



OVERSIGHT BOARD

OF THE CITY OF LONG BEACH AS THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

333 West Ocean Blvd., 3rd Floor, Long Beach, CA 90802 Phone: 562.570.6615 Fax: 562.570.6215

May 7, 2012

OVERSIGHT BOARD MEMBERS

RECOMMENDATION:

Approve the Recognized Obligation Payment Schedule for the period of July 1, 2012 through December 31, 2012; and

Approve the proposed Administrative Budget for the period of July 1, 2012 through December 31, 2012.

DISCUSSION

The attached Recognized Obligation Payment Schedule (ROPS) represents the enforceable obligations of the Successor Agency for the period of July 1 through December 31, 2012 (Exhibit A). It was approved by the Successor Agency on April 17, 2012.

Section 34177(l)(2)(A) of the California Health and Safety Code, as adopted by AB1X 26 (the "Dissolution Act"), requires that each ROPS be presented to the Oversight Board for review and approval. A copy of the approved ROPS must be submitted to the Los Angeles County Auditor-Controller, the State Controller's Office, the State Department of Finance (DOF), and be posted on the Successor Agency's website.

On June 1, the Auditor-Controller will distribute property tax revenue funds to the Successor Agency from the Redevelopment Property Tax Trust Fund (RPTTF) for payments listed on the July through December ROPS. This distribution will be from property taxes the Auditor-Controller collected from Long Beach Redevelopment Project Areas for the months of February through May 2012.

Pursuant to Health and Safety Code (HSC) section 34169 (g) (1), the Long Beach Redevelopment Agency submitted its EOPS to the California Department of Finance (DOF). The DOF is required to review the EOPS for compliance with the characteristics of enforceable obligations in accordance with HSC section 34171 (d). On March 30, 2012, the DOF provided the SA with its EOPS review findings. The DOF opined that several EOPS items do not meet the characteristics of an enforceable obligation pursuant to HSC section 34171 and instructed the SA to remove the items from all ROPS. However, SA's are provided the opportunity to discuss and provide the DOF with further evidence that the questioned items meet the definition of an Enforceable Obligation. Subsequently, the SA

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is requesting Oversight Boards approval of the ROPS as submitted, pending resolution of the questioned items. See Exhibit D for correspondence from SA counsel on this issue.

Additionally, pursuant to Section 34177(j) of the Dissolution Act, the Successor Agency is allowed an administrative allowance, subject to Oversight Board approval. Beginning with the 2012-13 fiscal year (July 1, 2012), the allowance is capped at an amount not to exceed three percent of the property tax allotted to the Successor Agency.

The administrative cost allowance includes items such as salaries, including departmental overhead costs for Successor Agency staff carrying out the necessary actions to wind down the Redevelopment Agency's affairs; preparation of the EOPS, ROPS and Administrative Budgets; and operational costs associated with these actions (Exhibit C).

Exhibit B outlines the proposed Administrative Budget for the Successor Agency and Housing Successor Agency for the period of July 1 through December 31, 2012. Because the Dissolution Act does not explicitly exclude Housing Successor Agency administrative costs as part of the administrative cost allowance and the City has retained both roles, both Successor Agency and Housing Successor Agency administrative costs have been included. The Successor Agency approved the Administrative Budget on April 17, 2012.

The proposed Administrative Budget from July through December is approximately \$2.9 million, and exceeds the prescribed three percent by an estimated \$2.0 million. The ROPS identifies approximately \$30 million in obligations to be paid by the RPTTF, which converts to a \$900,000 administrative allocation.

While the proposed Administrative Budget does not conform to the administrative cost allowance prescribed by AB1X 26, it is a legitimate representation of the costs necessary to perform the functions of the Successor Agency. In the event that all of the administrative costs on the attached budget are not reimbursed, Successor Agency fund balance, housing program income funds and potential increases in property tax distributions to the City of Long Beach from the former redevelopment project areas could help address the shortfall.

This matter was reviewed by Deputy City Attorney Richard Anthony on April 30, 2012.

Respectfully submitted,



PATRICK H. WEST
CITY MANAGER

PHW:AJB:RMZ:DLH

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Attachments: Exhibit A – Recognized Obligation Payment Schedule for July 1 - December 31, 2012
Exhibit B – Administrative Budget for July 1 - December 31, 2012
Exhibit C – Administrative Functions
Exhibit D – Rutan & Tucker, LLP Letter

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)

