Uniform Guidelines for the Implementation

Of Assembly Bill No. 26 of the First Extraordinary Session

(ABX1 26) in Connection with the State of California Budget for

Fiscal Year 2011-2012

Redevelopment Dissolution

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I - Introduction

A) Background

The California Community Redevelopment Law (CRL), which was first enacted in 1945 and expanded in 1951, allowed cities and counties to establish redevelopment agencies (RDAs) to address blight. In 1952, voters approved a constitutional amendment to allow tax increment to fund redevelopment projects and to be pledged for repayment of bonds. Although redevelopment may help revive localized blight and equalize economic activity, post Proposition 13 this essentially diverts resources from schools, counties, special districts and core city services such as law enforcement, fire protection, road maintenance, parks, libraries and other local services. With the difficult economic times in California, the State had been re-evaluating the use of tax increment financing for redevelopment activities.

Shortly after taking office in January 2011 newly elected Governor Brown, as part of budget development, targeted the dissolution of RDAs as a way to provide more resources to local governments in the long term as well as to help with the state budget in the short term. This resulted in draft bill language circulating in February which included these key provisions: 1) The cessation of all RDAs with Successor Agencies being established to wind down RDA affairs; 2) Oversight Committees to oversee the Successor Agencies; 3) Requires repayment of all recognized obligations of the RDA including the continuation of pass-through payments to Affected Taxing Entities; 4) Requires county auditors to audit RDAs; 5) Requires county auditors to perform the calculations and administration of the redistribution of the tax increment due the former RDAs to all affected taxing entities except enterprise districts and, in the first year only, to the State as a grant to help fund public health and safety (courts).

As the budget process continued through the spring, mirror bills AB101/SB77 were introduced in each house that contained substantially the same language of the February draft except that enterprise districts were no longer excluded from sharing in the remaining tax increment. During this time RDA supporters introduced counterproposals for “reform” as SB 286 /AB 1250.

As the current legislative session ended neither AB101/SB77 were passed by either house. During the first extended session the legislature passed one day before the State Budget deadline ABX1 26 & ABX1 27, a two bill package affecting RDAs. As the original budget bill submitted by legislature June 14, 2011 was vetoed by the Governor the two bill package along with other trailer bills was not submitted. When the new budget bill was passed ABX1 26 & ABX1 27 were submitted to the Governor who signed them on June 28 and became chaptered on June 29.

ABX1 26 (the Dissolution Act) the first of the two-bill budget package which carries forward much of the same language and key concepts of AB101/SB77 except that the "Public Health and Safety grant" to the State was eliminated. In essence this bill phases out the current tax increment funding mechanism for redevelopment agencies and returns property tax revenues to schools, special districts, cities and counties to help sustain their core functions.

The second bill, ABX1 27 (the Continuation Act), allows redevelopment agencies to avoid dissolution by opting into the Voluntary Alternative Redevelopment Program (VARP). To qualify for the VARP the sponsor community of an RDA must agree to pay its proportionate shares of $1.7 billion in FY 2011-12 and $400 million annually for subsequent years to the County Auditor for redistribution locally. K-12 schools receive the vast majority of the payment in the first year, which will help the State budget by reducing backfill requirements to schools. In subsequent years a portion of the payment is redistributed to special districts providing fire protection services and transit districts and the remainder goes to K-12 schools. Failure by the sponsor community to make the required payment will make their RDA subject to Dissolution under ABX1 26. The property tax administration functions of ABX1 27 are covered in a separate guideline document.

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-2012 State Budget - AB1X 26 and ABX1 27. CRA and the League contend that these two bills are unconstitutional because they violate Proposition 22 which was passed by the voters in November 2010.

On August 11, 2011, the California Supreme Court issued an order in California Redevelopment Assn. v. Matosantos (S194861), directing the parties to show causes why the relief sought in the petition for a writ of mandate should not be granted. The court established an expedited briefing schedule designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012.

In the extended session, the legislature drafted a cleanup bill ABX1 /SBx 1 8 to address some technical issues with both the Discontinuation and VARP bills. SBX1 8 was passed by the legislature on the last day of the session and sent to engrossing and enrolling. The Governor vetoed this bill to allow the unadulterated bills to be adjudicated by the Supreme Court.

On December 29, 2011, the California Supreme Court issued their decision declaring that ABX1 27 was invalid and that ABX1 26 was valid with the exception of H&S §34172(a)(2). The Supreme Court also utilized their power of reformation to revise the effective dates or deadlines in part 1.85 of the law arising before May 1, 2012 by four months with the notable exception of actions to be taken by September 1, 2011 (e.g. §34173(d)(1)) were extended by 15 days, i.e., January 13, 2012 rather than January 1.

B) Overview & Key Concepts of Bill

Under ABX1 26, Dissolution Act, the failure of the legislative body of the city/county (Community) to enact a continuation ordinance to enable its redevelopment agency (RDA) to continue normal operations on or before October 1, 2011, will lead to the dissolution of the RDA and/or community redevelopment commission as of October 1, 2011 *(H&S §34170(a)*).

Under ABX1 26, as of October 1, 2011 redevelopment agencies and community redevelopment commissions in their authority to act as an RDA will cease to exist unless opting into the VARP. Until that date, RDAs are prohibited from specific redevelopment actions (new redevelopment activity and incurrence of debt) other than payment of existing indebtedness and performance of existing contractual obligations. ABX1 26 creates and establishes the duties of Successor Agencies and Oversight Boards, and imposes requirements on county auditor-controllers. The county auditor-controller duties include auditing the obligations of RDAs entering dissolution and the administering of the Redevelopment Property Tax Trust Fund established for each RDA to redistribute its tax increment under specified formulas. The restrictions on RDA operations are intended to preserve the revenues and assets of RDAs so that those resources not needed to pay enforceable obligations may be available for use by local governments to fund core governmental services. ABX1 26 also allows a community development commission to retain its authority in its capacity as a housing authority or for any other community development non-redevelopment purpose. However, unused balances in the Low and Moderate Income Housing Fund would be transferred to the Successor Agency and disbursed to the local taxing entities.

The bill also requires the California Law Revision Commission to draft a Community Redevelopment Law cleanup bill for consideration by the Legislature by January 13, 2013.

C) Guideline Objectives

As with previous guidelines developed to implement other provisions of law, the objective of these guidelines are to: (1) develop a reasonable document counties may rely upon as an accepted standard to follow in complying with the statutes, (2) promote uniformity in the implementation of the statutes and (3) eliminate un-necessary and costly time consuming and burdensome documentation and record keeping.

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II – Overview of Restrictions of RDA Activities, Effect of Dissolution of RDAs & Successor Agencies

A) Effect of RDA Dissolution and Restrictions

Effective October 1, 2011, all redevelopment agencies and redevelopment agency components of community development agencies will be dissolved (*H&S §34172(a)(1)*) and no longer exist as a public body, corporate or politic. Authority to transact business or exercise powers previously granted under the Community Redevelopment Law (Part 1, commencing with H&S §33000) is withdrawn from former RDAs (*H&S §31472(b)*). Examples of authority withdrawn from community redevelopment agencies includes, incurring new indebtedness or expanding existing monetary or legal obligations, amending agreements, entering into contracts (for complete restrictions see *H&S §34161* through *34165*).

Any actions taken by the RDA that conflict with the referenced section above are considered void.

No legislative body or local government shall have the statutory authority to create or otherwise establish a new redevelopment agency or community development commission *(H&S §34166)*. The Supreme Court invalidated the bill's provision allowing a community in which an agency has been dissolved may create a new agency once the successor entity has paid off all the former agency's enforceable obligations (*H&S §34172. (a) (2)*).

Despite this dissolution, community development commissions retain their authority to act in its capacity as a housing authority. Community development commissions derive their authority solely from federal or local laws, or from state laws other than the Community Redevelopment Law *(H&S §34172 (a)*).

The city, county, or city and county that authorized the creation of a redevelopment agency may elect to retain the housing assets and functions previously performed by the redevelopment agency. Upon such election, all rights, powers, duties, and obligations, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, shall be transferred to the city, county, or city and county (*H&S §34176(a)*).

If no one elects to retain the responsibility for performing housing functions, all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, (excluding any amounts in the Low and Moderate Income Housing Fund), shall be transferred as follows:

- Where there is one local housing authority in the territorial jurisdiction of the former redevelopment agency, to that local housing authority.

- Where there is no local housing authority in the territorial jurisdiction of the former redevelopment agency, to the Department of Housing and Community Development.
- Where there is more than one local housing authority in the territorial jurisdiction of the former redevelopment agency, to the local housing authority selected by the city, county, or city and county that authorized the creation of the redevelopment agency.

B) RDA Responsibilities

Until a Successor Agency is authorized, RDAs are required to make all scheduled payments for enforceable obligations *(defined in H&S §34167(d)*) and perform all required activities related to enforceable obligations, such as continuing disclosures and preservation of tax-exempt status of interest payable on outstanding bonds. For complete responsibilities, see *H&S §34169 (a) through (h)*.

