



# Successor Agency Report

Successor Agency Meeting: February 28, 2012

Agenda Item: 3-Q

To: Chairperson and Successor Agency

From: Andy Agle, Director of Housing and Economic Development  
Gigi Decavalles-Hughes, Director of Finance

Subject: Successor Agency Draft Recognized Obligation Payment Schedules

## Recommended Action

Staff recommends that the Santa Monica Redevelopment Successor Agency (the Successor Agency) adopt the attached Resolutions approving the Successor Agency's draft Recognized Obligation Payment Schedules.

## Executive Summary

This report recommends that the Successor Agency adopt the attached resolutions, approving the initial draft Recognized Obligation Payment Schedules (ROPS) for the six-month periods of February through June 2012, inclusive, and July through December 2012, inclusive, in order to pay enforceable obligations associated with the Successor Agency's Priority Projects and Five-Year Implementation Plan.

## Background

On January 10, 2012, Council adopted Resolution No. 10647 and Resolution No. 10648 to serve as the Successor Agency to the former Redevelopment Agency. The City assumed the role as the Successor Agency on February 1, 2012. Under Assembly Bill No. 26 (2011-2012 1<sup>st</sup> Ex. Sess.) (codified, in part, as Part 1.8 and Part 1.85 of the California Health and Safety Code) (AB 26), the Successor Agency is required to perform specific functions that are separate and independent of the duties of the City, acting as a charter city. Therefore, on February 14, 2012, to establish a separate operating framework to distinguish between the actions of the Successor Agency and the actions of the City, the Successor Agency adopted the Successor Agency Bylaws. In addition, on February 14, 2012, the Successor Agency and City authorized a

Reimbursement and Operating Agreement for the purpose of formalizing the Agency's use of City staff, facilities and administratively services (collective, City Services) to implement the Successor Agency's administrative duties under AB 26, as codified in Part 1.85 of the California Health and Safety Code.

Under AB 26, the Successor Agency may receive an administrative cost allowance which is payable from property tax revenues of up to five percent of the property tax allocated to the Successor Agency for the 2011-12 fiscal year and up to three percent of the property tax allocated to the Successor Agency for each year thereafter. The amount of property taxes that are allocated to the Successor Agency are based on an approved Recognized Obligation Payment Schedule (referred to herein as the ROPS). A ROPS must be prepared twice annually until all enforceable obligations are paid.

### **Discussion**

Previous reports noted that staff would return to the Successor Agency to submit two draft ROPS for approval to comply with the deadlines established under AB 26. The first ROPS covers the period between February 1, 2012 and June 30, 2012 and the second ROPS covers the period between July 1, 2012 and December 31, 2012. For each recognized obligation, the ROPS identifies one or more sources of payment, as required by AB 26. In accordance with Health and Safety Code § 34170.5, staff has also established a Redevelopment Obligation Retirement Fund (RORF) to receive the remittance of property tax revenues from the County to fund certain obligations on the ROPS. By March 1, the initial draft ROPS, adopted by the Successor Agency at this meeting, will be submitted to the Los Angeles County Auditor-Controller for certification. Staff recommends that the Successor Agency adopt the attached Resolutions with ROPS exhibits to pay its obligations.

### Next Steps

Following adoption of the ROPS, staff will forward the ROPS to the County for independent certification. Upon the County Auditor-Controller's approval of the ROPS,

staff will submit the ROPS to the Oversight Board for approval, with a copy sent to the State Controller's Office and the Department of Finance by April 15, 2012, and a copy posted on the City's website.

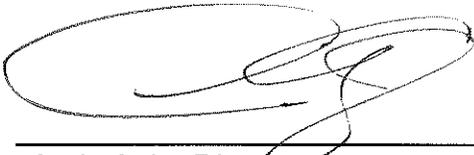
On May 16, 2012, and on each January 16 and June 1 thereafter, the County Auditor-Controller will transfer funds into the Successor Agency's Redevelopment Obligation Retirement Fund (RORF) to pay enforceable obligations listed on the certified ROPS.

**Financial Impacts & Budget Actions**

There are no budgetary impacts associated with the adoption of the resolutions and ROPS. The ROPS simply sets forth the Successor Agency's existing financial obligations, which are included in the FY11-13 Revised Budget.