JULY 1 through DECEMBER 31, 2012

A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Project Name / Debt Obligation		Payee	Description	Total Outstanding Debt/Obligation	July 2012	August 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Total Due July to Dec. 2012	Funding Source
(1)	A 20% TI to Housing		Low-Mod Housing Fund	Deferred TI for SERAF FY10 Payment	12,540,909.00						4,180,470	4,180,470 RPTTF	
(2)	A Affordable Housing Projects		Leibold McCleendon & Mann	Legal Services	100,000.00	5,000	5,000	5,000	5,000	5,000	5,000	30,000 RPTTF	
(3)	A Bond Administration		U.S. Bank	Annual Bond Administration Fees	0.00			142		5,288		5,430 RPTTF	
(4)	A Calpers/Post Ret. Health/WVC/Vacation/Severance		City of Long Beach	Costs/WVC/Vacation	15,359,542.00	28,726	28,726	28,726	14,302	14,302	14,302	129,084 RPTTF	
(5)	A City Department Services		City of Long Beach	Grants Acct City Atty, Asset Mngmnt Services, City Auditor, Department Admin. & Finance	7,037,866.00	195,496	195,496	195,496	195,496	195,496	195,496	1,172,976 Adm'n. cost	
(6)	A City Indirect Cost Allocation		City of Long Beach	City Department Costs, Tech Svcs MOU, Civic Center Rent, Workers Comp, Emp Parking, Prop Ins., Eng. Serv	4,492,692.00	124,797	124,797	124,797	124,797	124,797	124,797	748,782 Adm'n. cost	
(7)	A Code Enforcement		City of Long Beach	City Code Enforcement	8,063,471.00	30,520	64,336	64,336	64,336	64,336	64,336	362,200 RPTTF	
(8)	A Dues & Subscriptions		CRA/APA/EDC/ICSC/ULI/Architect Record	Memberships and Subscriptions-Professional Dev & Organizational support	30,520.00	30,520	-	-	-	-	-	30,520 Adm'n. cost	
(9)	A Employee Costs		Employees of Agency and Housing	Payroll for Employees	5,773,674.00	160,379	160,380	160,380	160,380	160,380	160,380	962,279 Adm'n. cost	
(10)	A Graffiti Abatement		Public Works	Graffiti Abatement	5,736,955.00				819,050			819,050 RPTTF	
(11)	A Neighborhood Enhancement Area		City of Long Beach, Development Services	Single Family Residential Rebate	84,887.00	10,000						10,000 Low-Mod Fund	
(12)	A Neighborhood Stabilization Program (NSP2)		Contractors	Single Family Rehabilitation Grants	657,599.00	66,500	66,500	66,500	66,500	68,000	66,000	400,000 Low-Mod Fund	
(13)	A Project Area Administration		A-Throne	Fence Rental	198.00	66	66	66	66	66	66	396 RPTTF	
(14)	A Project Area Administration		Bergman & Allderice	Legal Services	3,000.00							1,000 RPTTF	
(15)	A Project Area Administration		Best, Best & Krieger	Legal Services Agreement	98,000.00							1,000 RPTTF	
(16)	A Project Area Administration		Chicago Title Company or North American T	Legal Services	50,000.00	2,500		2,500		2,500	2,500	10,000 RPTTF	
(17)	A Project Area Administration		City of Long Beach Billing& Collections	Business License Fees	4,000.00					2,000		2,000 RPTTF	
(18)	A Project Area Administration		DataQuick	Property/Title services	0.00	250	250	250	250	250	250	1,500 RPTTF	
(19)	A Project Area Administration		Experian	Credit profiles	91.00	87	87	87	87	87	87	522 Adm'n. cost	
(20)	A Project Area Administration		Foster Hooper	Storage space rental - Housing/RDA	3,300.00	440	440	440	440	440	440	2,640 Adm'n. cost	
(21)	A Project Area Administration		Iron Mountain	Storage space rental	470.00	155	155	155	155	155	155	930 Adm'n. cost	
(22)	A Project Area Administration		Kane, Ballmer, & Berkman	Legal Services Agreement	46,559.00	500	500					1,000 RPTTF	
(23)	A Project Area Administration/Affordable Housing Anal		Keyser Marston Associates	Financial Consulting Services	29,018.00	5,000		5,000		5,000		15,000 RPTTF	
(24)	A Project Area Administration		Lidgard & Associates	Appraisal services	565,000.00	5,000	10,000	10,000	5,000			30,000 RPTTF	
(25)	A Project Area Administration		National Council for Comm Dev	Section 108 Loan Consulting	7,660.00	3,834	3,834					7,668 Adm'n. cost	
(26)	A Project Area Administration		Office Depot	Office Supplies	4,000.00	400	400	400	400	400	400	2,400 Adm'n. Cost	
(27)	A Project Area Administration		Rutan & Tucker	Legal Services	8,000.00	3,000	3,000		2,000			8,000 RPTTF	
(28)	A Project Area Administration		United Parcel Services (UPS)	Overnight shipping services	900.00	50	50	50	50	50	50	300 Adm'n. Cost	
(29)	A Project Area Administration		Weststar Loan Servicing	Loan Servicing Fees	37,950.00	345	345	345	345	345	345	2,070 Adm'n. cost	
(30)	A Property Maintenance		Equity North Investments	Property Maintenance Agency-wide	88,708.00	22,000	22,000	22,000	22,000	22,000	22,000	132,000 RPTTF	
(31)	A Property Maintenance		Overland, Pacific & Cutler	Property Maintenance Agency-wide	76,891.00	25,000	25,000	25,000	25,000	25,000	25,000	150,000 RPTTF	
(32)	C 1500 Pine # 8 - LBHDC		City of Long Beach	Carrying Costs - Residential Condo utilities	200.00	100	100	100	100			300 Low-Mod Fund	
(33)	C 1500 Pine # 8 - LBHDC		Millenia Development, Inc.	Carrying costs - Residential Condo HOA Dues	400.00	200	200	200	200			600 Low-Mod Fund	
(34)	C 1900 Atlantic		Overland, Pacific & Cutler	Property Management/Maintenance	11,347.00	5,673	5,673	5,673	5,673	5,673	5,673	34,038 RPTTF	
(35)	C Cherry Avenue Widening		Hahn & Hahn	Legal Services Agreement	2,194.00		2,194					2,194 RPTTF	

