledge set forth in that amended enforceable  
40 obligation, when made in connection with the execution of the

1 amendment of the enforceable obligation, shall have the same lien  
2 priority as the pledge in the enforceable obligation prior to its  
3 amendment and shall be valid, binding, and enforceable in  
4 accordance with its terms.

5 (4) For the purpose of issuing bonds or incurring other  
6 indebtedness to make payments under enforceable obligations  
7 when the enforceable obligations include the irrevocable pledge  
8 of property tax increment, formerly tax increment revenues prior  
9 to the effective date of this part, or other funds and the obligation  
10 to issue bonds secured by that pledge. The successor agency may  
11 pledge to the bonds or other indebtedness the property tax revenues  
12 and other funds described in the enforceable obligation, and that  
13 pledge, when made in connection with the issuance of the bonds  
14 or the incurring of other indebtedness, shall be valid, binding, and  
15 enforceable in accordance with its terms. This paragraph shall not  
16 be deemed to authorize a successor agency to increase the amount  
17 of property tax revenues pledged under an enforceable obligation  
18 or to pledge any property tax revenue not already pledged pursuant  
19 to an enforceable obligation. This paragraph does not constitute a  
20 change in, but is declaratory of, the existing law.

21 (b) The refunding bonds authorized under this section may be  
22 issued under the authority of Article 11 (commencing with Section  
23 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the  
24 Government Code, and the refunding bonds may be sold at public  
25 or private sale, or to a joint powers authority pursuant to the  
26 Marks-Roos Local Bond Pooling Act of 1985 (Article 4  
27 (commencing with Section 6584) of Chapter 5 of Division 7 of  
28 Title 1 of the Government Code).

29 (c) (1) Prior to incurring any bonds or other indebtedness  
30 pursuant to this section, the successor agency may subordinate to  
31 the bonds or other indebtedness the amount required to be paid to  
32 an affected taxing entity pursuant to paragraph (1) of subdivision  
33 (a) of Section 34183, provided that the affected taxing entity has  
34 approved the subordinations pursuant to this subdivision.

35 (2) At the time the successor agency requests an affected taxing  
36 entity to subordinate the amount to be paid to it, the successor  
37 agency shall provide the affected taxing entity with substantial  
38 evidence that sufficient funds will be available to pay both the debt  
39 service on the bonds or other indebtedness and the payments

1 required by paragraph (1) of subdivision (a) of Section 34183,  
2 when due.

3 (3) Within 45 days after receipt of the agency's request, the  
4 affected taxing entity shall approve or disapprove the request for  
5 subordination. An affected taxing entity may disapprove a request  
6 for subordination only if it finds, based upon substantial evidence,  
7 that the successor agency will not be able to pay the debt service  
8 payments and the amount required to be paid to the affected taxing  
9 entity. If the affected taxing entity does not act within 45 days after  
10 receipt of the agency's request, the request to subordinate shall be  
11 deemed approved and shall be final and conclusive.

12 (d) An action may be brought pursuant to Chapter 9  
13 (commencing with Section 860) of Title 10 of Part 2 of the Code  
14 of Civil Procedure to determine the validity of bonds or other  
15 obligations authorized by this section, the pledge of revenues to  
16 those bonds or other obligations authorized by this section, the  
17 legality and validity of all proceedings theretofore taken and, as  
18 provided in the resolution of the legislative body of the successor  
19 agency authorizing the bonds or other obligations authorized by  
20 this section, proposed to be taken for the authorization, execution,  
21 issuance, sale, and delivery of the bonds or other obligations  
22 authorized by this section, and for the payment of debt service on  
23 the bonds or the payment of amounts under other obligations  
24 authorized by this section. Subdivision (c) of Section 33501 shall  
25 not apply to any such action. The Department of Finance shall be  
26 notified of the filing of any action as an affected party.

27 (e) Notwithstanding any other law, including, but not limited  
28 to, Section 33501, an action to challenge the issuance of bonds,  
29 the incurrence of indebtedness, the amendment of an enforceable  
30 obligation, or the execution of a financing agreement by a successor  
31 agency shall be brought within 30 days after the date on which the  
32 oversight board approves the resolution of the successor agency  
33 approving the issuance of bonds, the incurrence of indebtedness,  
34 the amendment of an enforceable obligation, or the execution of  
35 a financing agreement authorized under this section.