**Prepared by:** Nia Tang, Acting Administrative Services Officer

**Approved:**



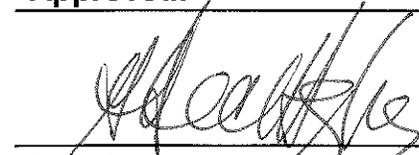
Andy Agle, Director  
Housing and Economic Development

**Forwarded to Council:**



Rod Gould  
City Manager

**Approved:**



Gigi Decavalles-Hughes  
Director, Finance

Attachments:

- Attachment A: Resolution – 1<sup>st</sup> ROPS
- Attachment B: Resolution – 2<sup>nd</sup> ROPS

RESOLUTION NO. \_\_\_\_ (SA)

A RESOLUTION OF THE SANTA MONICA REDEVELOPMENT SUCCESSION AGENCY  
APPROVING AND ADOPTING THE RECOGNIZED OBLIGATION PAYMENT  
SCHEDULE FOR FEBRUARY 2012 – JUNE 2012

WHEREAS, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) (the “Redevelopment Law”), the City Council of the City of Santa Monica (the “Council”) adopted the Earthquake Recovery Redevelopment Project by Ordinance No. 1747 (CCS) on June 21, 1994, the Downtown Redevelopment Project by Ordinance No. 1021 (CCS) on January 13, 1976, the Ocean Park 1A Project by Ordinance No. 497 (CCS) on June 30, 1960, and the Ocean Park 1B Project by Ordinance No. 516 (CCS) on January 24, 1961 (collectively the “Redevelopment Plans”); and

WHEREAS, the California Legislature adopted, and the Governor signed, Assembly Bill No. 26 and 27 (2011-2012 1<sup>st</sup> Ex. Sess.) enacted as Stats. 2011, 1<sup>st</sup> Ex. Sess. 2011-2012, chs. 5-6 (hereinafter AB 26 and AB 27) into law; and

WHEREAS, in July 2011, *California Redevelopment Agency v. Matosantos* was filed in the California Supreme Court, challenging the constitutionality of AB 26 and AB 27, and on December 29, 2011, the Supreme Court issued its opinion in *Matosantos*, upholding AB 26 and exercising its power of reformation to revise and extend each effective date or deadline for performance of an obligation in part 1.85 of division 24 of the Redevelopment Law, and invalidating AB 27; and

WHEREAS, the City of Santa Monica is the designated Successor Agency of the Redevelopment Agency of the City of Santa Monica, within the meaning of AB 26; and

WHEREAS, Section 34177(a)(1) of the Redevelopment Law, as reformed by the California Supreme Court in *Matosantos*, provides that on or after February 1, 2012, and until a Recognized Obligation Payment Schedule becomes operative, only payments required pursuant to an enforceable obligations payment schedule shall be made; and

WHEREAS, Section 34177(a)(3) of the Redevelopment Law, as reformed by the California Supreme Court in *Matosantos*, provides that commencing on May 1, 2012, only those payments listed in a Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule; and

WHEREAS, under Title 14 of the California Code of Regulations, Section 15061(b)(3), the approval of a Recognized Obligation Payment Schedule is exempt from the requirements of the California Environmental Quality Act (“CEQA”), in that it is not a project as the adoption of a Recognized Obligation Payment Schedule will not have the potential of causing a significant environmental effect and it can be seen with certainty that there is no possibility that the adoption of Recognized Obligation Payment Schedule will have any significant effect on the environment; and

WHEREAS, the Successor Agency has reviewed and duly considered the Recognized Obligation Payment Schedule for the period February 2012 – June 2012, inclusive, attached as Exhibit 1, and other written evidence presented at the meeting, if any.

NOW, THEREFORE, THE SUCCESSOR AGENCY DOES RESOLVE AS FOLLOWS:

SECTION 1. The Successor Agency hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. The Successor Agency hereby approves and adopts the draft the Recognized Obligation Payment Schedules for the period February 2012 – June 2012,

inclusive, attached as Exhibit 1 (referenced hereinafter as “the Recognized Obligation Payment Schedule”).

SECTION 3. The Successor Agency authorizes the Chief Administrative Officer or his designee to:

- (1) Obtain certification of the Recognized Obligation Payment Schedule by the County Auditor-Controller;
- (2) Submit the certified Recognized Obligation Payment Schedule to the Oversight Board for approval;
- (3) Submit copies of the Recognized Enforceable Obligation Payment Schedule to the County Auditor-Controller and both the State Controller’s Office and the State Department of Finance, and post copies of the Recognized Enforceable Obligation Payment Schedule on the Successor Agency’s Internet Web site;
- (4) Designate a Successor Agency representative to respond to all questions related to the Recognized Obligation Payment Schedule; and
- (5) Take such other actions and execute such other documents as are appropriate to effectuate the intent of this Resolution and to implement the Recognized Obligation Payment Schedule on behalf of the Successor Agency.