Project Area	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt/Obligation	July 2012	August 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Total Due July to Dec. 2012	Funding Source
(36)	C Craftsman Park	Melendrez	Architectural Services/Project Management	47,222.00	2,722	5,000	5,000	5,000	10,000	19,500	47,222	OS Bonds
(37)	C Craftsman Park	Tolum Corp.	Construction Manager	63,124.00	2,500	10,500	10,500	10,500	10,500	10,500	55,000	OS Bonds
(38)	C Habitat Homes - Pine/14th	Habitat for Humanity of Greater Los Angeles	Rehab/New Construction Single-Family homes	537,200.00				150,000	150,000		300,000	Low-Mod Fund
(39)	C Homeland TI	Fernald	Architect - Design/Construction Administration	15,000.00	2,000	2,000	2,000	2,000	2,000	2,000	12,000	OS Bonds
(40)	C Homeland TI	Public Works	Plan Check / Bidding / Project Mgmt.	11,827.00	1,000	1,000	1,000	1,000	1,000	1,000	6,000	OS Bonds
(41)	C McBride Senior Center	Matinez Architects	Architect	(518.00)	1,688	2,000	2,000	2,000	2,000	2,000	11,688	OS Bonds
(42)	C McBride Senior Center	Tolum Corp.	Construction Manager	(8,715.00)	2,000	2,000	2,000	2,000	2,000	2,000	12,000	OS Bonds
(43)	C Olive Court	Homebuyers	2nd Mortgage Assistance Loans-Low-Med BEGIN funds	894,801.00	150,000	150,000	-	150,000	200,000	200,000	850,000	Low-Mod Fund
(44)	C Orizaba Park Community Center	Fernald, Inc.	Architectural Services	208,784.00	35,000	35,000	35,000	35,000	35,000	30,000	205,000	RDA Bonds
(45)	C Orizaba Park Community Center	Tolum Corp.	Construction Mgmt. Services	241,245.00	5,000	5,000	40,000	40,000	40,000	40,000	170,000	RDA Bonds
(46)	C Orizaba (Zateria) Design District	Public Works	Construction	900,000.00		180,000	180,000	180,000	180,000	180,000	900,000	RPTTF
(47)	C Orizaba (Zateria) Design District	Public Works	Engineering / Inspection Services	100,000.00		20,000	20,000	20,000	20,000	20,000	100,000	RPTTF
(48)	C Orizaba (Zateria) Design District	Kleinfelder	Material testing	100,000.00		20,000	20,000	20,000	20,000	20,000	100,000	RPTTF
(49)	C Palace Hotel	LINC Housing	Affordable Housing Rehab Project	272,260.00		272,260		20,000	20,000		272,260	Low-Mod Fund
(50)	C Pine Avenue Residential Rehab	Jamboree Housing Corporation	Rehab family affordable rental housing. 14 units. 100% affordable.	1,345,621.00	224,270	224,270	224,270	224,270	224,270	224,271	1,345,621	Low-Mod Fund
(51)	C Pine Avenue Residential Rehab	Comprehensive Housing Services	Labor compliance monitoring	20,000.00	3,300	3,300	3,300	3,300	3,300	3,300	19,800	Low-Mod Fund
(52)	C Pine Avenue Streetscape Improvement	Contractor	Construction/Design Plans	18,773,717.00			500,000				500,000	RPTTF
(53)	C Senior Art Colony and Annex - Phase I	Comprehensive Housing Services	Labor compliance monitoring	20,000.00	3,300	3,300	3,300	3,300	3,300	3,300	19,800	Low-Mod Fund
(54)	C Senior Art Colony and Annex - Phase I	Long Beach Senior Artists Colony - LP Long Beach Regal	New senior affordable rental housing. 200 units. 100% affordable.	3,191,719.00	531,953	531,953	531,953	531,953	531,953	531,954	3,191,719	Low-Mod Fund
(55)	C Shoreline Gateway	Bergman & Alderdice	Legal Services	40,912.00	2,272	2,272	2,272	2,272	2,272	2,272	13,632	RPTTF
(56)	C Shoreline Gateway	Keyser Marston Associates	Financial Consulting Services	16,364.00	909	909	909	909	909	909	5,454	RPTTF
(57)	C Willmore Rehab-734 Maine	Hulean Tyler and Deborah Behar	Construction Costs for Landscaping	0.00	12,500						12,500	RPTTF
(58)	C Willmore Rehab-734 Maine	Troller Mayer	Design Services for Landscaping	0.00	2,500						2,500	RPTTF
(59)	D City Loan	City of Long Beach	Downtown redevelopment project area planning	94,088,615.00				750,000			750,000	RPTTF
(60)	D City Place Garage	City of Long Beach	Parking Structure Upgrade Cost Reimbursement	4,126,587.00				825,819			825,819	RPTTF
(61)	D Downtown Long Beach Associates (DLBA) Support	DLBA	Economic Development, Marketing, Outreach, Special Events	1,697,214.00	22,000	22,000	22,000	22,000	22,000	22,000	132,000	RPTTF
(62)	D Promenade Maintenance District	Maintenance HOA	Agency portion of Promenade hardscape repair/ replacement, landscaping				25,000				25,000	RPTTF
(63)	D Promenade North Block	ValleyCrest Landscape Development, Inc.	Streetscape improvements on The Promenade north block between First St. and Broadway	2,527,995.00	600,000	660,000	700,000	75,000	16,717	10,000	2,061,717	RPTTF
(64)	D Property Based Improvement District	DLBA	Property Assessments (Annual Prop Tax Assessment)	0.00				65,000			65,000	RPTTF
(65)	D SBDC Consultant	SBDC/LBCC	Consultant Services - SBDC	0.00	14,500						14,500	RPTTF
(66)	D Schneider Land Sale	Public Works	Survey costs for exhibit/legal description		5,500						5,500	RPTTF
(67)	D The Collaborative Art Gallery	Arts Council for Long Beach	Programming Fee for year 3	95,187.00		41,725					41,725	Other revenue
(68)	D The Designory Business Retention	The Designory	Reimbursement of Parking Expenses	8,400.00			3,150			3,150	6,300	RPTTF
(69)	N 2010 Tax Allocation Bonds	Bank of New York	Bonds issue to fund North RDA projects	77,393,955.00	1,844,938			76,540	76,540	76,540	1,844,938	RPTTF
(70)	N 3361 Andy Street	LBHDC	4-unit affordable housing rehab	459,240.00	76,540	76,540	76,540	76,540	76,540	76,540	459,240	Low-Mod Fund
(71)	N 5301 LBB Parking (El Ranchito)	Overland, Pacific & Cutler	SCS site remediation work	204,168.00	69,500	69,500	69,500	69,500	69,500	69,500	417,000	RPTTF
(72)	N Artesia Blvd. Median Improvement	AECOM	Landscape Architect	0.00			9,364				9,364	RDA Bonds
(73)	N Artesia Blvd. Median Improvement	City of Long Beach	Construction	1,500,000.00	166,667	166,667	166,667	166,667	166,667	166,667	1,000,002	RDA Bonds
(74)	N Artesia Blvd Median Improvement	Public Works	Plan Check, bidding, construction/project mgmnt	150,000.00	16,666	16,666	16,666	16,666	16,666	16,666	99,996	RDA Bonds
(75)	N Atlantic Ave. Median Improvement	AECOM	Landscape Architect	0.00			74,772				74,772	RDA Bonds
(76)	N Atlantic Ave. Median Improvement	City of Long Beach	Construction	1,875,001.00	208,333	208,333	208,333	208,333	208,333	208,333	1,249,998	RDA Bonds
(77)	N Atlantic Ave. Median Improvement	Public Works	Plan Check, bidding, construction/project mgmnt	185,001.00	20,833	20,833	20,833	20,833	20,833	20,833	124,998	RDA Bonds