The revenue and assets of RDAs that are not needed to pay for enforceable obligations of the RDA are to be preserved for use by local governments to fund core government services such as police, fire and schools *(H&S §34167(a))*.

RDAs must adopt an **Enforceable Obligation Payment Schedule** at a public meeting by **August 29, 2011** (within 60 days of effective date) *H&S §34169(g)(1),* and are required to post the schedule on the agency or its sponsoring community's website. The schedule may be amended at any public meeting of the agency and amendments must be posted on the agency's website at least three (3) days prior to making a payment pursuant to such amendments. The RDA is to transmit the Enforceable Obligation Payment Schedule to the County Auditor -Controller, the State Controller, and the Department of Finance by mail or electronically. Alternatively, a notification indicating the location on the internet website of the schedule and schedule amendments is sufficient to meet this requirement.

The Enforceable Obligation Payment Schedule must include the following information for each obligation:

- The project name associated with the obligation.
- The payee.
- Short description of the nature of the work, product, service, facility, or other thing of value for which payment is to be made.
- The amount of payments to be made, by month, through December 2011.

RDAs are required to prepare a preliminary draft of the initial **Recognized Obligation Payment Schedule** and provide it to their Successor Agency by **September 30, 2011.**

C) Successor Agencies

The Successor Agency will be the Sponsoring Community of the Redevelopment Agency (RDA) unless it elects not to serve in that capacity. In that case, pursuant to *H&S §34173* the Successor Agency will be the first taxing entity submitting to the County Auditor-Controller a duly adopted resolution electing to become the Successor Agency. For special rules applied to successor agencies for RDAs in the form of a Joint Powers Authority (JPA) see *H&S §34173.*

Successor Agencies to the former redevelopment agencies are granted all authority, rights, powers, duties and obligations previously vested with the former redevelopment agencies, under the Community Redevelopment Law that remains in existence *(H&S §34173 (a and b)*).

All assets, properties, contracts, leases, books and records, buildings, and equipment of the former redevelopment agency are transferred on October 1, 2011, to the control of the Successor Agency. (*H&S §34175(b)*). Successor Agency's liability is limited to the extent of the total sum of property tax revenues it receives and the value of assets transferred to it (*H&S §34173(e)*).

Pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. The cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge. (*H&S §34175 (a)*).

The actions of the Successor Agency will be directed, monitored, and in some cases approved, by a seven member Oversight Board.

For a complete list of Successor Agency responsibilities see *H&S §34177;* Examples of Successor Agency responsibilities include:

- Continue to make payments due for enforceable obligations of the former RDA.
- Enforce all former redevelopment agency rights for the benefit of the taxing entities.
- Expeditiously dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board and transfer these funds to the county **auditor-controller** for distribution as property tax proceeds.
- Effectuate the transfer of assets to the appropriate entity designated pursuant to *H&S §34176*.

- Remit unencumbered balances of redevelopment agency funds to the **county auditor-controller** for distribution to the taxing entities, including, but not limited to, the unencumbered balance of the Low and Moderate Income Housing Fund. In making the distribution, the **county auditor-controller** shall utilize the same methodology for allocation and distribution of property tax revenues provided in *H&S §34188*.

- Prepare a Recognized Obligation Payment Schedule for each six month period of each fiscal year, including identifying one or more sources of payment (*H&S §34177(l)(1)*) for all Enforceable Obligations of the former RDA.

- Prepare administrative budgets for Oversight Board approval and pay administrative costs (See "Administrative Cost Allowance" in definition of Terms).

- The proposed administrative budget shall include all of the following:
  1. Estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period.
  2. Proposed sources of payment for the costs (*H&S §34177(l)(1)*).
  3. Proposals for arrangements for administrative and operations services provided by a city, county, city and county, or other entity.

- Provide administrative cost estimates, to the county auditor-controller for each six-month fiscal period. The cost estimates are based on the approved administrative budget and are paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund.

Recognized Obligation Payment Schedule:

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

- By **November 1, 2011,** a **draft Recognized Obligation Payment Schedule** is prepared by the Successor Agency for the enforceable obligations of the former redevelopment agency.

- From **October 1, 2011, to July 1, 2012,** the initial draft of that schedule shall project the dates and amounts of scheduled payments for each enforceable obligation for the remainder of the time period during which the redevelopment agency would have been authorized to obligate property tax increment had such a redevelopment agency not been dissolved, and shall be reviewed and certified, as to its accuracy by an **external auditor** designated pursuant to *H&S §34182*.

- The certified Recognized Obligation Payment Schedule is submitted to and duly approved by the Oversight Board.

- A copy of the approved Recognized Obligation Payment Schedule is submitted to the **county auditor-controller** and to both the State Controller's Office (SCO) and the Department of Finance (DOF) and is posted on the Successor Agency's internet web site.

The recognized obligation payment schedule may be amended by the Successor Agency at any public meeting and shall be subject to the approval of the Oversight Board as soon as the board has sufficient members to form a quorum.

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

Nothing in the act adding this part is to be construed as preventing a Successor Agency, with the prior approval of the Oversight Board, as described in *H&S §34179*, from making payments for enforceable obligations from sources other than those listed in the Recognized Obligation Payment Schedule.

Agreements, contracts, other arrangements:

Commencing on the operative date of this part, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid and shall not be binding on the **Successor Agency**; provided, however, that a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency that it is succeeding may do so upon obtaining the approval of its Oversight Board.

However, any of the following agreements are not invalid and may bind the Successor Agency:

- A duly authorized written agreement entered into at the time of issuance, but in no event later than **December 31, 2010**, of indebtedness obligations, and solely for the purpose of securing or repaying those indebtedness obligations.

- A written agreement between a redevelopment agency and the city, county, or city and county that created it that provided loans or other startup funds for the redevelopment agency that were entered into within two years of the formation of the redevelopment agency.

- A joint exercise of powers agreement in which the redevelopment agency is a member of the joint powers authority. However, upon assignment to the Successor Agency by operation of the act adding this part, the Successor Agency's rights, duties, and performance obligations under that joint exercise of powers agreement shall be limited by the constraints imposed on successor agencies by the act adding this part.

For purposes of this chapter with regard to a redevelopment agency that becomes subject to this part pursuant to Section 34195, only references to "**October 1, 2011**," and to the "**operative date of this part**" shall be modified in the manner described in Section 34191. All other dates shall be modified only as necessary to reflect the appropriate fiscal year or portion of a fiscal year.

D) Oversight Boards *(H&S §34179, 34180, 34181)*

Each Successor Agency will have an Oversight Board consisting of seven (7) appointed members (*H&S §34179(a)(1) through (10)*). An Oversight Board directs the Successor Agencies in winding down redevelopment activities pursuant to *H&S §34181* and must approve certain actions taken by the Successor Agencies as defined in *H&S §34180.*

The names of Oversight Board members, along with their elected chairperson, shall be reported to the Department of Finance (DOF) by **May 1, 2012.** Positions not filled by **May 15, 2012** or any position that remains vacant for more than 60 days, may result in Governor appointment to fill any vacancies. (*H&S §34179 (b)*). Any individual may simultaneously be appointed to up to 5 Oversight Boards and may hold an office in a city, county, city and county, special district, school district, or community college district unless the offices are incompatible (*see GC §1099*).

Oversight Boards have fiduciary responsibilities to holders of enforceable obligations and taxing entities that benefit from distributions of property tax and other revenues pursuant to *H&S §34188*. They have the authority to appeal any judgment or to set aside any settlement or arbitration decision (*H&S §34171(d)(1)(D)*) and also, approve the administrative cost allowance (*H&S §34171(b)*).

Because the DOF may review any action of the Oversight Board, all actions <u>shall not be effective for three business days</u> (pending a request for review by the department). If the DOF makes a request to review an action, the DOF will have 10 days from the date of the request to approve the action or return it to the board for reconsideration. If this happens the action cannot be effective until the DOF approves. This means the Oversight Board will have to resubmit to the DOF until approved. Each Oversight Board shall designate an official to whom the DOF may make a request. In doing so the Oversight Board is responsible to provide the DOF with the telephone number and e-mail contact information.

On or after July 1, 2016 Counties that have more than one Oversight Board shall only have one Oversight Board *(H&S §34179(j)*).

If the Oversight Board has vacancies not filled by **July 15, 2016** or any position that remains vacant for more than 60 days, the Governor may appoint individuals to fill any Oversight Board member position *(H&S §34179(k)*).

Oversight Boards will cease to exist when all of the indebtedness of the dissolved redevelopment agency has been repaid *(H&S §34179(m)*).