SECTION 4. The Secretary of the Successor Agency shall certify the adoption of this Resolution and thenceforth and thereafter the same shall be in full force and effect.

APPROVED AS TO FORM:

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MARSHA JONES MOUTRIE  
Successor Agency Counsel

Exhibit 1  
 Successor Agency of the Redevelopment Agency of the City of Santa Monica  
 All Project Areas  
 DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
 Six Months Ended June 30, 2012  
 Per AB 26

	Project Name / Debt Obligation	Project Area	Source of Funds	Payee	Description	Payments by month						Total
						Jan <sup>1</sup>	Feb	March	April	May	June	
1)	Wells Fargo Term Loan	Earthquake	RORF	Wells Fargo	Public uses, including affordable housing	-	81,096	81,096	81,096	81,096	4,438,897	4,763,281
2)	2011 Earthquake RDA Bonds	Earthquake	RORF	Union Bank	Public uses, including affordable housing	-	-	-	-	-	1,131,206	1,131,206
3)	2011 Earthquake RDA Bonds Reserves	Earthquake	Reserve Balance from Bond Proceeds	Union Bank/Reserves	2011 Earthquake RDA Bonds Reserves	-	2,262,413	-	-	-	-	2,262,413
4)	2006 Earthquake RDA Series A Bonds	Earthquake	RORF	Union Bank	Property acquisition and improvements	-	-	-	-	-	1,113,647	1,113,647
5)	2006 Earthquake RDA Series B Bonds	Earthquake	RORF	Union Bank	Property acquisition and improvements	-	-	-	-	-	2,115,138	2,115,138
6)	Increment Stabilization Reserve	Earthquake	RORF	Union Bank/Reserves	2006 Earthquake RDA Series A and B Bonds Increment Stabilization Reserves <sup>2</sup>	-	4,452,569	-	-	-	-	4,452,569
7)	2002 Ocean Park Bonds	Ocean Park	RORF	Mellon Bank	Property acquisition and development, including affordable housing	-	-	-	-	-	1,499,005	1,499,005
8)	2002 Ocean Park Bond Payment Reserves	Ocean Park	Reserve Balance from Bond Proceeds	Mellon Bank/Reserves	2002 Ocean Park Bonds Reserves	-	1,749,260	-	-	-	-	1,749,260
9)	2002 Ocean Park Bond - Plan Limit Special Fund	Ocean Park	Reserve	Mellon Bank/Special Fund	2002 Ocean Park Bonds Plan Limit Special Fund Per Indenture	-	1,695,919.00	-	-	-	-	1,695,919.00
10)	Bank of America Line of Credit	Earthquake	RORF	Bank of America	Affordable housing development	-	-	-	-	-	1,987,390	1,987,390
11)	Civic Center Joint Use Agreement	Earthquake	RORF	Santa Monica Malibu School District	Civic Center Joint Use Project	-	-	1,784,344	-	-	5,865,000	7,649,344
12)	Property Based Assessment District	Earthquake	RORF	Downtown Santa Monica, Inc.	Assessment Fees for Agency Property in Property Based Assessment District	-	-	-	-	257,099	-	257,099
13)	Affordable Housing Agreement	Earthquake	RORF	Housing Authority	Agreement to Perform Affordable Housing Functions and Operations	-	-	-	-	-	1,000,000	1,000,000
14)	Administrative Cost Allowance	All	RORF	Successor Agency <sup>3</sup>	FY 2011-12 5% Administration Costs	-	377,978	377,978	377,978	377,978	377,978	1,889,890
15)	Oversight Board Costs	All	RORF	Successor Agency <sup>3</sup>	Oversight Board Meeting Costs <sup>4</sup>	-	10,000	10,000	10,000	10,000	10,000	50,000
16)	1978 Promissory Notes	Downtown	RORF	City of Santa Monica	Property acquisition	-	-	-	-	-	1,714,000	1,714,000
17)	AB 1290 Statutory pass-Through Payment	Earthquake	Successor Agency Custodial Account	LA County General Fund	Estimated AB 1290 Pass-through Payments for November 2011 through January 2012 <sup>5</sup>	-	-	1,228,971	-	-	-	1,228,971
18)	AB 1290 Statutory pass-Through Payment	Downtown	Successor Agency Custodial Account	LA County General Fund	Estimated AB 1290 Pass-through Payments for November 2011 through January 2012 <sup>5</sup>	-	-	118,708	-	-	-	118,708
19)	FY 11-12 Pass-Through Est.	Earthquake	Successor Agency Custodial Account	Various Taxing Entities	Estimated Pass-through Payment for November 2011 through January 2012 <sup>5</sup>	-	-	6,005,035	-	-	-	6,005,035
20)	FY 11-12 Pass-Through Est.	Downtown	Successor Agency Custodial Account	Various Taxing Entities	Estimated Pass-through Payment for November 2011 through January 2012 <sup>5</sup>	-	-	172,342	-	-	-	172,342
21)	ERAF FY 10-11	Earthquake	Reserve	LA County	ERAF <sup>6</sup>	-	1,202,546	-	-	-	-	1,202,546
22)	ERAF Impound FY 10-11	Earthquake	Reserve	LA County	ERAF Impound <sup>6</sup>	-	2,789,150	-	-	-	-	2,789,150
<b>Total</b>											<b>44,957,023</b>	