Project Area	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt/Obligation	July 2012	August 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Total Due July to Dec. 2012	Funding Source
(78) N	Belwood Apartments	Hunt Capital Partners	Rehabilitation of 34 rental units for low-income households	5,900,000.00		4,000,000	300,000	300,000	300,000	300,000	5,200,000	Low-Mod Fund
(79) N	Belwood Apartments	TBD	Labor Compliance Monitoring	58,000.00				10,000	10,000	10,000	30,000	Low-Mod Fund
(80) N	Bixby Knolls Shopping Center	GASKA	Facade Improvement	300,000.00			500,000				500,000	RPTTF
(81) N	Bixby Knolls Shopping Center	Bergman & Alderdice	Legal Services	2,000.00	1,000		1,000				2,000	RPTTF
(82) N	BK&IA	Bixby Knolls Business Improvement Association	Business Improvement District	1,802,828.00	16,667	16,667	16,667	16,667	16,667	16,667	100,002	RPTTF
(83) N	Davenport Park Development	Bryan A Strat & Assoc.	Landfill Closure/Land Use Consultant	282,294.00	5,000	5,000	5,000	5,000	5,000	5,000	30,000	OS Bonds
(84) N	Davenport Park Development	LSA Associates	Prepare EIR	177,171.00			30,000				30,000	OS Bonds
(85) N	Davenport Park Development	State Water Quality	Environmental Approval/Monitoring	10,000.00			10,000				10,000	OS Bonds
(86) N	Expo Building (4321 Atlantic)	City of Long Beach	Fire/Life Safety Renovations and Code Compliance	0.00				100,000	100,000		200,000	RPTTF
(87) N	Fire Station 12	CBM Consulting, Inc.	Construction management	(164,056.00)	25,384	25,384	25,384	25,384	25,384	25,384	152,304	RDA Bonds
(88) N	Fire Station 12	Gonzales Construction	Construction	1,224,384.00	204,064	204,064	204,064	204,064	204,064	204,064	1,224,384	RDA Bonds
(89) N	Fire Station 12	Kleinfelder	Inspection services	(49,268.00)	15,000	15,000	15,000	15,000	15,000	15,000	90,000	RDA Bonds
(90) N	Fire Station 12	Mary McGrath Architects	Contract administration/architecture	(124,169.00)	33,000	33,000	33,000	33,000	33,000	33,000	198,000	RDA Bonds
(91) N	Fire Station 12	Solis Group	Labor Compliance	0.00	6,000	6,000	6,000	6,000	6,000	6,000	36,000	RDA Bonds
(92) N	Fire Station 12	Visalink	Communications tower	56,193.00	23,000						23,000	RDA Bonds
(93) N	Fire Station 12	Westnet	Alarm system	0.00			59,026	59,026			118,052	RDA Bonds
(94) N	Long Beach Blvd./Couplets Street Improvement (Bond Project)	Sully Miller	General Contractor	550,000.00		550,000					550,000	RDA Bonds
(95) N	North Neighborhood Library	LPA, Inc.	North Library Design	757,469.00	6,000	6,000	6,000	6,000	6,000	6,000	36,000	RDA Bonds
(96) N	North Neighborhood Library	City of Long Beach	Sprint Comm Tower Relocation Eminent Domain Settlement	600,000.00	600,000						600,000	RDA Bonds
(97) N	North Neighborhood Library	DM&A	Sprint Com Tower relocation valuation services	5,000.00		5,000					5,000	RPTTF
(98) N	Orchard Supply Lease Agreement	Orchard Supply	Sales Tax Rebate	117,842.00	5,100						10,900	RPTTF
(99) N	Oregon Park Development	LA County	Easement Agreement/Plan Check	0.00	50,000						50,000	RDA Bonds
(100) N	Oregon Park Development	Public Works	Plan Check, bidding, construction/project mngmnt	257,834.00	30,100	30,100	30,100	30,100	30,100	30,100	180,600	RDA Bonds
(101) N	Oregon Park Development	City of Long Beach	Construction	2,624,999.00				218,000	218,000	218,000	654,000	RDA Bonds
(102) N	Oregon Park Development	So Cal Edison	Reroute Utility/Plan Check	62,000.00				62,000			62,000	RDA Bonds
(103) N	Ranona Park Apartments	Palm Desert Development Company	New 61-unit low income senior rental housing	12,400,000.00		4,200,000	400,000	400,000	400,000	400,000	5,800,000	Low-Mod Fund
(104) N	South Waterfront Hotels Street Improvement	Portside Partners (The Ensemble Group)	Public Improvement Reimb. Marriott and Hotel Maya	6,264.00			106,264				106,264	RPTTF
(105) P	Neighborhood Development Program	City of Long Beach	Poly High Public Improvements	3,115,260.00				50,000			50,000	RPTTF
(106) P	Poly Gateway	Melendrez	Architectural Services	1,000.00		2,000	2,000	1,000			5,000	RPTTF
(107) P	Poly Gateway Monument Signs	Equity North Investments	Electrical Work for Monument Signs	0.00	15,000	15,000					30,000	RPTTF
P/W/												
(108) W/S/	2002 Tax Allocation Bonds	Bank of New York	Bonds issue to fund RDA projects	90,700,995.00	2,195,627			1,276,245			3,472,072	RPTTF
W/D/												
(109) L/C/	2005 Tax Allocation Bonds	Bank of New York	Bonds issue to fund RDA/Housing projects	359,826,602.00	8,289,961						8,289,961	RPTTF
(110) W/S	1650 Seabright/188-91 W. 16th Street	1600 Seabright, LLC (Parker Diving)	Performance Deposit	0.00					10,000		10,000	Other revenue
(111) W/S	Westside Storm Drain	Oleson, Inc.	Contractor	2,500,446.00	625,112	625,112	625,112	625,112			2,500,448	RPTTF
(112) W/S	Westside Storm Drain	William Associates	Inspection services	37,450.00	10,000	10,000	10,000	7,450			37,450	RPTTF
(113) W/S	Westside Storm Drain	Kleinfelder	Materials Observation / Testing	14,698.00	3,675	3,675	3,675	3,675			14,700	RPTTF
(114) W/S	Westside Storm Drain	Public Works	Engineering / Construction Mgmt. Services	16,000.00	4,000	4,000	4,000	4,000			16,000	RPTTF
W/S/												
(115) D	1992 Tax Allocation Bonds Series	U.S. Bank	Bonds issue to fund RDA projects	29,876,344.00			1,672,156				1,672,156	RPTTF
	Grand total			784,965,294	16,918,819	13,228,558	7,758,420	8,648,912	4,116,540	8,029,457	58,702,707	

