

**ASSEMBLY BILL**

**No. 712**

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**Introduced by Assembly Member Mullin**

February 25, 2015

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An act to amend, repeal, and add Section 34177 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 712, as introduced, Mullin. Redevelopment: successor agencies: Recognized Obligation Payment Schedule.

The Community Redevelopment Law authorized the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies as of February 1, 2012, and provides for the designation of successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies. Existing law requires a successor agency to, among other things, prepare a Recognized Obligation Payment Schedule for payments on enforceable obligations for each 6-month fiscal period.

This bill would, commencing July 1, 2016, revise the timeline for the preparation of the required Recognized Obligation Payment Schedule to provide that the successor agency prepare a schedule for a 12-month fiscal period, with the first of these periods beginning July 1, 2016, and would authorize the Recognized Obligation Payment Schedule to be amended by the oversight board during a 12-month fiscal period if the amendment is approved at least 90 days before the date of the next property tax distribution.

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 34177 of the Health and Safety Code is  
2 amended to read:

3 34177. Successor agencies are required to do all of the  
4 following:

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

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

37 (2) The Department of Finance and the Controller shall each  
38 have the authority to require any documents associated with the

1 enforceable obligations to be provided to them in a manner of their  
2 choosing. Any taxing entity, the department, and the Controller  
3 shall each have standing to file a judicial action to prevent a  
4 violation under this part and to obtain injunctive or other  
5 appropriate relief.

6 (3) Commencing on the date the Recognized Obligation Payment  
7 Schedule is valid pursuant to subdivision (l), only those payments  
8 listed in the Recognized Obligation Payment Schedule may be  
9 made by the successor agency from the funds specified in the  
10 Recognized Obligation Payment Schedule. In addition, after it  
11 becomes valid, the Recognized Obligation Payment Schedule shall  
12 supersede the Statement of Indebtedness, which shall no longer  
13 be prepared nor have any effect under the Community  
14 Redevelopment Law (Part 1 (commencing with Section 33000)).

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

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

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

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

30 (d) Remit unencumbered balances of redevelopment agency  
31 funds to the county auditor-controller for distribution to the taxing  
32 entities, including, but not limited to, the unencumbered balance  
33 of the Low and Moderate Income Housing Fund of a former  
34 redevelopment agency. In making the distribution, the county  
35 auditor-controller shall utilize the same methodology for allocation  
36 and distribution of property tax revenues provided in Section  
37 34188.

38 (e) Dispose of assets and properties of the former redevelopment  
39 agency as directed by the oversight board; provided, however, that  
40 the oversight board may instead direct the successor agency to

1 transfer ownership of certain assets pursuant to subdivision (a) of  
2 Section 34181. The disposal is to be done expeditiously and in a  
3 manner aimed at maximizing value. Proceeds from asset sales and  
4 related funds that are no longer needed for approved development  
5 projects or to otherwise wind down the affairs of the agency, each  
6 as determined by the oversight board, shall be transferred to the  
7 county auditor-controller for distribution as property tax proceeds  
8 under Section 34188. The requirements of this subdivision shall  
9 not apply to a successor agency that has been issued a finding of  
10 completion by the Department of Finance pursuant to Section  
11 34179.7.

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

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

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

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

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

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

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

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

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

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

6 (A) Low and Moderate Income Housing Fund.

7 (B) Bond proceeds.

8 (C) Reserve balances.

9 (D) Administrative cost allowance.

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

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

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

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

28 (B) The Recognized Obligation Payment Schedule is submitted  
29 to and duly approved by the oversight board. The successor agency  
30 shall submit a copy of the Recognized Obligation Payment  
31 Schedule to the county administrative officer, the county  
32 auditor-controller, and the Department of Finance at the same time  
33 that the successor agency submits the Recognized Obligation  
34 Payment Schedule to the oversight board for approval.