- 1) All payments due in the month of January 2012 have been paid.
- 2) 2006 reserve amount is based on the maximum annual principal and interest payment due for 2006 Earthquake RDA Series A and B bonds combined.
- 3) City of Santa Monica has elected to be designated as the Successor Agency.
- 4) Listed expenditures are estimates.
- 5) Pass-through payment amounts are carried over from November 2011-Jan 2012.
- 6) Amounts are carried over from FY 2010-2011. These amounts may be adjusted pending the final outcome of the LAUSD Case

RESOLUTION NO. \_\_\_\_ (SA)

A RESOLUTION OF THE SANTA MONICA REDEVELOPMENT SUCCESSION AGENCY  
APPROVING AND ADOPTING THE RECOGNIZED OBLIGATION PAYMENT  
SCHEDULE FOR JULY 2012 – DECEMBER 2012

WHEREAS, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) (the “Redevelopment Law”), the City Council of the City of Santa Monica (the “Council”) adopted the Earthquake Recovery Redevelopment Project by Ordinance No. 1747 (CCS) on June 21, 1994, the Downtown Redevelopment Project by Ordinance No. 1021 (CCS) on January 13, 1976, the Ocean Park 1A Project by Ordinance No. 497 (CCS) on June 30, 1960, and the Ocean Park 1B Project by Ordinance No. 516 (CCS) on January 24, 1961 (collectively the “Redevelopment Plans”); and

WHEREAS, the California Legislature adopted, and the Governor signed, Assembly Bill No. 26 and 27 (2011-2012 1<sup>st</sup> Ex. Sess.) enacted as Stats. 2011, 1<sup>st</sup> Ex. Sess. 2011-2012, chs. 5-6 (hereinafter AB 26 and AB 27) into law; and

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WHEREAS, the Successor Agency has reviewed and duly considered the Recognized Obligation Payment Schedule for the period July 2012 – December 2012, inclusive, attached as Exhibit 1, and other written evidence presented at the meeting, if any.

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MARSHA JONES MOUTRIE  
Successor Agency Counsel

Exhibit 1  
 Successor Agency of the Redevelopment Agency of the City of Santa Monica  
 All Project Areas  
**DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE**  
 Six Months Ended December 31, 2012  
 Per AB 26