Project Area:
A All
D Downtown

Project Area	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt/Obligation	July 2012	August 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Total Due July to Dec. 2012	Funding Source
C L N P W WS	Central											
	L Los Altos											
	N North											
	P Poly High											
	W West Beach											
	WS West Side											
	Expenditures by Funding Source											
1)	Redevelopment Property Tax Trust Fund (RPTTF)			731,086,249	13,874,196	1,822,880	4,652,398	5,077,326	599,480	4,669,895	30,698,175	
2)	Administrative Allowance			17,389,113	516,503	485,984	482,150	482,150	482,150	482,150	2,931,087	
3)	Low-Mod Fund			25,841,927	1,066,163	9,528,423	1,606,163	1,915,863	1,967,363	1,815,365	17,899,340	
4)	OS Bonds			597,405	16,910	27,500	67,500	27,500	32,500	42,000	213,910	
5)	RDA Bonds			9,955,413	1,445,047	1,322,047	950,209	1,146,073	1,025,047	1,020,047	6,908,470	
6)	Other Revenue			95,187	-	41,725	-	-	10,000	-	51,725	
	Grand Total			784,965,294	16,918,819	13,228,559	7,758,420	8,648,912	4,116,540	8,026,457	58,702,707	

DOF opined item is not an enforceable obligation. SA will contest.

EXHIBIT B

Administrative Budget Successor Agency & Housing Successor Agency July 1 - December 31, 2012

	Successor Agency	Housing Successor Agency	Total
	July-Dec	July-Dec	July-Dec
Personnel Costs	501,344	460,935	962,279
Personnel Count	8.25	6.75	15
City Department Services	906,402	266,574	1,172,976
City Indirect Cost Allocation	506,262	242,520	748,782
Operating Expenses	2,790	3,480	6,270
Prof & Specialized Services	40,780	-	40,780
Total Administrative Budget	1,957,578	973,509	2,931,087

Exhibit C

Long Beach Successor Agency Administrative Functions

Development

- Administer the wind down and completion of former RDA activities and operations
- Prepare Successor Agency ROPS and administrative budgets for Oversight Board approval
- Ensure compliance with bond indentures and maintain required reserves
- Coordinate communications and requests for information from Successor Agency, Oversight Board, L.A. County Auditor-Controller, State Department of Finance, and State Controller's Office
- Provide staff support to the Successor Agency and Oversight Board
- Enforce covenants and provisions associated with enforceable obligations

Financial

- Administer the Redevelopment Obligation Retirement Funds
- Ensure timely payments required by Enforceable Obligations
- Monitor AB 26 financial compliance
- Prepare continuing disclosure as required by debt indentures
- Ensure Debt covenant compliance
- Manage Successor Agency accounting, reporting and bank transaction
- Perform analysis and monitor of cash flow
- Maintain reserves in the amount of required indentures
- Coordinate completion of audited financial statements and agreed upon procedures

Legal

- Advise the Successor Agency and staff on all legal issues concerning AB 26 and prevailing law
- Represent the Successor Agency and staff either directly or through special counsel relationships before administrative bodies, such as the Oversight Board and before all courts in all litigation such as contract disputes and municipal litigation

Housing Successor Agency Administrative Functions

Affordable Housing Continuing Covenant Enforcement

- Assembles, organizes, and ensures that all documentation is complete in records and project files for a wide variety of projects with deed-restricted units

- Reviews all loans from low and moderate income housing funds to ensure that the terms of each loan are being met, proper reports are being filed by borrowers, and that residual receipts are being properly calculated.
- Monitors lease-up of vacated units to ensure compliance with regulatory restrictions.
- Conducts annual monitoring of deed restricted units, including preparation of letters, certification and related follow-up.
- Prepares correspondence and reports, completes a variety of forms and applications

Completion of Construction of Affordable Housing Developments

- Review construction budgets to ensure sufficient funds and cost reasonableness
- Reviews architectural plans and engineering reports to ensure compliance with building and zoning codes
- Ensure that projects meet code requirements and are in compliance with Affordable Housing Covenants
- Inspects and evaluates construction work in progress to ensure compliance with plans, specifications, workmanship and quality of work. Determines percentage of work completed for progress payments to contractors. Review all material and labor lien releases and Building and Safety sign-offs.
- Coordinates pre-construction meetings with contractor to review scope of work and provision of construction contract
- Reviews and recommends approval of change orders
- Coordinates review of Federal (Davis Bacon) Section 3 and State prevailing wage requirements
- Coordinates projects with other City departments and outside regulatory agencies
- Prepares reports and correspondence

Financial

- Ensure timely payments required by Enforceable Obligations
- Manage Housing Successor Agency accounting, reporting and bank transaction
- Perform analysis and monitor of cash flow
- Prepare Housing Successor Agency ROPS and administrative budgets for Oversight Board approval

Legal

- Advise the Housing Successor Agency and staff on all legal issues concerning AB 26 and prevailing law

May 2, 2012

VIA E-MAIL

Patrick H. West
City Manager, City of Long Beach
333 West Ocean Boulevard
Long Beach, CA 90802

Robert E. Shannon
City Attorney, City of Long Beach
333 West Ocean Boulevard
Long Beach, CA 90802

Re: Long Beach Oversight Board Approval of the City of Long Beach's Recognized
Obligations Payment Schedule ("ROPS")

Dear Mr. West and Mr. Shannon:

As special counsel to the City of Long Beach (the "City") with respect to implementation of ABx1 26, the bill that dissolved and calls for the winding up of the affairs of the former Redevelopment Agency of the City of Long Beach (the "RDA"), I have been asked to provide you with my firm's legal opinion as to two issues: (1) whether 2 City/RDA loan/reimbursement agreements listed on the City's initial Recognized Obligations Payment Schedule ("ROPS") for the January 1, 2012-June 30, 2012, time period and on its ROPS for the July 1, 2012-December 31, 2012, time period are in fact legitimate "enforceable obligations" of the former RDA; and (2) whether the City, as the housing successor to the RDA, is entitled to utilize unexpended proceeds from the RDA's \$55,665,000 2005 Tax Allocation Bond (Housing Projects) issue (the "2005 Housing Bonds") to fund 2 affordable housing projects identified on its ROPS. This letter is responsive to that request.