36 (f) The actions authorized in this section shall be subject to the  
37 approval of the oversight board, as provided in Section 34180.  
38 Additionally, an oversight board may direct the successor agency  
39 to commence any of the transactions described in subdivision (a)  
40 so long as the successor agency is able to recover its related costs

1 in connection with the transaction. After a successor agency, with  
2 approval of the oversight board, issues any bonds, incurs any  
3 indebtedness, or executes an amended enforceable obligation  
4 pursuant to subdivision (a), the oversight board shall not  
5 unilaterally approve any amendments to or early termination of  
6 the bonds, indebtedness, or enforceable obligation. If, under the  
7 authority granted to it by subdivision (h) of Section 34179, the  
8 Department of Finance either reviews and approves or fails to  
9 request review within five business days of an oversight board  
10 approval of an action authorized by this section, the scheduled  
11 payments on the bonds or other indebtedness shall be listed in the  
12 Recognized Obligation Payment Schedule and shall not be subject  
13 to further review and approval by the department or the Controller.  
14 The department may extend its review time to 60 days for actions  
15 authorized in this section and may seek the assistance of the  
16 Treasurer in evaluating proposed actions under this section.

17 (g) Any bonds, indebtedness, or amended enforceable obligation  
18 authorized by this section shall be considered indebtedness incurred  
19 by the dissolved redevelopment agency, with the same legal effect  
20 as if the bonds, indebtedness, financing agreement, or amended  
21 enforceable obligation had been issued, incurred, or entered into  
22 prior to June 29, 2011, in full conformity with the applicable  
23 provisions of the Community Redevelopment Law that existed  
24 prior to that date, shall be included in the successor agency's  
25 Recognized Obligation Payment Schedule, and shall be secured  
26 by a pledge of, and lien on, and shall be repaid from moneys  
27 deposited from time to time in the Redevelopment Property Tax  
28 Trust Fund established pursuant to subdivision (c) of Section  
29 34172, as provided in paragraph (2) of subdivision (a) of Section  
30 34183. Property tax revenues pledged to any bonds, indebtedness,  
31 or amended enforceable obligations authorized by this section are  
32 taxes allocated to the successor agency pursuant to subdivision (b)  
33 of Section 33670 and Section 16 of Article XVI of the California  
34 Constitution.

35 (h) The successor agency shall make diligent efforts to ensure  
36 that the lowest long-term cost financing is obtained. The financing  
37 shall not provide for any bullets or spikes and shall not use variable  
38 rates. The successor agency shall make use of an independent  
39 financial advisor in developing financing proposals and shall make

1 the work products of the financial advisor available to the  
2 Department of Finance at its request.

3 (i) If an enforceable obligation provides for an irrevocable  
4 commitment of property tax revenue and where allocation of such  
5 revenues is expected to occur over time, the successor agency may  
6 petition the Department of Finance to provide written confirmation  
7 within 45 days that its determination of such enforceable obligation  
8 as approved in a Recognized Obligation Payment Schedule is final  
9 and conclusive, and reflects the department's approval of  
10 subsequent payments made pursuant to the enforceable obligation.  
11 If the confirmation is granted, then the department's review of  
12 such payments in future Recognized Obligation Payment Schedules  
13 shall be limited to confirming that they are required by the prior  
14 enforceable obligation.

15 (j) The successor agency may request that the department  
16 provide a written determination to waive the two-year statute of  
17 limitations on an action to review the validity of the adoption or  
18 amendment of a redevelopment plan pursuant to subdivision (c)  
19 of Section 33500 or on any findings or determinations made by  
20 the agency pursuant to subdivision (d) of Section 33500. The  
21 department at its discretion may provide a waiver if it determines  
22 it is necessary for the agency to fulfill an enforceable obligation.

23 SEC. 6. Section 34179 of the Health and Safety Code is  
24 amended to read:

25 34179. (a) Each successor agency shall have an oversight  
26 board composed of seven members. The members shall elect one  
27 of their members as the chairperson and shall report the name of  
28 the chairperson and other members to the Department of Finance  
29 on or before May 1, 2012. Members shall be selected as follows:

30 (1) One member appointed by the county board of supervisors.

31 (2) One member appointed by the mayor for the city that formed  
32 the redevelopment agency.