	Project Name / Debt Obligation	Project Area	Source of Funds	Payee	Description	Payments by month						Total
						July	Aug	Sept	Oct	Nov	Dec	
1)	Wells Fargo Term Loan	Earthquake	RORF	Wells Fargo	Public uses, including affordable housing	-	72,086	72,086	72,086	72,086	4,423,879	4,712,223
2)	2011 Earthquake RDA Bonds	Earthquake	RORF	Union Bank	Public uses, including affordable housing	-	-	-	-	-	1,131,206	1,131,206
3)	2011 Earthquake RDA Bonds Reserves	Earthquake	Reserve Balance from Bond Proceeds	Union Bank/Reserves	2011 Earthquake RDA Bonds Reserves	-	2,262,413	-	-	-	-	2,262,413
4)	2006 Earthquake RDA Series A Bonds	Earthquake	RORF	Union Bank	Property acquisition and improvements	-	-	-	-	-	1,113,647	1,113,647
5)	2006 Earthquake RDA Series B Bonds	Earthquake	RORF	Union Bank	Property acquisition and improvements	-	-	-	-	-	55,000	55,000
6)	Increment Stabilization Reserve	Earthquake	RORF	Union Bank/Reserves	2006 Earthquake RDA Series A and B Bonds Increment Stabilization Reserves <sup>1</sup>	-	4,452,569	-	-	-	-	4,452,569
7)	2002 Ocean Park Bonds	Ocean Park	RORF	Mellon Bank	Property acquisition and development, including affordable housing	-	-	-	-	-	219,630	219,630
8)	2002 Ocean Park Bond Payment Reserves	Ocean Park	Reserve Balance from Bond Proceeds	Mellon Bank/Reserves	2002 Ocean Park Bonds Reserves	-	1,749,260	-	-	-	-	1,749,260
9)	2002 Ocean Park Bond - Plan Limit Special Fund	Ocean Park	RORF	Mellon Bank/Special Fund	2002 Ocean Park Bonds Plan Limit Special Fund Per Indenture <sup>2</sup>	3,849,165	-	-	-	-	-	3,849,165
10)	175 Ocean Park Blvd. Lease Payments	Ocean Park	RORF	Housing Authority of the County of Los Angeles	175 Ocean Park Blvd. Lease Payments	-	-	-	-	-	166,349	166,349
11)	Bank of America Line of Credit	Earthquake	RORF	Bank of America	Affordable Housing Development	-	-	-	-	-	2,019,696	2,019,696
12)	Arizona and 4th Notes Payable	Earthquake	RORF	Spurgin et al	Property acquisition	-	-	-	-	-	3,300,000	3,300,000
13)	Promissory Notes: 2003 Parking Structures 1-6 Acquisition	Earthquake	RORF	Parking Authority	Promissory Note A	-	-	-	-	-	2,551,505	2,551,505
14)	Promissory Notes: 2003 Parking Structures 1-6 Acquisition	Earthquake	RORF	Parking Authority	Promissory Note B	-	-	-	-	-	1,118,820	1,118,820
15)	Administrative Cost Allowance	All	RORF	Successor Agency <sup>3</sup>	FY 2012-13 3% Administration Costs	201,391	201,391	201,391	201,391	201,391	201,391	1,208,346
16)	Oversight Board Costs	All	RORF	Successor Agency <sup>3</sup>	Oversight Board Meeting Costs <sup>4</sup>	10,000	10,000	10,000	10,000	10,000	10,000	60,000
17)	AB 1290 Statutory pass-Through Payment	Earthquake	Successor Agency Custodial Account	LA County General Fund	Estimated AB 1290 Pass-through Payments for November 2011 through January 2012 <sup>5</sup>	-	-	1,228,971	-	-	-	1,228,971
18)	AB 1290 Statutory pass-Through Payment	Downtown	Successor Agency Custodial Account	LA County General Fund	Estimated AB 1290 Pass-through Payments for November 2011 through January 2012 <sup>5</sup>	-	-	118,708	-	-	-	118,708
19)	FY 11-12 Pass-Through Est.	Earthquake	Successor Agency Custodial Account	Various Taxing Entities	Estimated Pass-through Payment for November 2011 through January 2012 <sup>5</sup>	-	-	6,005,035	-	-	-	6,005,035
20)	FY 11-12 Pass-Through Est.	Downtown	Successor Agency Custodial Account	Various Taxing Entities	Estimated Pass-through Payment for November 2011 through January 2012 <sup>5</sup>	-	-	172,342	-	-	-	172,342
21)	ERAF FY 10-11	Earthquake	Reserve	LA County	ERAF <sup>6</sup>	-	1,202,546	-	-	-	-	1,202,546
22)	ERAF Impound FY 10-11	Earthquake	Reserve	LA County	ERAF Impound <sup>6</sup>	-	2,789,150	-	-	-	-	2,789,150
<b>Total</b>											<b>40,278,235</b>	

1) 2006 reserve amount is based on the maximum annual principal and interest payment due for 2006 Earthquake RDA Series A and B bonds combined.  
 2) \$1,695,919 is already in a reserve account an additional \$2,153,246 is required to be added to the reserve account per the 2002 OP Bond Indenture. \$2,153,246 is the amount needed from the RORF for this period.  
 3) City of Santa Monica has elected to be designated as the Successor Agency.  
 4) Listed expenditures are estimates.  
 5) Pass-through payment amounts are carried over from November 2011-Jan 2012.  
 6) Amounts are carried over from FY 2010-2011. These amounts may be adjusted pending the final outcome of the LAUSD Case