1. **The City/RDA Loan/Reimbursement Agreements Are "Enforceable Obligations."**

The 2 City/RDA loan/reimbursement agreements in question are the following: (1) the January 20, 2011, Amended and Restated Loan Agreement (Downtown Project Area) for project area planning entered into between the RDA, as borrower, and the City, as lender, in the principal sum of \$94,838,615.49 (referred to herein as the "City/RDA Loan Agreement" and identified as Line Item 122 on the initial 1/1/12-6/30/12 ROPS and as Line Item 59 on the 7/1/12-12/31/12 ROPS); and (2) the January 20, 2011, CityPlace Reimbursement Agreement

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entered into between the RDA and City in the sum of \$4,955,213.00 (referred to herein as the "CityPlace Agreement" and identified as Line Item 60 on the 7/1/12-12/31/12 ROPS).¹

In our opinion, the obligations in question both qualify as "enforceable obligations" and are entitled to be approved by the Long Beach Oversight Board for the following reasons:

A. The obligations were each lawfully entered into by the City and RDA and served valid redevelopment purposes. Consider the following:

- With regard to the City/RDA Loan Agreement, the Community Redevelopment Law expressly authorized the City to provide financial assistance to the RDA (see, e.g., Health & Safety Code §§ 33220, 33600, 33601, 33610, 33614; see also Government Code § 53600 *et seq.*) and, as has been noted by a leading commentator "the community [i.e., the city that activates a redevelopment agency] is [or was] often the primary source of 'seed' capital to fund the costs of adoption of a redevelopment plan and initial program activities." (Goldfarb Lipman, *A Legal Guide to California Redevelopment* (2006), p. 205.) If instead of "internally" borrowing seed money from the City the RDA had financed its activities with bonds issued to private third party lenders there is no question they would be "enforceable obligations" within the meaning of ABx1 26. (See Health & Safety Code § 34171(d)(1)(A) and (B).) Given that the City was willing to invest its own surplus funds in its RDA and took the financially prudent step of avoiding the need for the RDA to borrow money on the open market and pay interest to third parties, we see no fair or equitable rationale for concluding that the City's authorized investment should be wiped out.
- With regard to the CityPlace Agreement, the Community Redevelopment Law expressly authorized the RDA's reimbursement and the City Council and RDA Board of Directors properly made all of the findings and determinations required

¹ While both the City/RDA Loan Agreement and the CityPlace Agreement are dated subsequent to January 1, 2011, it is important to note that they restate and memorialize obligations and arrangements between the City and RDA that existed well prior to that date. The City/RDA Loan Agreement was originally entered into on September 11, 1974, and was subsequently amended and supplemented with similar agreements on December 5, 1977, July 11, 1978, November 14, 1983, October 20, 1992, and October 2, 2002, and the purpose of the January 20, 2011, City/RDA Loan Agreement was simply to consolidate the prior agreement(s), as amended, and establish a single repayment schedule. (*Id.*, Recitals D-H.) The CityPlace Agreement memorialized actions taken by the RDA and City in Fiscal Years 2009, 2010, and 2011 whereby the RDA, in light of the City's budget problems, agreed to pick up the City's Fiscal Year 2012-2017 annual debt service payments on the 2001 Plaza Parking Facility Lease Revenue Bonds that were issued in conjunction with the redevelopment of the former Long Beach Plaza site.

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to justify it, including that the publicly owned CityPlace parking structure improvements are of benefit to the Downtown Redevelopment Project Area, that the improvements help to alleviate conditions of blight in the redevelopment project area, and that "no other reasonable means of financing the . . . improvements are available to the community." (See Health & Safety Code § 33445, RDA Resolution Nos. R.A. 16-2009, 17-2009, 13-2010, and City Council Resolution Nos. 09-0059 and 10-0107.) Given the City's budget shortfalls, the RDA's agreement to "step up" and cover the City's debt service payments on the 2001 Plaza Parking Facility Revenue Bonds through Fiscal Year 2017 was necessary and appropriate "for the purpose of securing or repaying those indebtedness obligations" (Health & Safety Code § 34171(d)(2)).

B. The obligations both provide for repayment over a reasonable term of years at reasonable interest rates. The City/RDA Loan Agreement is repayable at a modest 3%/year interest rate. (*Id.*, Section 1.) The reimbursements under the CityPlace Agreement are simply a "pass through" rate based on the debt service provided for in the 2001 Plaza Parking Facility Revenue Bonds.

C. The obligations were both initially approved prior to January 1, 2011 (see footnote 1, *supra*), as part of the issuance of indebtedness obligations and solely for the purpose of securing or repaying those indebtedness obligations, all within the meaning of Health & Safety Code Section 34171(d)(2)(A) (part of the definition of "enforceable obligations" in ABx1 26). Neither of them was a last minute attempt to avoid Governor Brown's or the California Legislature's efforts in early 2011 to eliminate redevelopment agencies.

D. Our opinion that the obligations in question are "enforceable obligations" under ABx1 26 is consistent with the interpretation given to that phrase by the California Attorney General's office. On January 27, 2012, Ross Moody, Deputy Attorney General, acknowledged in open court in the case of *City of Cerritos v. State of California*, Sacramento County Superior Court Case No. 34-2011-80000952, that "to the extent [a] city has entered into indebtedness or contract [with its redevelopment agency] for those same purposes [i.e., in reliance upon being repaid with tax increment revenues] there is no reason that AB 26 would invalidate those contracts." (See Reporter's Transcript, pp. 61-65, a copy of which is being provided herewith.)