33 (3) (A) One member appointed by the largest special district,  
34 by property tax share, with territory in the territorial jurisdiction  
35 of the former redevelopment agency, which is of the type of special  
36 district that is eligible to receive property tax revenues pursuant  
37 to Section 34188.

38 (B) On or after the effective date of this subparagraph, the  
39 county auditor-controller may determine which is the largest special  
40 district for purposes of this section.

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

19 (11) Each appointing authority identified in this subdivision  
20 may, but is not required to, appoint an alternate representative to  
21 serve on the oversight board as may be necessary to attend any  
22 meeting of the oversight board in the event that the appointing  
23 authority's primary representative is unable to attend any meeting  
24 for any reason. If the alternate representative attends any meeting  
25 in place of the primary representative, the alternative representative  
26 shall have the same participatory and voting rights as all other  
27 attending members of the oversight board. The successor agency  
28 shall promptly notify the department regarding the appointment  
29 of any alternate representative to the oversight board.

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

34 (c) The oversight board may direct the staff of the successor  
35 agency to perform work in furtherance of the oversight board's  
36 duties and responsibilities under this part. The successor agency  
37 shall pay for all of the costs of meetings of the oversight board  
38 and may include such costs in its administrative budget. Oversight  
39 board members shall serve without compensation or reimbursement  
40 for expenses.

1 (d) Oversight board members are protected by the immunities  
2 applicable to public entities and public employees governed by  
3 Part 1 (commencing with Section 810) and Part 2 (commencing  
4 with Section 814) of Division 3.6 of Title 1 of the Government  
5 Code.

6 (e) A majority of the total membership of the oversight board  
7 shall constitute a quorum for the transaction of business. A majority  
8 vote of the total membership of the oversight board is required for  
9 the oversight board to take action. The oversight board shall be  
10 deemed to be a local entity for purposes of the Ralph M. Brown  
11 Act, the California Public Records Act, and the Political Reform  
12 Act of 1974. All actions taken by the oversight board shall be  
13 adopted by resolution.

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

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

19 (h) The Department of Finance may review an oversight board  
20 action taken pursuant to this part. Written notice and information  
21 about all actions taken by an oversight board shall be provided to  
22 the department by electronic means and in a manner of the  
23 department's choosing. An action shall become effective five  
24 business days after notice in the manner specified by the  
25 department is provided unless the department requests a review.  
26 Each oversight board shall designate an official to whom the  
27 department may make those requests and who shall provide the  
28 department with the telephone number and e-mail contact  
29 information for the purpose of communicating with the department  
30 pursuant to this subdivision. Except as otherwise provided in this  
31 part, in the event that the department requests a review of a given  
32 oversight board action, it shall have 40 days from the date of its  
33 request to approve the oversight board action or return it to the  
34 oversight board for reconsideration and the oversight board action  
35 shall not be effective until approved by the department. In the  
36 event that the department returns the oversight board action to the  
37 oversight board for reconsideration, the oversight board shall  
38 resubmit the modified action for department approval and the  
39 modified oversight board action shall not become effective until  
40 approved by the department. If the department reviews a

1 Recognized Obligation Payment Schedule, the department may  
2 eliminate or modify any item on that schedule prior to its approval.  
3 The county auditor-controller shall reflect the actions of the  
4 department in determining the amount of property tax revenues to  
5 allocate to the successor agency. The department shall provide  
6 notice to the successor agency and the county auditor-controller  
7 as to the reasons for its actions. To the extent that an oversight  
8 board continues to dispute a determination with the department,  
9 one or more future recognized obligation schedules may reflect  
10 any resolution of that dispute. The department may also agree to  
11 an amendment to a Recognized Obligation Payment Schedule to  
12 reflect a resolution of a disputed item; however, this shall not affect  
13 a past allocation of property tax or create a liability for any affected  
14 taxing entity.

15 (i) Oversight boards shall have fiduciary responsibilities to  
16 holders of enforceable obligations and the taxing entities that  
17 benefit from distributions of property tax and other revenues  
18 pursuant to Section 34188. Further, the provisions of Division 4  
19 (commencing with Section 1000) of the Government Code shall  
20 apply to oversight boards. Notwithstanding Section 1099 of the  
21 Government Code, or any other law, any individual may  
22 simultaneously be appointed to up to five oversight boards and  
23 may hold an office in a city, county, city and county, special  
24 district, school district, or community college district.

