



**SUCCESSOR AGENCY TO THE COSTA MESA
REDEVELOPMENT AGENCY**

AGENDA REPORT

MEETING DATE: August 21, 2012

ITEM NUMBER: 2

SUBJECT: REVIEW AND APPROVAL OF THIRD RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE FISCAL PERIOD JANUARY 1, 2013 TO JUNE 30, 2013

DATE: August 21, 2012

FROM: FINANCE DEPARTMENT

PRESENTATION BY: BOBBY YOUNG, FINANCE & I.T. DIRECTOR

CONTACT: COLLEEN O'DONOGHUE, ASSISTANT FINANCE DIRECTOR
(714) 754-5219

RECOMMENDED ACTION

Adopt Successor Agency Resolution No. 12-__ Approving the third Recognized Obligation Payment Schedule ("ROPS"), subject to submittal to and review by the Oversight Board and then by the DOF, and if modification of ROPS is required by DOF, the Assistant Finance Director and her designees shall be authorized to make augmentations, modifications, additions or revisions as may be necessary.

BACKGROUND AND DISCUSSION

The Successor Agency to the Costa Mesa Redevelopment Agency is performing its functions under the Dissolution Act, Parts 1.8 and 1.85 of the Health and Safety Code, as amended by Assembly Bill 1484 chaptered June 27, 2012, to administer the enforceable obligations and otherwise unwind the former Agency's affairs, all subject to the review and approval by the seven-member Oversight Board.

At prior meetings of the Successor Agency, pursuant to the Dissolution Act the first two Recognized Obligation Payment Schedules ("ROPS") were approved and thereafter submitted to the DOF, and ultimately approved with modifications. Pursuant to Section 34171(g) of Part 1.85, a "Recognized Obligation Payment Schedule" means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in subdivision (m) of Section 34177. Under the dates in the Dissolution Act as amended by AB 1484, the

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Successor Agency is required to consider and adopt its third ROPS on or before September 1, 2012.

Section 34177(l) of Part 1.85 requires the Successor Agency to take actions with regard to the Recognized Obligation Payment Schedule ("ROPS") as follows:

- "(l)(1) Before each six-month fiscal period, prepare a Recognized Obligation Payment Schedule in accordance with the requirements of this paragraph. For each recognized obligation, the Recognized Obligation Payment Schedule shall identify one or more of the following sources of payment:
- (A) Low and Moderate Income Housing Fund.
 - (B) Bond proceeds.
 - (C) Reserve balances.
 - (D) Administrative cost allowance.
 - (E) The Redevelopment Property Tax Trust Fund, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provisions of this part.
 - (F) Other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board in accordance with this part.
- (2) A Recognized Obligation Payment Schedule shall not be deemed valid unless all of the following conditions have been met:
- (A) A Recognized Obligation Payment Schedule is prepared by the successor agency for the enforceable obligations of the former redevelopment agency. ...
 - (B) The Recognized Obligation Payment Schedule is submitted to and duly approved by the oversight board. The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the Recognized Obligation Payment Schedule to the oversight board for approval.
 - (C) A copy of the approved Recognized Obligation Payment Schedule is submitted to the county auditor-controller and both the Controller's office and the Department of Finance and be posted on the successor agency's Internet Web site.
- (3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months. ..."

The draft third ROPS is included as Attachment 1. to this agenda report and includes comparable listings of Enforceable Obligations in the DOF-approved first and second ROPS. During the presentation of this agenda item, Successor Agency staff will explain the ROPS and update the Successor Agency about its communications with the DOF and CAC in implementation of the Dissolution Act, including AB 1484.

Staff recommends that the Successor Agency adopt the attached Resolution approving the draft third ROPS and authorize the Successor Agency's Assistant Finance Director and her

authorized designee(s) to transmit to the Oversight Board for its review and approval, and pursuant to new requirements in AB 1484 to concurrently send a copy of the draft third ROPS to the State Department of Finance ("DOF"), the County Auditor-Controller ("CAC"), the County Administrative Officer ("CAO"), and State Controller's Office ("SCO"). In the event the ROPS is directed to be changed by the DOF, then the Assistant Finance Director and her designees are authorized to augment, modify, add or revise the schedules as may be necessary, and/or as directed or required by the DOF so long as any changes are reported back to the Successor Agency and the Oversight Board. Further, as recently added to the Dissolution Act by AB 1484, the Successor Agency staff will transmit again the third ROPS after it is approved by the Oversight Board to the SCO, CAC, and DOF.

In addition, the Successor Agency is informed that AB 1484 changed the time that DOF has to review and approve/disapprove each ROPS; to wit: Section 34177(m) states that for each ROPS submitted to the DOF, the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations on each ROPS submitted no later than 45 days after submittal.

FISCAL AND LEGAL REVIEW

The Finance Department and Development Services Department staffs have worked with the Successor Agency's economic/financial consultant, Keyser Marston & Associates, and with special counsel Stradling Yocca Carlson & Rauth in preparation of this third ROPS pursuant to the Dissolution Act.

CONCLUSION

Staff recommends adoption of the attached resolution approving the Successor Agency's proposed third ROPS for the period January 1, 2013 to June 30, 2013.



Thomas R. Hatch
Chief Executive Officer



Bobby Young
Finance & I.T. Director



Colleen O'Donoghue
Assistant Finance Director

- Attachments: 1. Draft Third Recognized Obligations Payment Schedule for the period January 1, 2013 to June 30, 2013
2. Successor Agency Resolution Adopting Third ROPS