E) Stabilization of Labor and Employment Relations

H&S §34190 attempts to stabilize the labor and employment relations of redevelopment agencies and successor agencies. This act is not intended to relieve any redevelopment agency of its obligations, prior to the dissolution, a redevelopment agency shall retain the authority to meet and confer over matters within the scope of representation *(H&S §34190(b)*). The Successor Agency shall:

- Become the employer of all employees of the redevelopment agency as of the date of the RDAs dissolution *(H&S §34190(e)*).
- Retain the authority to bargain over matters within the scope of representation.
- Assume the obligations under any memorandum of understanding between the redevelopment agency and the employee organization as of the date of the redevelopment agency's dissolution.

Costs incurred by the local agency employer representatives in performing those duties and responsibilities are not reimbursable as state-mandated costs *(H&S §34190(f)*).

Transferred memorandums of understanding and the right of any employee organization representing such employees to provide representation shall continue as long as the memorandum of understanding would have been in force, pursuant to its own terms.

- After the expiration of the transferred memorandum of understanding, the Successor Agency shall continue to be subject to the provisions of the Meyers-Milias-Brown Act
    - o Note: The purpose of the Meyers-Milias-Brown Act is to promote full communication between public employers and their employees by providing a reasonable method of resolving disputes regarding wages, hours, other terms and conditions of employment between public employers and public employee organizations.
- Individuals that are formerly employed by redevelopment agencies that are subsequently employed by successor agencies shall, for a minimum of

two years, transfer their status and classification in the civil service system of the redevelopment agency to the Successor Agency.

III – Auditor-Controller Responsibilities

A) Overview and Key Concepts

Under this bill revenues that would have been distributed to redevelopment agencies prior to their dissolution will instead be deposited by County Auditors into ***Redevelopment Property Tax Trust Funds*** (RPTTF) created in the County Treasury for each dissolved RDA. The County Auditor administers the RPTTF and disburses twice annually from this fund pass-through payments to affected taxing entities, an amount equal to the total of obligation payments that are required to be paid from tax increment as denoted on the ***Recognized Obligation Payment Schedule*** to ***Recognized Obligation Retirement Funds*** (RORF) established in the treasury of the Successor Agencies, and various allowed administrative fees and allowances. Any remaining balance is then distributed by the County Auditor back to affected taxing entities under a prescribed method that accounts for pass-through payments. The County Auditor is also responsible for distributing other moneys received from the Successor Agency (from sale of assets etc.) to the affected taxing entities.

Successor agencies in turn will use the amounts deposited into their respective RORF for making payments on the principal of and interest on loans, and moneys advanced to or indebtedness incurred by the dissolved redevelopment agencies (*H&S §34172(d)*).

While some RDAs are anticipated to immediately go into Dissolution on Oct 1 of 2011 at the onset of this bill, other RDAs that originally opted into the Voluntary Alternative Redevelopment Program under ABx1 27 may also enter Dissolution at some point in the future.

Under this legislation the Auditor-Controller is not expected to make substantial changes to current property tax distribution cycles and other basic property tax processes. To that end Auditor-Controllers are expected to follow other published guidance for the calculations of tax increment calculations and pass-through payments. However, under some circumstances this legislation may require the Auditor-Controller to reduce the amount of pass-through payments to certain Affected Taxing Entities.

This legislation grants the State Controller's Office oversight over Auditor-Controller actions required under the bill and further provides a three day delay in effectiveness for all such actions to allow the SCO the opportunity to request a review.

Broadly speaking under this legislation the county Auditor-Controller is responsible for the following activities and functions which can be classified as one-time and ongoing.

One-time:

- Causing or performing an "agreed upon procedures" audit of each RDA being dissolved within the county. As this is an "audit" activity rather than a property tax administration function it will not be covered in these guidelines. The *State Association of County Auditors* may issue separate guidelines to cover these activities.

- Establishing new ***Redevelopment Property Tax Trust Fund (RPTTF)*** for each RDA that enters dissolution

- Reporting

Ongoing:

- Calculating the amount of Property Tax Revenues that would have been due the former RDA as Tax Increment

- Administering the RPTTF, including deposits, distributions and reporting of related activities

- Distributing other moneys received from the Successor Agency (proceeds for asset sales and unencumbered funds) and related reporting.

All actions taken by the Auditor-Controller related to this legislation are not effective for three business days subject to review by the State Controller.

B) One Time Activities – when RDA Enters Dissolution

1. Cause Audit of RDA – addressed in other guidelines

2. Creation of Redevelopment Property Tax Trust Funds

a. For each RDA entering dissolution the county auditor-controller shall create a Redevelopment Property Tax Trust Fund (RPTTF) in the county treasury. [*H&S §34170.5(b) & H&S §34185*]

b. The RPTTF should be set up as interest bearing with the earned interest being deposited into the fund.

c. The county auditor-controller shall administer the RPTTF for the benefit of the holders of enforceable obligations and taxing entities that receive pass-through payments under this part [*H&S §34182(c)(2.)*

d. Accounting should be done at the Project Area level and County Auditor-Controllers may wish to consider establishing separate accounts within the RPTTF (or separate RPTTFs) for RDAs with separate project areas to facilitate accounting and reporting.

3. Results of First Year Reporting

a. By October 1, 2012 report to the DOF and SCO the following specialized reporting for first year ending June 30, 2012. [*H&S §34182(d)*]. Copies of these reports should also be provided to Successor Agencies so that they may meet their reporting requirements to Affected Taxing Entities and as a courtesy as well.

   i. Property Tax Revenues deposited to the RPTTF.

   ii. Pass-through payments made to Affected Taxing Entities.

   iii. Recognized Obligation Payment Schedule (ROPS) payments remitted to Successor Agencies.

   iv. Administrative Cost Allowances paid to Successor Agencies.

   v. Residual amounts distributed to Affected Taxing Entities.

   vi. Any reductions to distributions due to insufficient moneys available to satisfy enforceable obligations per *H&S §34183(b)* – see **III C 2 b vii** page 24

b. This reporting should be summarized by each RDA and detailed by project area if appropriate. Pass-through payments and residual distributions should also be reported at the affected taxing entity level.

c. Counties should consider providing these reports to the public via web access.

d. Standardized reporting to be developed with DOF/SCO

C) Ongoing Activities

1. Calculation of Property Tax Revenues

The Property Tax Revenues (the tax increment that would have gone to the RDA as if it still existed see Chapter E-3 of the *Property Tax Managers Reference Manual*) are to be deposited following the county's regular distribution cycles into each RDA's Property Tax Trust Funds (RPTTF) as follows:

a. Calculate the Secured (including State Assessed) & Unsecured Tax Increment using the August 20th equalized roll [§*34182(c)*] due the former RDA.

b. Deposit into the RPTTF the amounts of tax increment calculated above for:

   - Secured
   - Unsecured

c. Supplemental & unitary revenues due the former RDA are to be deposited into the trust fund as normally apportioned.

d. If necessary the amount of tax revenues calculated to be due the Successor Agency should be reduced for both any annual tax increment caps in the former RDA's plan and the "Wind Down" reduction amount per H&S §34187. The "Wind Down" reduction amount is required when obligations on the prior ROPs have been paid-off, matured or otherwise been satisfied. Note that the "wind down" reduction amount may need to be reduced under certain situations – (**See C2bviii** page 25).

e. For FY 2011-12 forward do not give the former RDA's Successor Agency any tax increment for pre-1989 bonds. [*H&S §34183(a)(1)]*

   Note: For FY 2011-12 the RDA Increment will most likely be included in the tax rate calculations for pre-1989 bonds. The reason for this is that at the time of the tax rate calculation which if any RDAs will be entering the voluntary continuation program (*H&S §34183(a)(1))* may not be known. However, since all RDAs are entering dissolution due to the Supreme Court decision, upon dissolution effective date do not distribute the bond tax to the RDA; rather distribute it back to the taxing entity that issued the bond and is levying the tax.

   Note: That some RDAs may have pledged or may otherwise be dependent on the Tax Increment related to pre-1989 bonds to have sufficient funds for debt service. In this situation, contact the Department of Finance and State Controller for guidance.