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

29 (1) One member may be appointed by the county board of  
30 supervisors.

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

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

39 (4) One member may be appointed by the county superintendent  
40 of education to represent schools if the superintendent is elected.

1 If the county superintendent of education is appointed, then the  
2 appointment made pursuant to this paragraph shall be made by the  
3 county board of education.

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

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

9 (7) One member may be appointed by the recognized employee  
10 organization representing the largest number of successor agency  
11 employees in the county.

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

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

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

23 (n) An oversight board may direct a successor agency to provide  
24 additional legal or financial advice than what was given by agency  
25 staff.

26 (o) An oversight board is authorized to contract with the county  
27 or other public or private agencies for administrative support.

28 (p) On matters within the purview of the oversight board,  
29 decisions made by the oversight board supersede those made by  
30 the successor agency or the staff of the successor agency.

31 SEC. 7. Section 34180 of the Health and Safety Code is  
32 amended to read:

33 34180. All of the following successor agency actions shall first  
34 be approved by the oversight board:

35 (a) The establishment of new repayment terms for outstanding  
36 loans where the terms have not been specified prior to the date of  
37 this part. An oversight board shall not have the authority to  
38 reestablish loan agreements between the successor agency and the  
39 city, county, or city and county that formed the redevelopment

1 agency except as provided in Chapter 9 (commencing with Section  
2 34191.1).

3 (b) The issuance of bonds or other indebtedness or the pledge  
4 or agreement for the pledge of property tax revenues (formerly tax  
5 increment prior to the effective date of this part) pursuant to  
6 subdivision (a) of Section 34177.5.

7 (c) Setting aside of amounts in reserves as required by  
8 indentures, trust indentures, or similar documents governing the  
9 issuance of outstanding redevelopment agency bonds.

10 (d) Merging of project areas.

11 (e) Continuing the acceptance of federal or state grants, or other  
12 forms of financial assistance from either public or private sources,  
13 if that assistance is conditioned upon the provision of matching  
14 funds, by the successor entity as successor to the former  
15 redevelopment agency, in an amount greater than 5 percent.

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

23 (2) If no other agreement is reached on valuation of the retained  
24 assets, the value will be the fair market value as of the 2011  
25 property tax lien date as determined by an independent appraiser  
26 approved by the oversight board.

27 (3) This subdivision does not apply to the disposition of  
28 properties pursuant to a long-range property management plan.

29 (g) Establishment of the Recognized Obligation Payment  
30 Schedule.

31 (h) A request by the successor agency to enter into an agreement  
32 with the city, county, or city and county that formed the  
33 redevelopment agency that it is succeeding. An oversight board  
34 shall not have the authority to reestablish loan agreements between  
35 the successor agency and the city, county, or city and county that  
36 formed the redevelopment agency except as provided in Chapter  
37 9 (commencing with Section 34191.1). Any actions to reestablish  
38 any other agreements that are in furtherance of enforceable  
39 obligations, with the city, county, or city and county that formed

1 the redevelopment agency are invalid until they are included in an  
2 approved and valid Recognized Obligation Payment Schedule.

3 (i) A request by a successor agency or taxing entity to pledge,  
4 or to enter into an agreement for the pledge of, property tax  
5 revenues pursuant to subdivision (b) of Section 34178.

6 (j) Any document submitted by a successor agency to an  
7 oversight board for approval by any provision of this part shall  
8 also be submitted to the county administrative officer, the county  
9 auditor-controller, and the Department of Finance at the same time  
10 that the successor agency submits the document to the oversight  
11 board.

12 SEC. 7.5. Section 34180 of the Health and Safety Code is  
13 amended to read:

14 34180. All of the following successor agency actions shall first  
15 be approved by the oversight board:

16 (a) The establishment of new repayment terms for outstanding  
17 loans where the terms have not been specified prior to the date of  
18 this part. An oversight board shall not have the authority to  
19 reestablish loan agreements between the successor agency and the  
20 city, county, or city and county that formed the redevelopment  
21 agency except as provided in Chapter 9 (commencing with Section  
22 34191.1).