E. If ABx1 26 were interpreted such that the RDA obligations to the City cannot be repaid and the other payment priorities in Health & Safety Code §§ 34183 and 34188 are enforced as written, the result would be a legislative reallocation of property tax revenues among taxing entities on something other than a pro rata basis and without the requisite 2/3 vote, in violation of Article 13, § 25.5(a)(3) of the California Constitution (Proposition 1A). So including the City/RDA Loan Agreement and CityPlace Agreements on the City's ROPS is, we

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believe, essential to ensuring that ABx1 26 is implemented in a manner that meets constitutional requirements.

F. We acknowledge ABx1 26 is ambiguous on this issue, but we are hopeful the ambiguity will be clarified by the Legislature in AB 1585, which recently passed the California Assembly with a 2/3 vote (as urgency legislation) and is now pending in the State Senate. (See proposed amendments to Health & Safety Code §§ 34171(d)(2)(C) and 34180(k).) The City/RDA Loan Agreement and CityPlace Agreement would fit within the criteria for "enforceable obligations" as proposed in AB 1585.

G. If the City/RDA Loan Agreement and CityPlace Agreement are *not* listed on the ROPS there is a danger that funds owing to the City will be "swept" to the Los Angeles County Auditor-Controller and disbursed to other taxing entities that are not entitled to receipt of the funds, which will result in accounting problems, confusion, potential offsets of funds owing to the taxing entities at a later date, and even litigation.

H. We recognize that the Department of Finance is taking a contrary position to the position set forth in this letter. Nevertheless, successor agencies and Oversight Boards statewide are *approving* hundreds of ROPS that include city/RDA and county/RDA loan and reimbursement agreements in them. We believe the Long Beach Oversight Board should do likewise, if for no other reason than to keep this issue alive for Long Beach. If the issue is not settled by AB 1585 or similar legislation, it likely will end up being resolved in the courts. In our opinion, there is no good reason why Long Beach should be deprived of the opportunity to pursue its legal rights and remedies on this issue, just as hundreds of other cities and counties statewide are doing.

I. Finally, it is worth mentioning that under ABx1 26 even if the existing City/RDA agreements are for some reason deemed to be invalid and not binding, the City, in its capacity as successor agency to the dissolved RDA, expressly retains the authority to "enter or reenter" into the very same agreements with the City in its "normal" city capacity "upon obtaining the approval of its oversight board." (Health & Safety Code § 34178(a).) We are not at the point of needing to ask the City (in its 2 capacities) to "enter or reenter" into the City/RDA Loan Agreement or the CityPlace Agreement, nor are we at the point of needing to ask the Oversight Board to approve the re-approval of those agreements, as authorized by this statute, but given that ABx1 26 authorizes such a procedure we believe it should make the Oversight Board more comfortable approving them as "enforceable obligations" if for no other reason than to resolve the status of the agreements more quickly.

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2. The City Has the Authority as Housing Successor to the RDA to Expend Housing Bond Proceeds for Affordable Housing Purposes.

The 2 affordable housing projects in question are: (1) the Belwood Apartments project (identified as Line Items 158 and 159 on the initial 1/1/12-6/30/12 ROPS and as Line Items 78 and 79 on the 7/1/12-12/31/12 ROPS); and (2) the Ramona Park Apartments project (identified as Line Item 183 on the initial 1/1/12-6/30/12 ROPS and as Line Item 103 on the 7/1/12-12/31/12 ROPS).

In our opinion, the City has the authority to retain unexpended proceeds from the 2005 Housing Bonds to fund the Belwood and Apartments and Ramona Park Apartments (and other) affordable housing projects for the following reasons:

A. Pursuant to Health & Safety Code §34176(a), the City of Long Beach timely elected to act as the "housing successor" to the RDA, which entitles the City to "retain the housing assets and functions of the [RDA], excluding [only] any amounts on deposit in the [RDA's] Low and Moderate Income Housing Fund."

B. Unexpended proceeds of the 2005 Housing Bonds constitute "housing assets" of the former RDA. Those unexpended proceeds are *not* "amounts on deposit in the [RDA's] Low and Moderate Income Housing Fund" within the meaning of Health & Safety Code § 34176(a). In this regard, the February 1, 2005, Indenture of Trust entered into by and between the former RDA and The Bank of New York Trust Company, N.A. ("Trustee"), for the 2005 Housing Bonds required the bond proceeds to be deposited in a "Housing Proceeds Fund" established and held by the Trustee, *not* in the RDA's Low and Moderate Income Housing Fund (*id.*, see definitions of "Housing Proceeds Fund" and "Trustee" in Section 1.01, Section 2.01, and Sections 3.02-3.03).

C. The only authorized use of the unexpended proceeds of the 2005 Housing Bonds is for affordable housing purposes. In this regard, the Indenture of Trust requires bond proceeds to be used for "the financing of the housing activities of the Agency, consistent with the requirements of [Health & Safety Code] Section 33334.3 and other applicable provisions of the Redevelopment Law." It would violate the Indenture of Trust for unexpended proceeds to be disbursed to the County Auditor-Controller for allocation among the taxing entities.

D. The 2005 Housing Bonds and, in particular, the Indenture of Trust clearly constitute "enforceable obligations" of the former RDA. (See Health & Safety Code § 34171(d)(1)(A) and (B).) Section 34174(a) provides that "nothing in [ABx1 26] is intended to be construed as an action or circumstance that may give rise to an event of default under any of the documents governing the enforceable obligations." Section 34175(a) further provides that

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"[i]t is the intent of this part that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. . . ." Finally, and most directly on point, Section 34177(b) expressly provides that "[b]ond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case the proceeds may be used to defease the bonds." (Emphasis added.) Since the purposes for which the 2005 Housing Bonds—financing affordable housing activities of the former RDA—still can be achieved, through the City acting as the former RDA's housing successor, the unexpended bond proceeds *must* be used for those purposes. It would be a violation of ABx1 26 to prevent the City from using the bond proceeds to implement the Belwood Apartments and Ramona Park Apartments affordable housing projects.