2. Administration of the RDA's Property Tax Trust Fund (RPTTF)

The RPTTF for each former RDA being dissolved under this legislation is administered by the county auditor-controller for the benefit of holders of former RDAs' enforceable obligations and the taxing entities that receive pass-through payments pursuant to Part 1.85 starting with *H&S §34170*. Administration of the RPTTF consists of three basic functions: deposits, distributions and reporting. The legislation defines that most distributions are to be performed twice each year on the following cycles:

Distribution Date	Covers ROPS to be paid	All Other Distributions
Jan 16th	Jan 1 through June 30th	May 1st through Dec 31st
June 1st	July 1st through Dec 31st	Jan 1st through April 30th

The amounts distributed for ROPS are forward looking to the next six month period while all other distributions are actuals for the period indicated. This will create possible conflicts with ROPS requiring payment between Jan 1 & Jan 16 which should be resolved by the Successor Agency including estimates of these payments on the prior period ROPS to ensure enough money will be available for "dry" period payments.

a. Deposits

The Auditor is to deposit property tax revenues that would have been distributed to the former RDA as tax increment had this bill not been enacted into the respective Successor Agency's RPTTF. See Section III C1 (page 17) Calculation of Property Tax Revenues on the details how to calculate this amount.

i. Interest Earnings: Interest earned by the RPTTF is to be deposited in the RPTTF and as a part of fund balance is available to fund any required distribution.

ii. **Do Not Deposit Other Moneys Received from Successor Agencies into the RPTTF**. See Section III C3 (page 26) Distributions of Other Moneys Received from Successor Agencies.

b. Distributions from the RPTTF

Distributions of the property tax revenues deposited into each former RDA's Property Tax Trust Fund (RPTTF) are to be made in this priority:

- Administration fees to Auditor for administering this bill & to the County Property Tax Administration fees (SB 2557 etc.)
- Pass-through Payments
- Obligation Payments on the **ROPS** that are required to be paid from Property Taxes
- Successor Agency Administrative Cost Allowance
- Invoices from the SCO for Audit & Oversight
- Residual Balance

Before any amounts other than property tax administrative fees due the Auditor-Controller/County are to be distributed out of the RPTTF, a series of calculations must be performed to determine whether the amounts to be distributed as pass-through payments exceed the cap put in place by this legislation.

In essence, if there is any residual amount to be distributed, the legislation limits an ATE's distribution to no more than the ATE's share of the residual distribution calculated as if no pass-through payment was made. Should an ATE's pass-through payment exceed this calculated amount it must be reduced. If, however, the pass-through payment is less than this limit, then the ATE is to receive an additional payment from the residual balance so that when added to the pass-through payment equals the calculated cap.

This cap scheme is to avoid situations where an ATE may become unjustly enriched at the expense of other ATEs. This most likely would affect those ATEs with very high negotiated pass-through agreements (e.g., 100%) and basic aid pass-through payments.

Perform the following calculations prior to making any distributions from the RPTTF: [See Distribution Model Exhibit C]:

i. Administrative Fees: Before making any distributions, the auditor is first to deduct the following administrative fees (H&S §34183):

   1. A-C direct fees – The amount of costs incurred by the auditor to administer this part, including the costs to audit and the administration of the RPTTF.

2. SB2557 – The amount of property tax administrative fees that is to be charged against the property tax revenues deposited into the RPTTF. Although not specified, administration fees for supplemental taxes (R&T §75.60) are not to be affected by this legislation.

ii. Pass-through Payments

1. The Auditor is now to calculate and pay <u>all</u> pass-through payments due the affected taxing entities of the dissolved RDA including Negotiated, Statutory (AB 1290) and Inflation. While prior to dissolution the responsibility to calculate and pay Negotiated and Statutory pass-through payments rested with the former RDA, post dissolution this responsibility is transferred to the auditor rather than the former RDA's Successor Agency. [*H&S 34183(a)(1)*]

2. Do not distribute the pass-through payments at this time as they may require further adjustments. See **vi – Residual Balance** for possible adjustment

3. Pass-through payments may or may not be reported on ROPS/EOPS.

4. ATE property tax shares for purpose of calculating the pass-through payments and possible adjustment required under H&S §34188(a) are:

   a. To be determined on the current property tax allocation laws at the time of the calculation (H&S §34188(b))

   b. To exclude the Sales and Use Tax Triple Flip (R&T §97.68) and the VLF Swap (R&T §97.70). (H&S 34188(b))

   c. For school entities, including ERAF as defined as R&T §95(f)

iii. Recognized Obligation Payments

1. Distribute amounts to Successor Agency's *Recognized Obligation Retirement Fund* (RORF). This distribution is <u>limited to the sum of the obligation payments</u> noted on the Oversight Board approved *Recognized Obligation Payment Schedule* (ROPS) <u>that are required to be paid from property taxes</u>. (H&S) 34183(a)(2)

2. The ROPS covers six month periods beginning Jan 1 2012 through June 30, 2012 and are to be filed with the Auditor so that January 16 distribution funds the January-June period and the June 1st distribution funds the July-Dec period.

3. Items on the ROPS are to be funded in this priority:

   a. Debt service on tax allocation bonds.

   b. Payment on revenue bonds where revenues pledged are insufficient and agency's tax increment revenue is pledged.

   c. Payments on other debt listed on ROPS that are required to be paid by TI.

4. Differences between actual payments made and the estimated obligations on the ROPS must be reported on the subsequent ROPS. The Auditor-Controller shall adjust the amount to be transferred to the Successor Agency for deposit into its RORF for payments listed on its ROPS. The amounts and accounts shall be subject to audit by auditor-controllers and the SCO. (*H&S §34186*)

iv. Successor Agency's Administrative Cost Allowance
H&S §34171

1. Based on authorization by the Oversight Board, pay the Successor Agency administrative cost allowance per *H&S §34171(b)*.

   a. For Fiscal Year 2011-12 only the administrative cost allowance is limited to 5% of the amounts of revenues allocated to the Successor Agency.

   b. For Fiscal Year 2012-13 and following, the administrative cost allowance is limited to 3% of the amounts of revenues allocated to the Successor Agency's RORF, with a minimum of $250,000, or lesser amount if agreed to by the Successor Agency.

   c. The allowance must exclude administrative costs that can be paid out of bond proceeds or sources other than property taxes.

v. SCO Billings *H&S §34183(d)* – Before distributing the Residual Balance (See **vi.** below) pay any invoices presented by the SCO for their costs of audit and oversight.

vi. Residual Balance: Twice a year on a January 16th and June 1st cycle distribute the residual balance of the RPTTF to local agencies and school entities per *H&S §34188.(a)* School entities include K-14 districts, ERAF, and county departments of education.

The calculation of the Residual Balance requires a test to determine if the pass-through payments calculated under Section **ii** above need to be adjusted.

The balance of the RPTTF after distributions required above in sections 1.i. through 1.iv, is calculated as follows:

a. Step 1 Determine the amount of RPTTF to be distributed. This is the actual amount of cash available for distribution after distributions for items i. through v. above.

b. Step 2 Determine the amount available to be distributed after deducting the ROPS payments and Successor Agency's Administrative Cost Allowance (as if the pass-through payments were not yet paid).

   i. Take the balance of the RPTTF after paying administration fees to Auditor, County and SCO.

   ii. Subtract the amount of the ROPs payment.

   iii. Subtract the amount of the Successor Agency's Administrative Cost Allowance.

   iv. Subtract amounts of invoices presented by the SCO for Audit and Oversight. (H&S 34183(d))

   v. This amount is allocated to the Affected Taxing Entities by the ATE's proportionate share of property tax revenue in the TRA for that fiscal year. (H&S 34188)

c. Step 3 Sum by Affected Taxing Entity (ATE) the amount of pass-through payments distributed from the RPTTF (under II.A.2 above).

i. If the total amount of pass-through payment for an ATE exceeds the amount determined for that ATE under 5b4 Step 2 above, then reduce the pass-through amount by the difference.

It is recommended that any adjustment to pass-through payments be posted as separate entries: one for the entire pass-through payment and second offsetting adjustment as required by this paragraph.

ii. If the total amount of pass-through payment for an ATE is less than the amount determined for that ATE under 5b4 Step 2 above, then allocate the difference to the ATE as an additional payment.

iii. For those ATEs with no pass-through payments allocate additional payments equal to the amounts determined under 5b4 Step 2 above.

iv. Distribute the pass-through overages calculated under (1a) as reductions to those affected agencies and distribute the additional payment calculated under (2b) & (3c).

d. While legislation is written as if the RDA is comprised of only a single TRA and is comprised of only one project area, for purposes of these guidelines it is recommended that:

i. Auditors may use weighted average TRA factors for project areas with more than one TRA.

ii. For RDAs with multiple project areas, the auditor should consider performing these calculations at the individual project area. In some circumstances (for example, when debt is issued over multiple projects areas) a combined approach may be appropriate.

vii. Insufficient funds

1. If the Successor Agency reports to the auditor-controller that there is not enough money in the RORF (*H&S §34183(b)*), from other funds transferred from the RDA, or from asset sales and all redevelopment operations to make the distributions required in sections 1.i. through

1.iv. in each six month fiscal year period according to the ROPS, the auditor-controller shall:

a. Notify the SCO and DOF within 10 days of notification from the Successor Agency,

b. Verify that there are insufficient funds and report the findings to the SCO.

2. The Successor Agency must report to the auditor-controller that there are insufficient funds no later than December 1, 2011, and May 1, 2012, and each December 1 and May 1 thereafter.