23 (b) The issuance of bonds or other indebtedness or the pledge  
24 or agreement for the pledge of property tax revenues (formerly tax  
25 increment prior to the effective date of this part) pursuant to Section  
26 33333.7 and subdivision (a) of Section 34177.5.

27 (c) Setting aside of amounts in reserves as required by  
28 indentures, trust indentures, or similar documents governing the  
29 issuance of outstanding redevelopment agency bonds.

30 (d) Merging of project areas.

31 (e) Continuing the acceptance of federal or state grants, or other  
32 forms of financial assistance from either public or private sources,  
33 if that assistance is conditioned upon the provision of matching  
34 funds, by the successor entity as successor to the former  
35 redevelopment agency, in an amount greater than 5 percent.

36 (f) (1) If a city, county, or city and county wishes to retain any  
37 properties or other assets for future redevelopment activities,  
38 funded from its own funds and under its own auspices, it must  
39 reach a compensation agreement with the other taxing entities to  
40 provide payments to them in proportion to their shares of the base

1 property tax, as determined pursuant to Section 34188, for the  
2 value of the property retained.

3 (2) If no other agreement is reached on valuation of the retained  
4 assets, the value will be the fair market value as of the 2011  
5 property tax lien date as determined by an independent appraiser  
6 approved by the oversight board.

7 (3) This subdivision does not apply to the disposition of  
8 properties pursuant to a long-range property management plan.

9 (g) Establishment of the Recognized Obligation Payment  
10 Schedule.

11 (h) A request by the successor agency to enter into an agreement  
12 with the city, county, or city and county that formed the  
13 redevelopment agency that it is succeeding. An oversight board  
14 shall not have the authority to reestablish loan agreements between  
15 the successor agency and the city, county, or city and county that  
16 formed the redevelopment agency except as provided in Chapter  
17 9 (commencing with Section 34191.1). Any actions to reestablish  
18 any other agreements that are in furtherance of enforceable  
19 obligations, with the city, county, or city and county that formed  
20 the redevelopment agency are invalid until they are included in an  
21 approved and valid Recognized Obligation Payment Schedule.

22 (i) A request by a successor agency or taxing entity to pledge,  
23 or to enter into an agreement for the pledge of, property tax  
24 revenues pursuant to subdivision (b) of Section 34178.

25 (j) Any document submitted by a successor agency to an  
26 oversight board for approval by any provision of this part shall  
27 also be submitted to the county administrative officer, the county  
28 auditor-controller, and the Department of Finance at the same time  
29 that the successor agency submits the document to the oversight  
30 board.

31 SEC. 8. Section 34191.4 of the Health and Safety Code is  
32 amended to read:

33 34191.4. The following provisions shall apply to any successor  
34 agency that has been issued a finding of completion by the  
35 Department of Finance:

36 (a) All real property and interests in real property identified in  
37 subparagraph (C) of paragraph (5) of subdivision (c) of Section  
38 34179.5 shall be transferred to the Community Redevelopment  
39 Property Trust Fund of the successor agency upon approval by the  
40 Department of Finance of the long-range property management

1 plan submitted by the successor agency pursuant to subdivision  
2 (b) of Section 34191.5 unless that property is subject to the  
3 requirements of any existing enforceable obligation.

4 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon  
5 application by the successor agency and approval by the oversight  
6 board, loans made to a redevelopment agency by the city, county,  
7 or city and county that created the redevelopment agency shall be  
8 deemed to be enforceable obligations provided that the oversight  
9 board makes a finding that the loans were for legitimate  
10 redevelopment purposes.

11 (2) If the oversight board finds that a loan is an enforceable  
12 obligation, the accumulated interest on the remaining principal  
13 balance of the loan shall be recalculated from origination using  
14 the interest rate earned by funds deposited into the Local Agency  
15 Investment Fund in effect on the date of loan origination, and as  
16 adjusted quarterly thereafter. The remaining balance of the loan  
17 and the accumulated interest shall be repaid to the city, county, or  
18 city and county in accordance with a defined schedule over a  
19 reasonable term of years at an interest rate not to exceed the interest  
20 rate earned by funds deposited into the Local Agency Investment  
21 Fund as the rate is adjusted on a quarterly basis. The annual loan  
22 repayments provided for in the recognized obligation payment  
23 schedules shall be subject to all of the following limitations:

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

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

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

15 (3) It is the intent of the Legislature that the amendments to this  
16 subdivision made by the act adding this paragraph be clarifying.