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

39 (3) The Recognized Obligation Payment Schedule shall be  
40 forward looking to the next six months. The first Recognized

1 Obligation Payment Schedule shall be submitted to the Controller's  
2 office and the Department of Finance by April 15, 2012, for the  
3 period of January 1, 2012, to June 30, 2012, inclusive. This  
4 Recognized Obligation Payment Schedule shall include all  
5 payments made by the former redevelopment agency between  
6 January 1, 2012, through January 31, 2012, and shall include all  
7 payments proposed to be made by the successor agency from  
8 February 1, 2012, through June 30, 2012. Former redevelopment  
9 agency enforceable obligation payments due, and reasonable or  
10 necessary administrative costs due or incurred, prior to January 1,  
11 2012, shall be made from property tax revenues received in the  
12 spring of 2011 property tax distribution, and from other revenues  
13 and balances transferred to the successor agency.

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

36 (1) The successor agency shall submit a copy of the Recognized  
37 Obligation Payment Schedule to the Department of Finance  
38 electronically, and the successor agency shall complete the  
39 Recognized Obligation Payment Schedule in the manner provided  
40 for by the department. A successor agency shall be in

1 noncompliance with this paragraph if it only submits to the  
2 department an electronic message or a letter stating that the  
3 oversight board has approved a Recognized Obligation Payment  
4 Schedule.

5 (2) If a successor agency does not submit a Recognized  
6 Obligation Payment Schedule by the deadlines provided in this  
7 subdivision, the city, county, or city and county that created the  
8 redevelopment agency shall be subject to a civil penalty equal to  
9 ten thousand dollars (\$10,000) per day for every day the schedule  
10 is not submitted to the department. The civil penalty shall be paid  
11 to the county auditor-controller for allocation to the taxing entities  
12 under Section 34183. If a successor agency fails to submit a  
13 Recognized Obligation Payment Schedule by the deadline, any  
14 creditor of the successor agency or the Department of Finance or  
15 any affected taxing entity shall have standing to and may request  
16 a writ of mandate to require the successor agency to immediately  
17 perform this duty. Those actions may be filed only in the County  
18 of Sacramento and shall have priority over other civil matters.  
19 Additionally, if an agency does not submit a Recognized Obligation  
20 Payment Schedule within 10 days of the deadline, the maximum  
21 administrative cost allowance for that period shall be reduced by  
22 25 percent.

23 (3) If a successor agency fails to submit to the department an  
24 oversight board-approved Recognized Obligation Payment  
25 Schedule that complies with all requirements of this subdivision  
26 within five business days of the date upon which the Recognized  
27 Obligation Payment Schedule is to be used to determine the amount  
28 of property tax allocations, the department may determine if any  
29 amount should be withheld by the county auditor-controller for  
30 payments for enforceable obligations from distribution to taxing  
31 entities, pending approval of a Recognized Obligation Payment  
32 Schedule. The county auditor-controller shall distribute the portion  
33 of any of the sums withheld pursuant to this paragraph to the  
34 affected taxing entities in accordance with paragraph (4) of  
35 subdivision (a) of Section 34183 upon notice by the department  
36 that a portion of the withheld balances are in excess of the amount  
37 of enforceable obligations. The county auditor-controller shall  
38 distribute withheld funds to the successor agency only in  
39 accordance with a Recognized Obligation Payment Schedule  
40 approved by the department. County auditor-controllers shall lack

1 the authority to withhold any other amounts from the allocations  
2 provided for under Section 34183 or 34188 unless required by a  
3 court order.

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

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

16 (C) A Recognized Obligation Payment Schedule may also  
17 include appropriation of moneys from bonds subject to passage  
18 during the Recognized Obligation Payment Schedule cycle when  
19 an enforceable obligation requires the agency to issue the bonds  
20 and use the proceeds to pay for project expenditures.