3. If the SCO concurs that there is insufficient funds, the amount of deficiency shall be deducted as is available from the following sources in the following order:

a. From the amount to be distributed related to any residual balance determined in section 1.v. above,

b. From the amount to be distributed for the Successor Agency administrative cost allowance as determined in section 1.iv. above

c. From the amount to be distributed for pass-through payments as determined in section 1.ii. above, if the RDA made the pass-through payment obligations subordinate to debt service payments required for enforceable obligations, and only for servicing bond debt.

viii. **"Wind Down" Reduction Amount** - H&S Section 34187

As currently written, the legislation contains a wind down provision that requires the amount of Tax Revenues (former TI) going to the Successor Agency to be methodically reduced as obligations on the ROPS are satisfied.

This section requires that as an obligation listed on the ROPS is paid off or retired, the property tax revenue that would have been used for the payment of that obligation is to be distributed to taxing entities in the same manner that property tax would be apportioned per R&T. This would be cumulative in effect, meaning as more obligations are satisfied, the less Tax Revenues would be distributed to the RPTTF.

In practical terms this is to be implemented as a Tax Increment Cap.

This could create problems with having sufficient tax revenues remaining in the RPTTF to satisfy the payments for obligations on the ROPS in situations where the payment requirements for the remaining debt increase upon the payoff of other debt. The clean-up legislation SBx1 8 (approved by the legislature but vetoed by the Governor) attempted to address this issue by adding a provision that this wind down was limited to the extent it doesn't impair the ability to make required ROPS payments.

Accordingly, if and until future legislation declares otherwise, it is interpreted that this provision is to be implemented to the extent that it does not impair the ability to make the required ROPS payment. This means auditors may have to do multiple and iterative calculations of initial amounts of Tax Revenue, the reductions for satisfied obligations, net Tax Revenue to be deposited into RPTTF and the subsequent distributions to determine if sufficient balances remain to satisfy the ROPS distribution requirement. This process may have to be repeated multiple times before any distributions are actually made to ensure any adjustments to **"wind down" reduction** of tax revenue under H&S §34187 is necessary.

ix. Differences in estimated and actual payments on the ROPS are to be reported by Successor Agencies on subsequent ROPS and shall adjust ("true-up") the amounts to be transferred to the RORF. H&S Section 34186. Both the Auditor-Controller and SCO have authority to audit the estimates and actual amounts H&S Section 34186.

c. Reporting

i. Estimated amounts to be distributed from the RPTTF §34182(c)(3) are due each Nov 1 and May.

ii. Actual amounts distributed are not currently required, but recommend that the same information required for the first year under H&S §34182(d) be continued to be reported annually by Oct 1.

3. Distributions of Other Moneys Received from Successor Agencies

a. The auditor is required to distribute other moneys received from the Successor Agency as it wraps up the affairs of the former RDA. These moneys could be the Proceeds from Asset Sales (*H&S §34177(e)*) and Unencumbered Fund Balances (*H&S §34177(d)*) submitted by the Successor Agency

   These other moneys **are not to be deposited into the RPTTF** as the legislation also does not specifically allow it. Furthermore, it has been interpreted that the RPTTF is restricted for only the administration of Property Tax Revenues (Tax Increment that would have gone to former RDA). Accordingly, other moneys if not distributed as of the date of receipt by the auditor will need to be deposited into another trust/clearing fund administered by the auditor

b. These moneys are to be distributed under the methodology set forth under H&S §34188 which requires the distribution to be based upon each ATE's proportional share of property tax revenues in the tax rate area(s) in that fiscal year.

   1. ATE property tax shares for purpose of calculating the pass-through payments and possible adjustment required under H&S §34188(a) are:

      a. To be determined on the current property tax apportionment laws at the time of the calculation (H&S §34188(b))

      b. To exclude the Sales and Use Tax Triple Flip (R&T §97.68) and the VLF Swap (R&T §97.70). (H&S §34188(b))

   2. Calculate Factors based on Property Taxes that would have gone to ATE had it not been for the RDA. Do not use the TRA allocation factors as these only reflect the proportionate share of future taxes to be allocated.

c. The legislation does not specify the timing of these other distributions. However, it is suggested that they be performed by the auditor as of the same day the other revenues are received. Otherwise, the other moneys will need to be deposited into another trust/clearing fund.

4. Relationship with SCO & Their right of review *H&S §34182(f) - TBD*

5. Effects on other Property Tax Administration functions

a. Starting January 1, 2012, the ROPS supersedes the Statement of Indebtedness (SOI), which no longer needs to be prepared (H&S §34177(a)(3) for those RDAs under the Dissolution Act.

b. No specific changes are required to county's current property tax distribution cycles by this legislation. However, if current processes would not allow sufficient amounts of property tax revenues (TI) to be deposited timely enough to make the required distribution dates a county may need to modify its processes. Any county that does not apportion Tax Increment in approximately even amounts during the fiscal year may be affected.

6. Reporting Requirements

The following reporting is required of the Auditor-Controller:

To Be Reported	Deadline	Report To
Estimates of amounts to be allocated and distributed out of the property tax revenues deposited into the RPTTF H&S §34182(c)(3)	November 1 and May 1 of each year	ATEs receiving distributions DOF
Property Tax Revenues or Sums Remitted or Paid: -To the RPTTF related to each former RDA -To each agency receiving pass-through payments -To each Successor Agency for payments on the ROPS -To each Successor Agency for the administrative cost allowance -To each ATE for any residual balance -Any amounts deducted from other distributions due to insufficient funds H&S §34182(d)(1-6)	October 1, 2012 One Time Only per RDA entering Dissolution Recommend this be continued annually after first year	SCO DOF And as a courtesy: Successor Agency & ATEs
Notification by Successor Agency of insufficient funds for ROPS payments H&S §34183(b)	Within 10 days of Notification by Successor Agency	SCO DOF
Verification by A-C of insufficient funds for ROPS payments H&S §34183(b)	After verification of insufficient funds	SCO

IV- Key dates

On and after **October 1, 2011**, and until a Recognized Obligation Payment schedule becomes operative, only payments required pursuant to an enforceable obligations payment schedule shall be made. The initial enforceable obligation payment schedule shall be the last schedule adopted by the redevelopment agency under Section 34169. However, payments associated with obligations excluded from the definition of enforceable obligations by paragraph (2) of subdivision (d) of Section 34171 shall be excluded from the enforceable obligations payment schedule and be removed from the last schedule adopted by the redevelopment agency under Section 34169 prior to the Successor Agency adopting it as its enforceable obligations payment schedule pursuant to this subdivision.

From **October 1, 2011, to July 1, 2012**, a Successor Agency shall have no authority and is hereby prohibited from accelerating payment or making any lump-sum payments that are intended to prepay loans unless such accelerated repayments were required prior to the effective date of this part.

By **December 15, 2011**, for the period of **January 1, 2012, to June 30, 2012** inclusive submit the first Recognized Obligation Payment Schedule to the Controller's office and the Department of Finance.

Commencing on **January 1, 2012**, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule.

Commencing **January 1, 2012**, the Recognized Obligation Payment Schedule shall supersede the **Statement of Indebtedness**, which shall no longer be prepared nor have any effect under the Community Redevelopment Law.

Former redevelopment agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred prior to **January 1, 2012**, shall be made from property tax revenues received in the spring of 2011 property tax distribution, and from other revenues and balances transferred to the Successor Agency.