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

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

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

37 (d) Notwithstanding subdivision (b) of Section 34163, if a  
38 successor agency has received a finding of completion, the  
39 successor agency may enter into, or amend existing, contracts and  
40 agreements, or otherwise administer projects in connection with

1 enforceable obligations approved pursuant to subdivision (m) of  
2 Section 34177, including the substitution of private developer  
3 capital in a disposition and development agreement that has been  
4 deemed an enforceable obligation, if the contract, agreement, or  
5 project will not commit new property tax funds, and will not  
6 otherwise reduce property tax revenues or payments made pursuant  
7 to paragraph (4) of subdivision (a) of Section 34183 to the taxing  
8 agencies.

9 SEC. 8.5. Section 34191.4 of the Health and Safety Code is  
10 amended to read:

11 34191.4. The following provisions shall apply to any successor  
12 agency that has been issued a finding of completion by the  
13 Department of Finance:

14 (a) All real property and interests in real property identified in  
15 subparagraph (C) of paragraph (5) of subdivision (c) of Section  
16 34179.5 shall be transferred to the Community Redevelopment  
17 Property Trust Fund of the successor agency upon approval by the  
18 Department of Finance of the long-range property management  
19 plan submitted by the successor agency pursuant to subdivision  
20 (b) of Section 34191.5 unless that property is subject to the  
21 requirements of any existing enforceable obligation.

22 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon  
23 application by the successor agency and approval by the oversight  
24 board, loans made to a redevelopment agency by the city, county,  
25 or city and county that created the redevelopment agency shall be  
26 deemed to be enforceable obligations provided that the oversight  
27 board makes a finding that the loans were for legitimate  
28 redevelopment purposes.

29 (2) If the oversight board finds that a loan is an enforceable  
30 obligation, the accumulated interest on the remaining principal  
31 balance of the loan shall be recalculated from origination using  
32 the interest rate earned by funds deposited into the Local Agency  
33 Investment Fund in effect on the date of loan origination, and as  
34 adjusted quarterly thereafter. The remaining principal balance of  
35 the loan and the accumulated interest shall be repaid to the city,  
36 county, or city and county in accordance with a defined schedule  
37 over a reasonable term of years at an interest rate not to exceed  
38 the interest rate earned by funds deposited into the Local Agency  
39 Investment Fund as the rate is adjusted on a quarterly basis. The  
40 annual loan repayments provided for in the recognized obligation

1 payment schedules shall be subject to all of the following  
2 limitations:

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

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

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

33 (3) It is the intent of the Legislature that the amendments to this  
34 subdivision made by the act adding this paragraph be clarifying.

35 (c) (1) Bond proceeds derived from bonds issued on or before  
36 June 28, 2011, shall be used for the purposes for which the bonds  
37 were sold.

38 (2) *Notwithstanding Section 34177.3 or any other conflicting*  
39 *provision of law, bond proceeds derived from bonds issued on or*  
40 *before December 31, 2010, in excess of the amounts needed to*

1 *satisfy approved enforceable obligations shall thereafter be*  
2 *expended in a manner consistent with the original bond covenants.*  
3 *Enforceable obligations may be satisfied by the creation of reserves*  
4 *for projects that are the subject of the enforceable obligation and*  
5 *that are consistent with the contractual obligations for those*  
6 *projects, or by expending funds to complete the projects. An*  
7 *expenditure made pursuant to this paragraph shall constitute the*  
8 *creation of excess bond proceeds obligations to be paid from the*  
9 *excess proceeds. Excess bond proceeds obligations shall be listed*  
10 *separately on the Recognized Obligation Payment Schedule*  
11 *submitted by the successor agency.*

12 ~~(A)~~

13 (3) (A) Bond proceeds derived from bonds issued between  
14 January 1, 2011, and June 28, 2011, shall only be used for projects  
15 which meet the following criteria, as determined by a resolution  
16 issued by the oversight board:

17 (i) The project shall be consistent with the applicable regional  
18 sustainable communities strategy or alternative planning strategy  
19 adopted pursuant to Section 65080 of the Government Code that  
20 the State Air Resources Board has determined would, if  
21 implemented, achieve the greenhouse gas emission reduction  
22 targets established by the board or, if a sustainable communities  
23 strategy is not required for a region by law, a regional  
24 transportation plan that includes programs and policies to reduce  
25 greenhouse gas emissions.