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

24 (o) *This section shall remain in effect only until July 1, 2016,*  
25 *and as of that date is repealed.*

26 SEC. 2. Section 34177 is added to the Health and Safety Code,  
27 to read:

28 34177. Successor agencies are required to do all of the  
29 following:

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

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

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

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

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

38 (4) Nothing in the act adding this part is to be construed as  
39 preventing a successor agency, with the prior approval of the  
40 oversight board, as described in Section 34179, from making

1 payments for enforceable obligations from sources other than those  
2 listed in the Recognized Obligation Payment Schedule.

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

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

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

13 (d) Remit unencumbered balances of redevelopment agency  
14 funds to the county auditor-controller for distribution to the taxing  
15 entities, including, but not limited to, the unencumbered balance  
16 of the Low and Moderate Income Housing Fund of a former  
17 redevelopment agency. In making the distribution, the county  
18 auditor-controller shall utilize the same methodology for allocation  
19 and distribution of property tax revenues provided in Section  
20 34188.

21 (e) Dispose of assets and properties of the former redevelopment  
22 agency as directed by the oversight board; provided, however, that  
23 the oversight board may instead direct the successor agency to  
24 transfer ownership of certain assets pursuant to subdivision (a) of  
25 Section 34181. The disposal is to be done expeditiously and in a  
26 manner aimed at maximizing value. Proceeds from asset sales and  
27 related funds that are no longer needed for approved development  
28 projects or to otherwise wind down the affairs of the agency, each  
29 as determined by the oversight board, shall be transferred to the  
30 county auditor-controller for distribution as property tax proceeds  
31 under Section 34188. The requirements of this subdivision shall  
32 not apply to a successor agency that has been issued a finding of  
33 completion by the Department of Finance pursuant to Section  
34 34179.7.

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

39 (g) Effectuate transfer of housing functions and assets to the  
40 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 12-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 12-month fiscal period.

23 (l) (1) Before each 12-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 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 12-month fiscal period, for the first  
24 12-month fiscal period commencing after January 1, 2017. The  
25 first Recognized Obligation Payment Schedule shall be submitted  
26 to the Controller’s office and the Department of Finance by April  
27 15, 2012, for the period of January 1, 2012, to June 30, 2012,  
28 inclusive. This Recognized Obligation Payment Schedule shall  
29 include all payments made by the former redevelopment agency  
30 between January 1, 2012, through January 31, 2012, and shall  
31 include all payments proposed to be made by the successor agency  
32 from February 1, 2012, through June 30, 2012. Former  
33 redevelopment agency enforceable obligation payments due, and  
34 reasonable or necessary administrative costs due or incurred, prior  
35 to January 1, 2012, shall be made from property tax revenues  
36 received in the spring of 2011 property tax distribution, and from  
37 other revenues and balances transferred to the successor agency.

38 (4) The Recognized Obligation Payment Schedule may be  
39 amended by the oversight board during a 12-month fiscal period

1 as long as the amendment is approved at least 90 days before the  
2 date of the next property tax distribution.

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

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

34 (2) If a successor agency does not submit a Recognized  
35 Obligation Payment Schedule by the deadlines provided in this  
36 subdivision, the city, county, or city and county that created the  
37 redevelopment agency shall be subject to a civil penalty equal to  
38 ten thousand dollars (\$10,000) per day for every day the schedule  
39 is not submitted to the department. The civil penalty shall be paid  
40 to the county auditor-controller for allocation to the taxing entities

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

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

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

38 (B) When a payment is shown to be due during the Recognized  
39 Obligation Payment Schedule period, but an invoice or other billing  
40 document has not yet been received, the successor agency may

1 utilize reasonable estimates and projections to support payment  
2 amounts for enforceable obligations if the successor agency submits  
3 appropriate supporting documentation of the basis for the estimate  
4 or projection to the department and the auditor-controller.

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

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

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

19 (p) This section shall not be construed to alter the semiannual  
20 distribution of Redevelopment Property Tax Trust Fund payments  
21 made in accordance with the projected payment schedule of the  
22 approved Recognized Obligation Payment Schedule.

23 (q) This section shall become operative on July 1, 2016.