Exhibit A - ABX1 26 RDA Dissolution – Flow of Funds

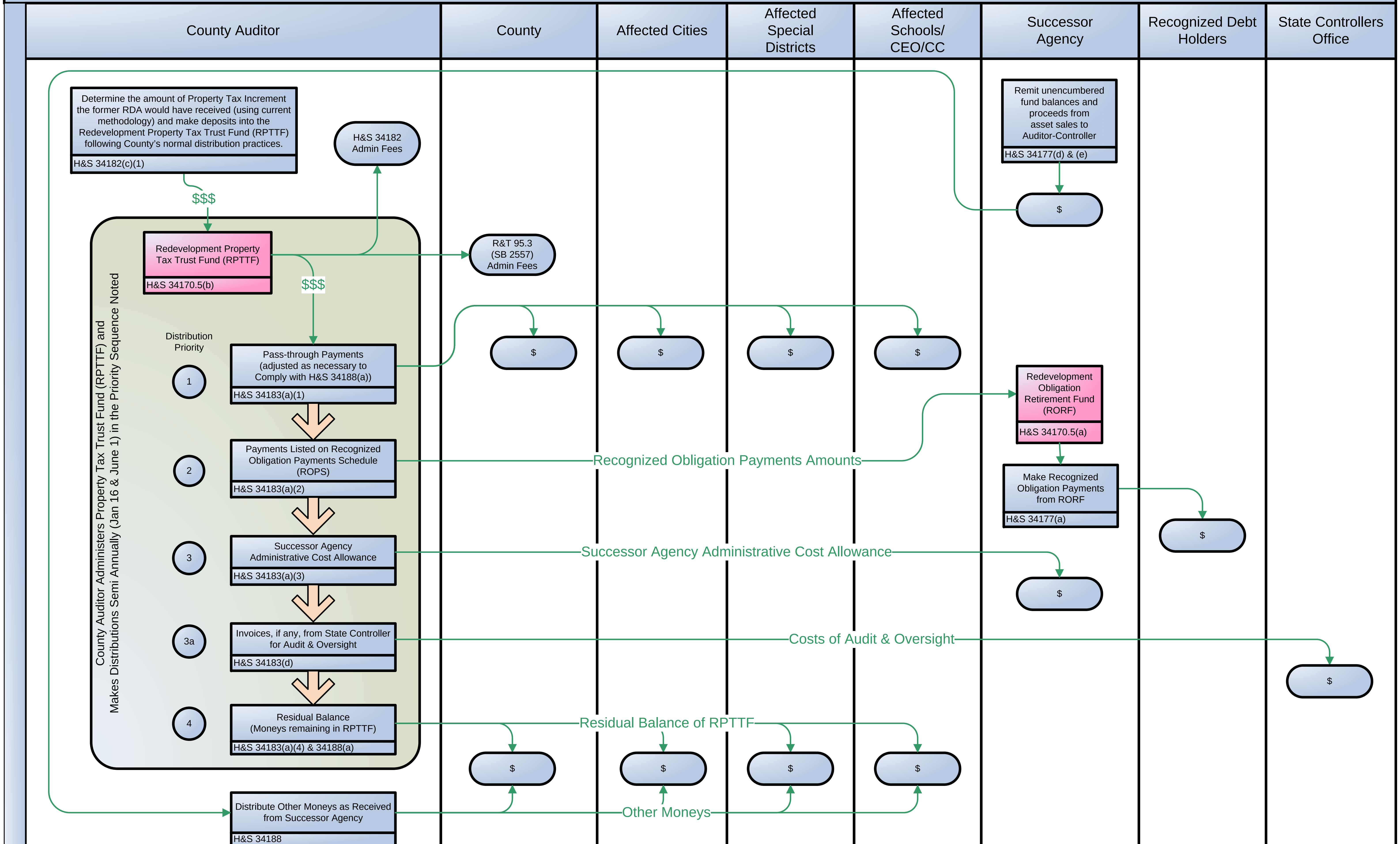
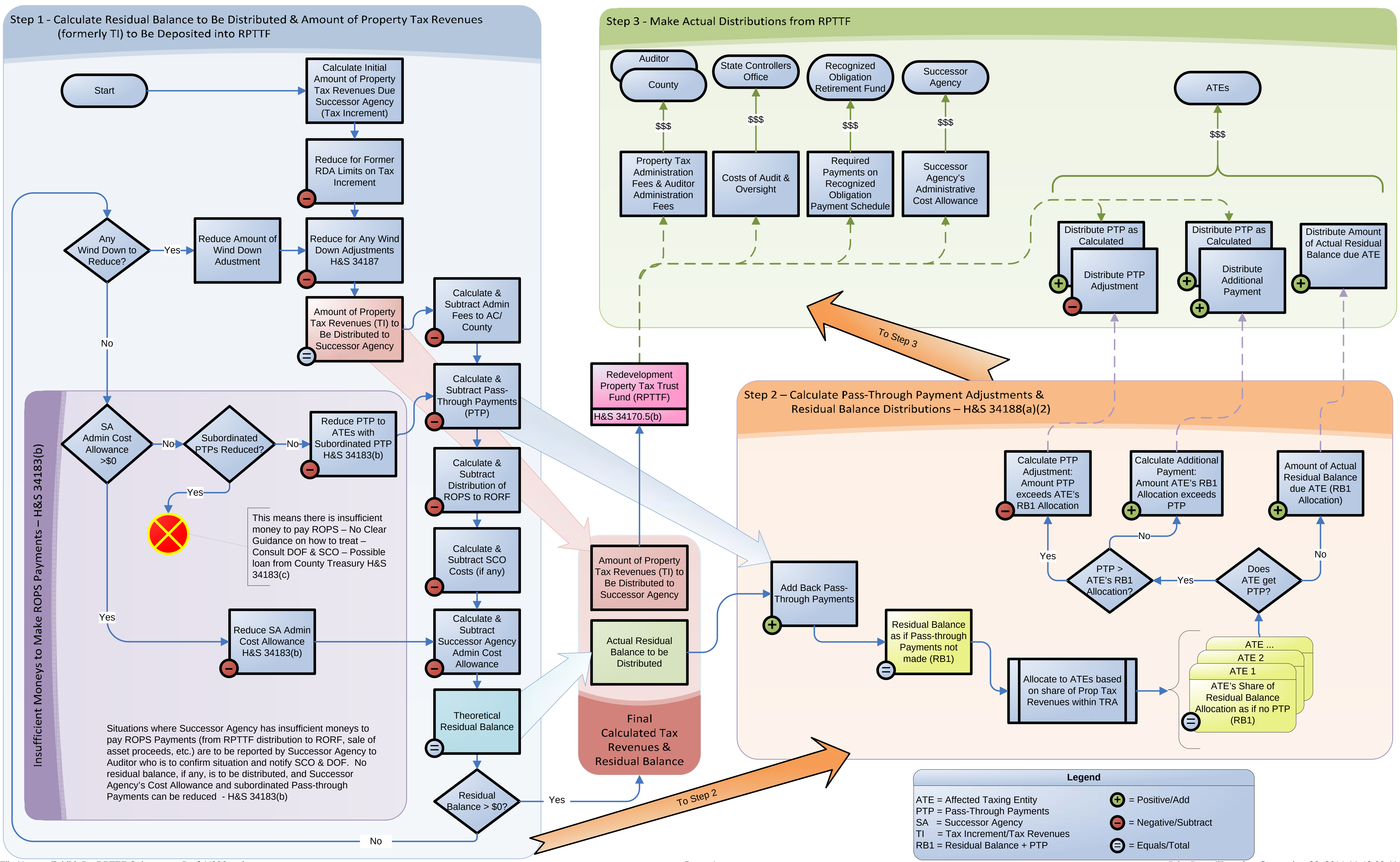


Exhibit B – The Calculation Steps to Distribute the Moneys in the Redevelopment Property Tax Trust Fund (RPTTF) Under ABX1 26



Sample RDA

Distribution JEs Model of Redevelopment Property Tax Trust Fund under RDA Dissolution Legislation ABX1 26

	H&S Code Reference			
Deposit: Tax Increment from all Sources into RPTTF (using current methods & distribution cycles)	34182(c)(1)		6,408,296	
Less: Auditor's administration costs	34182(e)	(50,000)		A - JE 1a
Less: 2557 Ptax Admin Fee		(127,161)		A - JE 1b
Net Available for Distribution under H&S 34183	34183		6,231,135	

Allocation of Moneys in RPTTF

Priority 2 - Recognized Payment Obligations	34183(a)(2)	(1,455,737)	C - JE 3
Priority 3 - Successor Agency Admin Costs	34183(a)(3)	(250,000)	D - JE 4
Priority 4 - SCO Invoices for Audit and Oversight - if any	34184(d)	(50,000)	E - JE 5

		Priority 1 - Pass-through Payments			**Priority 5 - Residual/PTP ADJ**		
		JE 2a	JE 2b	JE 2c	JE 6a	JE 6b	
		Pass-through Payments Allocations Per Pertinent Code 34183(a)(1)			Pass-through Payment Adjustment 34188(a)(2) PTP Adj	Additional Payment 34188(a)(2)	
		1290 Statutory	2% Inflation	Neg			
0001	Wine County	-	-	-	-	745,719	
0632	City of	-	-	-	-	49,723	
2120	CSA1	-	-	-	-	-	
2220	CSA2	-	-	-	-	21,399	
2280	Fire Protection District	-	-	-	-	453,941	
2400	Water Conservation	-	-	-	-	10,425	
2610	Flood Zone	-	-	-	-	44,566	
3050	Water District	-	-	-	-	13,308	
3270	Cemetery District	-	-	11,819	(1,501)	-	
4090	METRO TRANSIT DIST	-	-	10,813	(1,374)	-	
4160	Vector Control	-	-	8,152	(1,036)	-	
4410	Rec & Park	-	-	240,630	(72,580)	-	
4900	Sanitary District	-	-	-	-	265,324	
6801	Elementary Schoo	-	141,660	1,565,319	(514,866)	-	
8201	High School	-	68,577	-	-	508,518	
9610	COMMUNITY COLLEGE	-	23,987	-	-	177,870	
9801	CO SCHOOL ADMIN CSSF	-	16,481	-	-	122,209	
9802	ERAF	-	67,296	-	-	499,020	
		-	317,999	1,836,732	(591,357)	2,912,023	(4,475,398) JEs 2 & 6

Remaining Balance of RPTTF -

Sample RDA

Distribution Model of Redevelopment Property Tax Trust Fund under RDA Dissolution Legislation ABX1 26