* * *

Please let me know if you have any questions or comments regarding the subjects addressed in this letter.

Very truly yours,

RUTAN & TUCKER, LLP



Jeffrey M. Oderman

JMO:jmo
Enclosure

cc: Amy Bodek, Director of Development Services
Richard Anthony, Deputy City Attorney

1 Section 16 of the State Constitution and other
2 Supreme Court authority.

3 So 34171 D2 does protect -- excuse me, does
4 protect enforceable obligations that -- some
5 enforceable obligations between the city and the
6 redevelopment agency, and there is also a process
7 in AB 26 for placing what are claimed enforceable
8 obligations onto the obligation payments schedule
9 and that is present in AB 26 itself.

10 THE COURT: Um-um. So what would be an
11 example of a obligation that would not be
12 enforceable as a result of this paragraph,
13 paragraph 2 that you've been talking about here?

14 MR. ODERMAN: Was that directed at me, your
15 Honor?

16 THE COURT: I am going to ask him, but I'll
17 ask you in a second. I'll ask you first. Can you
18 give me a specific example of what you think a
19 contract would be that would not be honored in
20 this context?

21 MR. ODERMAN: The City of Cypress entered
22 into a loan agreement with its redevelopment
23 agency some years ago in good-faith pursuant to
24 then existing law to provide seed money to the
25 redevelopment agency so that it could get going
26 with its redevelopment program.

27 It's refinanced that loan in 2009, at a 5
28 percent interest rate, and there are 23 million

1 dollars remain due and owing on that loan.

2 It's wiped out by AB 26 by this provision of
3 AB 26. It does not qualify within either of the
4 two very limited exceptions to the general rule
5 that contracts between the city and redevelopment
6 agency are eliminated.

7 THE COURT: Let me get a comment from the
8 State.

9 MR. MOODY: May I be heard?

10 THE COURT: Sure.

11 MR. MOODY: I think that's far from clear.
12 Obviously what the legislature was trying to get
13 at here was once Governor Brown suggested he
14 thought redevelopment agencies should go away, all
15 sorts of shenanigans started to occur between
16 redevelopment agencies and their sponsors.

17 This is an attempt to prevent things like
18 we're going to take all your cash and we're going
19 to transfer it to the city.

20 And that's not going to be an enforceable
21 obligation, but when you read the very terms of
22 the section that they're citing, it says that
23 written agreements entered into that are for the
24 purpose of securing or repaying indebtedness may
25 be deemed enforceable.

26 I would point out the fatal flaw in the
27 argument being advanced by petitioners is that
28 they do not ever deal with the Article 16 Section

1 16 requirement that this money flow to
2 redevelopment obligations until the debts are
3 paid.

4 And the discussion in the California Supreme
5 Court opinion at pages 34 and 35 are very
6 illuminating. And they talk about redevelopment
7 agencies quote "Have a conditional right to the
8 allocation of tax increment to the extent of any
9 existing indebtedness," that's at the bottom of
10 34.

11 And then on 35 the Court notes that part 1.8
12 here in AB 26 respects the need to satisfy
13 existing indebtedness. So if you have
14 indebtedness that was incurred pursuant to Article
15 16 Section 16 tax increment you have people buying
16 notes, signing contracts, purchasing bonds in
17 reliance on tax increment backing that up AB 26
18 takes care of those people. And to the extent the
19 city has entered into indebtedness or contract for
20 those same purposes there is no reason that AB 26
21 would invalidate those contracts.

22 THE COURT: Now, I'm going to go back here,
23 and I'm going to ask you to wrap it up. I want
24 you to bring this back to the pro rata share.

25 MR. ODERMAN: Thank you, your Honor.
26 Before leaving this point, I'd like to also bring
27 the Court's attention, section 34178 A at page 37
28 of the bill, which reads -- I'll read just the

1 beginning part of it commencing on the operative
2 date of this part which would now be February 1.

3 THE COURT: Wait just a second. I am not
4 with you yet. Give me the cite again. Page 37?

5 MR. ODERMAN: 37.

6 THE COURT: 37 is 34175.

7 MR. ODERMAN: 34178. It is 34178, I may be
8 looking at a different version of the bill.

9 MR. MOODY: Page 28.

10 MR. GOLDSTEIN: Yeah, I think it is page 28.

11 MR. ODERMAN: 28. Okay.

12 THE COURT: Let me have just a moment to get
13 up with you. Okay.

14 MR. ODERMAN: "Commencing on the operative
15 date of this part agreements, contracts or
16 arrangements between the city or county, or city
17 and county that created the redevelopment agency
18 and the redevelopment agency are invalid and shall
19 not be binding on the successor agency."

20 THE COURT: Right.

21 MR. ODERMAN: So this is one of --

22 THE COURT: Isn't that just an attempt
23 prevent -- excuse me, sweetheart arrangements?

24 MR. ODERMAN: No. Your Honor.

25 THE COURT: During the phase out and
26 transition period?

27 MR. ODERMAN: No. It's, it applies to any
28 contractual arrangements. The agency hasn't had

1 the authority to enter into a new contract since
2 June of last year.

3 THE COURT: I understand that. And this
4 would be in anticipation that they are about to be
5 phased out, you enter into as many contracts as
6 you can to have enforceable obligation that
7 sustain the redevelopment agency contrary to the
8 intent of the law.

9 MR. ODERMAN: Well.

10 THE COURT: It's a freeze.

11 MR. ODERMAN: If the legislature -- that's
12 not what the legislature did.

13 THE COURT: I'm over here. Am I
14 misconstruing this provision?

15 MR. MOODY: No, you're not, Judge. For him
16 to stop at that point in his recitation is quite
17 misleading.

18 THE COURT: I understand the notwithstanding
19 and then the exceptions that are identified there.

20 MR. MOODY: Right. So there is a whole host
21 of things.

22 THE COURT: Now, I want to get you back to
23 the pro rata share.

24 MR. ODERMAN: Yes, your Honor. Again, there
25 are five -- four we identified, five really
26 elements to this waterfall that all come into play
27 before the pro rata distribution.

28 And those are -- and they are not just