26 (ii) Two or more significant planning or implementation actions  
27 shall have occurred on or before December 31, 2010. The term  
28 “significant planning and implementation actions” means any of  
29 the following:

30 (I) An action approved by the governing body of the city,  
31 county, city and county, the board of the former redevelopment  
32 agency, or the planning commission directly related to the planning  
33 or implementation of the project.

34 (II) The project is included within an approved city, county,  
35 city and county, or redevelopment agency planning document,  
36 including, but not limited to, a redevelopment agency five-year  
37 implementation plan, capital improvement plan, master plan, or  
38 other planning document.

39 (III) The expenditure by the city, county, city and county, or  
40 project sponsor, of more than twenty-five thousand dollars

1 (\$25,000) on planning related activities for the project within one  
2 fiscal year, or fifty thousand dollars (\$50,000) in total, over  
3 multiple fiscal years.

4 (iii) Documentation dated on or before December 31, 2010,  
5 shall be provided indicating the intention to finance all or a portion  
6 of the project with the future issuance of long-term debt, or  
7 documentation showing that the issuance of long-term  
8 redevelopment agency debt was being planned on or before  
9 December 31, 2010.

10 (iv) Each construction contract over one hundred thousand  
11 dollars (\$100,000) shall include a provision that prevailing wage  
12 will be paid by the contractor and all of that contractor's  
13 subcontractors.

14 (v) For each construction contract over two hundred fifty  
15 thousand dollars (\$250,000), the successor agency shall require  
16 prospective contractors to submit a standardized questionnaire and  
17 financial statements as part of their bid package, to establish the  
18 contractor's financial ability and experience in performing large  
19 construction projects.

20 (B) Any city, county, or city and county that funded an eligible  
21 project, meeting the criteria listed in clauses (i) to (iii), inclusive,  
22 of subparagraph (A) with funds other than redevelopment funds,  
23 between June 28, 2011, and the effective date of the act adding  
24 this paragraph, shall be eligible to be reimbursed utilizing 2011  
25 bond proceeds, if the project meets the purpose for which the bonds  
26 were issued.

27 (C) Any successor agency requesting the use of bond proceeds  
28 derived from bonds issued between January 1, 2011, and June 28,  
29 2011, in accordance with subparagraphs (A) and (B), shall place  
30 that request on its Recognized Obligation Payment Schedule. The  
31 successor agency shall place each project on a separate Recognized  
32 Obligation Payment Schedule line item. The successor agency  
33 shall detail in the resolution adopting the Recognized Obligation  
34 Payment Schedule how each project will meet the requirement in  
35 subparagraphs (A) and (B), and all documentation showing how  
36 the project meets those criteria shall be attached to the resolution.  
37 The resolution adopting the Recognized Obligation Payment  
38 Schedule, including the supporting documentation, shall be  
39 forwarded to the department for review and approval or denial.

1 Pursuant to subdivision (h) of Section 34179, the department may  
2 review and deny any action by the oversight board.

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

16 ~~(B)~~

17 *(4) If remaining bond proceeds derived from bonds issued on*  
18 *or before December 31, 2010, cannot be spent in a manner*  
19 *consistent with the bond covenants pursuant to subparagraph (A);*  
20 *paragraph (2), or if bond proceeds derived from bonds issued*  
21 *between January 1, 2011, and June 28, 2011, cannot be used for*  
22 *projects that met the requirements in subparagraphs (A) and (B)*  
23 *of paragraph (3), the proceeds shall be used to defease all or a*  
24 *portion of the bonds or to purchase all or a portion of those same*  
25 *outstanding bonds on the open market for cancellation. If only if*  
26 *a portion of the bonds proceeds will be used, the successor agency*  
27 *shall defease or purchase bonds for cancellation in a manner that*  
28 *maximizes fiscal savings.*

29 (d) Notwithstanding subdivision (b) of Section 34163, if a  
30 successor agency has received a finding of completion, the  
31 successor agency may enter into, or amend existing, contracts and  
32 agreements, or otherwise administer projects in connection with  
33 enforceable obligations approved pursuant to subdivision (m) of  
34 Section 34177, including the substitution of private developer  
35 capital in a disposition and development agreement that has been  
36 deemed an enforceable obligation, if the contract, agreement, or  
37 project will not commit new property tax funds, and will not  
38 otherwise reduce property tax revenues or payments made pursuant  
39 to paragraph (4) of subdivision (a) of Section 34183 to the taxing  
40 agencies.