	H&S Code Reference			
Deposit: Tax Increment from all Sources into RPTTF (using current methods & distribution cycles)	34182(c)(1)	6,408,296		
Less: Auditor's administration costs	34182(e)	(50,000)		
Less: 2557 Ptax Admin Fee		(127,161)		
Net Available for Distribution under H&S 34183	34183		6,231,135	A
Allocation of Moneys in RPTTF	FY 2011-12 +			
1) Pass-through Payments to all entities				
- 1290 Statutory Payments under R&T 33607, 33607.5 and 33607.7	34183(a)(1)	-		B1
- Inflation Payments (aka 2% Pmts) under R&T 33676	34183(a)(1)	(317,999)		B2
- Negotiated Payments under R&T 33401	34183(a)(1)	(1,836,732)		B3
- Payments under 33492.140 (applies only to City of Novato RDA/ County of Marin)				
Total Pass-through Payments			(2,154,732)	B
2) Recognized Payment Obligations	34183(a)(2)			
- Debt Service Payments on Tax Allocation Bonds				
- Payments on Revenue Bonds, only to extent pledged revenues are insufficient and where former RDA's TI was pledged				
- Payments on Recognized Payment Schedule for other obligations required to be paid from former Tax Increment		(1,455,737)		
Total Recognized Payment Obligations			(1,455,737)	C
3) Successor Agency Admin Costs (min of 3% of alloc to RPTTF or $250k)	34183(a)(3)		(250,000)	D
4) SCO Invoices for Audit and Oversight - if any	34184(d)		(50,000)	E
5) Residual to be allocated under H&S 34188	34183(a)(4)		2,320,666	F
Net Available for Distribution under H&S 34183			6,231,135	A
Less: 34183(a)(2) - Recognized Payment Obligations			(1,455,737)	C
Less: 34183(a)(3) - Successor Agency Adminf Fees			(250,000)	D
Less: 34184(d) - SCO Invoices			(50,000)	E
Amount To Be Allocated "as if" no Pass-through Payments - H&S 34188(a)(1)			4,475,398	G

Distributions from RDA Property Tax Trust Fund to all taxing entites per H&S 34188

		Calculate TRA Allocation Ratios 34188		Allocation "as if" no Pass-Through Pmt	Pass-through Payments Allocations Per Pertinent Code 34183(a)(1)				Pass-through Payment Limit: Pass-through Payment Adjustment 34188(a)(2)	Pass-through Payment Limit: Adjusted Pass-through Payment	Additional Payment 34188(a)(2)	Total Allocation from RPTTF	Proof: Add'l Payment (N) + Pass-Through Pmt Adjustment (L) = Residual Cash to be Allocated (F)
		H	I = H / Σ H	J = G * I	K1 = B1	K2 = B2	K3 = B3	K = Sum (K1, K2, K3)	L = If K > J, J - K, Else 0	M = K + L	N = J - M	O = M + N	P = L + N
		Property Tax Dollars from TRAs within RDA Boundaries	Ratio %		1290 Statutory	2% Inflation	Neg	Total PT	PTP Adj				
0001	Wine County	1,067,790	16.6626204%	745,719	-			-	-	-	745,719	745,719	745,719
0632	City of	71,198	1.1110346%	49,723	-			-	-	-	49,723	49,723	49,723
2120	CSA1	-	0.0000000%	-	-			-	-	-	-	-	-
2220	CSA2	30,641	0.4781488%	21,399	-			-	-	-	21,399	21,399	21,399
2280	Fire Protection District	649,996	10.1430408%	453,941	-			-	-	-	453,941	453,941	453,941
2400	Water Conservation	14,928	0.2329439%	10,425	-			-	-	-	10,425	10,425	10,425
2610	Flood Zone	63,814	0.9958001%	44,566	-			-	-	-	44,566	44,566	44,566
3050	Water District	19,056	0.2973592%	13,308	-			-	-	-	13,308	13,308	13,308
3270	Cemetery District	14,773	0.2305340%	10,317	-		11,819	11,819	(1,501)	10,317	-	10,317	(1,501)
4090	METRO TRANSIT DIST	13,516	0.2109131%	9,439	-		10,813	10,813	(1,374)	9,439	-	9,439	(1,374)
4160	Vector Control	10,190	0.1590193%	7,117	-		8,152	8,152	(1,036)	7,117	-	7,117	(1,036)
4410	Rec & Park	240,630	3.7549787%	168,050	-		240,630	240,630	(72,580)	168,050	-	168,050	(72,580)
4900	Sanitary District	379,916	5.9285084%	265,324	-			-	-	-	265,324	265,324	265,324
6801	Elementary Schoo	1,706,978	26.6370024%	1,192,112	-	141,660	1,565,319	1,706,978	(514,866)	1,192,112	-	1,192,112	(514,866)
8201	High School	826,338	12.8948107%	577,094	-	68,577		68,577	-	68,577	508,518	577,094	508,518
9610	COMMUNITY COLLEGE	289,038	4.5103774%	201,857	-	23,987		23,987	-	23,987	177,870	201,857	177,870
9801	CO SCHOOL ADMIN CSSF	198,589	3.0989386%	138,690	-	16,481		16,481	-	16,481	122,209	138,690	122,209
9802	ERAF	810,904	12.6539695%	566,315	-	67,296		67,296	-	67,296	499,020	566,315	499,020
		6,408,296	100%	4,475,398	-	317,999	1,836,732	2,154,732	(591,357)	1,563,375	2,912,023	4,475,398	2,320,666
				G	B1	B2	B3	B				G	F

Sample RDA

Preliminary Model of Proposed RDA Dissolution Legislation ABX1 26 - Apportionment of Other Moneys

Allocation of Moneys Received from Successor Agency

A) Amount Received from Successor Agency from Sale of Assets	H&S 34177(e)			
- Asset 1		200,000		
- Asset 2		50,000		
Total Proceeds from Asset Sales			250,000	A
B) Amounts Received from Successor Agency for Unecumbered fund balances	H&S 34177(d)			
- Pmt 1		125,000		
- Pmt 2		30,000		
Total Funds Received for Unencumbered fund balances			155,000	B
C) Other Amounts Received from Successor Agency for Distribution	H&S 34177(e)			
- Other Pmt 1		5,000		
- Other Pmt 2		2,500		
Total Other Amounts Received for Distribtution			7,500	C
Total Other Moneys to be Allocated under H&S 34188			412,500	D

		TRA Allocation Ratios 34188 E Property Tax Dollars from TRAs	TRA Allocation Ratios 34188 F = E / Σ E from RDA Territory Ratio %	Allocation of Total Amounts Received from Successor Agency for Distribution G = D * F
0001	Wine County	1,067,790	16.6626204%	68,733
0632	City of	71,198	1.1110346%	4,583
2120	CSA1	-	0.0000000%	-
2220	CSA2	30,641	0.4781488%	1,972
2280	Fire Protection District	649,996	10.1430408%	41,840
2400	Water Conservation	14,928	0.2329439%	961
2610	Flood Zone	63,814	0.9958001%	4,108
3050	Water District	19,056	0.2973592%	1,227
3270	Cemetery District	14,773	0.2305340%	951
4090	METRO TRANSIT DIST	13,516	0.2109131%	870
4160	Vector Control	10,190	0.1590193%	656
4410	Rec & Park	240,630	3.7549787%	15,489
4900	Sanitary District	379,916	5.9285084%	24,455
6801	Elementary Schoo	1,706,978	26.6370024%	109,878
8201	High School	826,338	12.8948107%	53,191
9610	COMMUNITY COLLEGE	289,038	4.5103774%	18,605
9801	CO SCHOOL ADMIN CSSF	198,589	3.0989386%	12,783
9802	ERAF	810,904	12.6539695%	52,198
		6,408,296	100%	412,500
				D

EXHIBIT F

MATRIX OF IMPORTANT DATE
ABX1 26 - Redevelopment Dissolution Act

Date	Supreme Court Revised Dates	H & S Code Reference	Guideline Section Reference	Task	RDA	Sponsoring Community/ Successor Agency	DOF	County Auditor-Controller	COE	State Controller	Governor
9/1/2011	1/13/2012	§34173(d)(1)		Sponsoring Community of dissolved RDA who does not want to serve as successor agency, must file resolution with A-C.		●					
8/30/2011 or by 8/30 of year agency becomes subject to this part		§34169(g)(1) and §34169.5 (2)	Section II B	Adopt an EOPS	●						
9/30/2011	1/30/2012	§34169(h)(2)	Section II B	Prepare preliminary draft of initial Recognized Obligation Payment Schedule and provide to Successor Agency	●						
10/1/2011	2/1/2012	§34172(a)(1)	Section II A	RDAs are Dissolved; Successor Agencies designated	●	●					
10/1/2011	2/1/2012	§34175(b)	Section II C	All assets, properties, contracts, leases, books and records, buildings and equiptment of the former RDA are transferred to the control of the Successor Agency		●					
10/1/2011	2/1/2012	§ 34170.5(a)	Section III A	Create Redevelopment Obligation Retirement Fund		●		●			
10/1/2011	Commencing 2/1/2012	§34167.5		State Controller to review the activities of assest transfers occuring after 01/01/2011 between RDA & city/county/public entitiy; if transfer is not contractually committed, the State Controller should order the available assests to be returned to the RDA or after 02/01/2012 to the successor agency.						●	
10/1/2011	2/1/2012	§ 34170.5(b)	Section III A	Create Redevelopment Property Tax Trust Fund (RPTTF) for each dissolved RDA.				●			
11/1/2011	3/1/2012	§34177 (l)(2)(A)(B)(C)	Section II C	(i) Initial draft of the Recognized Obligation Payment Schedule (ROPS) shall be reviewed and certified, as to its accuracy, by an external auditor. (ii) The certified ROPS is submitted to and duly approved by the Oversight Board. (iii) A copy of approved ROPS is submitted to the County auditor-controller, State Controller's Office and the DOF and is posted on the Successor Agency web site.		●					
Annually 11/1 and May 1	3/1/2012 & 5/1/2012, each 11/1 & 5/1 therafter	34182(c)	Section III C	Provide estimates of amounts to be allocated and distributed to entities receiving distributions and DOF.				●			
12/1/2011 and May 1, 2012 and each 12/1 and 5/1 thereafter	4/1/2012 & 5/1/2012, each 12/1 & 5/1 therafter	§34183(b)	Section III C 2	Reports to A-C that insufficient funds in RORF		●					
Beginning 12/1/2011 and May 1, 2012 and each 12/1 and 5/1 thereafter	Beginning 4/1/2012 & 5/1/2012, each 12/1 & 5/1 therafter	§34183(b)	Section III C 6	(i) Notify the SCO and DOF within 10 days of notification of insufficient funds from Successor Agency. (ii) Verify that there are insufficient funds and report findings to the SCO.				●			
12/15/2011	4/15/2012	34177(l)(3)	Section II C	Submit the first Recognized Obligation Payment Schedule (ROPS)to the Controller's Office and the DOF .		●					
1/1/2012	5/1/2012	34177(a)(3)	Section II C	Recognized Obligation Payment Schedule (ROPS) supersedes the Statement of Indebtedness, which no longer needs to be prepared for dissolved RDA's.		●					
1/1/2012	5/1/2012	§34177(3)	Section II C	Payments listed on ROPS may be made by Successor Agency		●					

MATRIX OF IMPORTANT DATE
ABX1 26 - Redevelopment Dissolution Act

EXHIBIT F

Date	Supreme Court Revised Dates	H & S Code Reference	Guideline Section Reference	Task	RDA	Sponsoring Community/ Successor Agency	DOF	County Auditor-Controller	COE	State Controller	Governor
1/1/2012	5/1/2012	§34179(a)	Section II E	Names of Oversight Board provided to DOF		●					
1/1/2012	5/1/2012	§34187	Section III C	Distribute to Taxing Entities all property tax revenues associated with retired debt from the Recognized Obligation Payment Schedule.				●			
1/15/2012	5/15/2012	§34179(b)	Section II E	Governor appoints vacant postions to Oversight Board							●
Annually on 1/16 and 6/1	5/16/2012 / 6/1/2012, each 1/16 & 6/1 therafter	34183 (a)(1)(2)(3)(4)	Secton III C2	Distribution from the RPTTF in the priority: (i) Administrative Fees & audit fee to County Auditor-Controller; (ii) Pass-through Payment to the affected taxing entities of former RDA; (iii) Recognized Obligation Payments to Successor Agency's Recognized Obligation Retirement Fund (RORF); (iv)Successor Agency's Administrative Cost Allowance under H&S 34171; (v) SCO Billings under H&S34184(d); (vi) Residual Balance of the RPTTF to local agencies and school entities				●			
Annually on 1/16 and 6/1	5/16/2012 / 6/1/2012, each 1/16 & 6/1 therafter	§34185	Secton III C2b	Transfer from the RPTTF to each successor agency's RORF				●			
Annually on 1/16 and 6/1	5/16/2012 / 6/1/2012, each 1/16 & 6/1 therafter	§34186	Secton III C	Difference between actual payments and estimated obligations on ROPS must be reported in subsequent ROPS and adjust the amount to be transferred to the RORF				●			
3/1/2012	7/1/2012	§34182(a)(1)	Section III B	Conduct an Agreed Upon Procedure Audit of each RDA being dissolved within the County, completed by 7/1/2012.				●			
3/15/2012	7/15/2012	§34182(b)	Section III B	Provide SCO with copy of audit report conducted above				●			
Semi-Annually Before July 1st and January 1st		§34177(l)(1)	Section II C	Prepare ROPS for each 6 month period of each Fiscal Year		●					
Annually		§34177(j)	Section II C	Prepare and submit administrative budget to Oversight Board for Approval		●					
7/1/2016		§34179(j)	Section II C	Reduce Oversight Boards to one for all RDAs within a county		●					
10/1/2012		§34182(d)	Section III C6	Report for first year ending 6/30/2012 the following information to the State Controller's Office and DOF: (1) Property Tax Revenues deposited to the RDA Property Tax Trust Fund (RPTTF), (2) Passthrough payments made to Affected Taxing Entities, (3)Recognized Obligation Payment Schedule (ROPS) payments remitted to Successor Agencies, (4) Administrative Cost Allowances paid to Successor Agencies, (5) Residual amounts distributed to Affected Taxing Entities.(6) Any reductions to distributions due to insufficient moneys available to satisfy enforceable obligations.				●			

Exhibit G

Definition of Terms

Administrative Budget – budget for administrative costs of successor agencies provided in *H&S §34177*. The following are some of the activities for which successor agencies may be entitled for the payment of administrative costs: implementation/payment of enforceable obligations or those items in the Recognized Obligation Payment Schedule; prepare or provide documents to DOF and SCO as requested; maintain reserves required by indentures or agency bonds; dispose of assets as directed by Oversight Board, etc..*(H&S 34171 (a)*)

Administrative Cost Allowance – administration fee approved by the Oversight Board paid from property tax revenues to Successor Agency. For FY 2011-12 this allowance is up to 5% of the property tax allocated to Successor Agency; for FY 2012-12 and thereafter, this amount is up to 3% of property tax allocated to Redevelopment Obligation Retirement Fund. Minimum payment is $250,000 and excludes administrative cost paid out of bond proceeds or from sources other than property tax. (*H&S §34171 (b)*)

Affected Taxing Entities (ATE) – cities, counties, a city and county, special districts, and **school entities** (includes ERAF see below) that are within in a RDA project area and consequently share property taxes derived from the project area with the RDA.

Designated Local Authority – is a public body formed with all the powers and duties of a Successor Agency when neither a sponsoring entity nor a local agency becomes a successor entity. (*H&S §34173(d)(3)*)

Enforceable Obligation – refers to the following:

- Bond issued by the former RDA
- Loans borrowed by the RDA
- Payments required by federal, state, and agency's employees related commitments such as pensions, UI, and other CBA obligations
- Judgments and settlements entered by a court of law
- Any legally binding and enforceable agreement or contract not otherwise void as violating debt limit or public policy
- Contracts or agreements necessary for the administration or operation of the Successor Agency

Enforceable Obligation Schedule (EOS)- The schedule of Enforceable Obligations prepared and adopted by the RDA within 60 days of the effective date of the bill or within 60 days of entering dissolution.

Indebtedness Obligation – bonds, notes, certificates of participation, or other evidence of indebtedness, issued or delivered by the RDA, or by a joint exercise of powers authority created by the RDA, to third party investors or bondholders to finance or refinance redevelopment projects undertaken by the RDA.

Oversight Board – an appointed body comprised of 7 members selected by the county's Board of Supervisors, city mayor, county superintendent office of education, Chancellor of California Community Colleges, special district, and from the recognized employee organization representing the former employees of the RDA. The Oversight Board provides direction to the Successor Agency's activities in winding down the affairs of the former RDA.

Recognized Obligations – obligation listed in the Recognized Obligation Payment Schedule

Recognized Obligation Payment Schedule – the document which sets the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period per H&S §34177. Please see the definition of Enforceable Obligation to identify some of the items which may be included in this payment schedule. Also, effective January 1, 2012, this schedule supersedes the Statement of indebtedness which shall no longer be prepared. *H&S §34177(a)(3).*

Residual Balance – The actual cash balance if any in the RPTTF remaining after all other required distributions under H&S 34183 have been made for the period.

School Entity – school districts, community college districts, the Educational Revenue Augmentation Fund, and the county superintendent of schools (R&T §95(f))

Sponsor Community – the city, the county or the city and county that created the RDA

Successor Agency – the cities, counties, a city and county that authorized the creation of each redevelopment or another entity as provided in H&S §34173

"Wind Down" Reduction Amount (33487) – the amount that Tax Revenues due Successor Agencies are to be reduced for obligations on the ROPS that have been paid-off, retired or other satisfied.