1 SEC. 9. Section 34191.5 of the Health and Safety Code is  
2 amended to read:

3 34191.5. (a) There is hereby established a Community  
4 Redevelopment Property Trust Fund, administered by the successor  
5 agency, to serve as the repository of the former redevelopment  
6 agency's real properties identified in subparagraph (C) of paragraph  
7 (5) of subdivision (c) of Section 34179.5.

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

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

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

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

21 (B) The purpose for which the property was acquired.

22 (C) Parcel data, including address, lot size, and current zoning  
23 in the former agency redevelopment plan or specific, community,  
24 or general plan.

25 (D) An estimate of the current value of the parcel including, if  
26 available, any appraisal information.

27 (E) An estimate of any lease, rental, or any other revenues  
28 generated by the property, and a description of the contractual  
29 requirements for the disposition of those funds.

30 (F) The history of environmental contamination, including  
31 designation as a brownfield site, any related environmental studies,  
32 and history of any remediation efforts.

33 (G) A description of the property's potential for transit-oriented  
34 development and the advancement of the planning objectives of  
35 the successor agency.

36 (H) A brief history of previous development proposals and  
37 activity, including the rental or lease of property.

38 (2) Address the use or disposition of all of the properties in the  
39 trust. Permissible uses include the retention of the property for  
40 governmental use pursuant to subdivision (a) of Section 34181,

1 the retention of the property for future development, the sale of  
2 the property, or the use of the property to fulfill an enforceable  
3 obligation. The plan shall separately identify and list properties in  
4 the trust dedicated to governmental use purposes and properties  
5 retained for purposes of fulfilling an enforceable obligation. With  
6 respect to the use or disposition of all other properties, all of the  
7 following shall apply:

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

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

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

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

24 (d) The department shall not require a compensation agreement  
25 or agreements as described in subdivision (f) of Section 34180 as  
26 part of the approval of a long-range property management plan.

27 (e) The department shall only consider whether the long-range  
28 property management plan makes a good faith effort to address  
29 the requirements set forth in subdivision (c).

30 (f) The department shall approve long-range property  
31 management plans as expeditiously as possible.

32 (g) Actions relating to the disposition of property after approval  
33 of a long-range property management plan shall not require review  
34 by the department.

35 ~~SEC. 10. Sections 4.5 and 4.7 of this bill incorporates~~  
36 ~~amendments to Section 34177 of the Health and Safety Code~~  
37 ~~proposed by both this bill and Assembly Bill 1582. Sections 4.5~~  
38 ~~and 4.7 of this bill shall only become operative if (1) both bills are~~  
39 ~~enacted and become effective on or before January 1, 2015, (2)~~  
40 ~~each bill amends Section 34177 of the Health and Safety Code,~~

1 and (3) this bill is enacted after Assembly Bill 1582, in which case  
2 Section 4 of this bill shall not become operative.

3 ~~SEC. 11.~~

4 *SEC. 10.* Section 7.5 of this bill incorporates amendments to  
5 Section 34180 of the Health and Safety Code proposed by both  
6 this bill and Senate Bill 1404. It shall only become operative if (1)  
7 both bills are enacted and become effective on or before January  
8 1, 2015, (2) each bill amends Section 34180 of the Health and  
9 Safety Code, and (3) this bill is enacted after Senate Bill 1404, in  
10 which case Section 7 of this bill shall not become operative.

11 ~~SEC. 12.~~

12 *SEC. 11.* Section 8.5 of this bill incorporates amendments to  
13 Section 34191.4 of the Health and Safety Code proposed by both  
14 this bill and Assembly Bill 2493. It shall only become operative  
15 if (1) both bills are enacted and become effective on or before  
16 January 1, 2015, (2) each bill amends Section 34191.4 of the Health  
17 and Safety Code, and (3) this bill is enacted after Assembly Bill  
18 2493, in which case Section 8 of this bill shall not become  
19 operative.