

**SPECIAL MEETING OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
AVALON COMMUNITY IMPROVEMENT AGENCY
THURSDAY, JANUARY 21, 2016– 11:55 A.M.
CITY COUNCIL CHAMBERS 410 AVALON CANYON ROAD, AVALON, CA 90704**

In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact Denise Radde, City Clerk (310) 510-0220. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title II). All public records relating to an agenda item on this agenda are available for the public inspection at the time the records are distributed to all, or a majority of all, members of the Oversight Board. Such records shall be available at City of Avalon City Hall located at 410 Avalon Canyon Rd.

CALL TO ORDER / PLEDGE OF ALLEGIANCE / INVOCATION / ROLL CALL

ANNOUNCEMENTS / WRITTEN COMMUNICATIONS

ORAL COMMUNICATION

Members of the public may address the Oversight Board at this time. No action will be taken on non-agenda items at this meeting. Speakers should limit comments to three (3) minutes each.

GENERAL BUSINESS

1. Minutes from the September 16, 2015 Oversight Board Meeting
Although the live recording is the official record of Oversight Board meetings, minutes are prepared for the Board's approval. Present at the meeting: Anni Marshall, Chris Blehm, Eric Huart, John Thompson, and Gabrielle Morones.
Recommended Action
Adopt a resolution approving minutes from the September 16, 2015 Oversight Board Meeting.

2. City Loan to the Successor Agency to the Avalon Community Improvement Agency
The City of Avalon and the Successor Agency desire to enter into a loan agreement and place it on the ROPS for repayment. The City may loan funds to the Successor Agency as authorized by Health and Safety Code Section 34173(h). The City loan will be placed on the ROPS 15-16B and subsequent ROPS as necessary until it is fully repaid.
Recommended Action
Adopt resolution approving agreement for repayment of loan from the City of Avalon.

3. Recognized Obligation Payment Schedule ROPS 16-17
Health and Safety Code Section 34177 requires the Successor Agency to prepare and submit a Recognized Obligation Payment Schedule (ROPS), prior to each six-month fiscal period, to the Oversight Board, County Auditor-Controller, State Controller's Office (SCO), and State Department of Finance (DOF) for review and approval.
Recommended Action
Adopt a resolution approving the Recognized Obligation Payment Schedule 16-17 for the Twelve-Month Fiscal Period Beginning July 1, 2016 and Ending June 30, 2017.

**OVERSIGHT BOARD MEETING
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ADJOURN

NOTICE OF POSTING

I, Denise Radde, declare that the Oversight Board Agenda for the January 21, 2016 special meeting was posted on Tuesday, January 19, 2016, on the City of Avalon's website www.cityofavalon.com, and at City Hall, 410 Avalon Canyon Road. Copies of agendas and staff reports are available at City Hall.



Denise A. Radde, Oversight Board Secretary/City Clerk

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE AVALON
COMMUNITY IMPROVEMENT AGENCY**

MEETING DATE: January 21, 2016

AGENDA ITEM: 1

ORIGINATING DEPARTMENT: Successor Agency

CITY MANAGER: DR

PREPARED BY: Denise Radde

SUBJECT: Oversight Board Meeting Minutes

RECOMMENDED ACTION

That the Oversight Board adopt the resolution approving minutes from the Oversight Board Meeting on September 16, 2015.

REPORT SUMMARY:

Although the live recording is the official record of the Oversight Board meetings, minutes are prepared for the Board's approval.

FISCAL IMPACTS: N/A

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: N/A

FOLLOW UP ACTION: N/A

ADVERTISING, NOTICE AND PUBLIC CONTACT: This item was properly listed on the posted agenda.

ATTACHMENTS: Minutes and resolution for September 16, 2015.

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
AVALON COMMUNITY IMPROVEMENT AGENCY
MINUTES OF SEPTEMBER 16, 2015**

CALL TO ORDER: 12:32 p.m.

ROLL CALL: Present - Oversight Board members Anni Marshall, Eric Huart, Gabrielle Morones, John Thompson and Chris Blehm. Absent: Julie Moore. Also present- City Clerk/Oversight Board Secretary Denise Radde, Scott Campbell Oversight Board Counsel, Robert Mescher and Chris Woidzik.

There were no written communications or oral communication from the audience.

CONSENT CALENDAR- None

GENERAL BUSINESS

1. Minutes from the February 18, 2015 Oversight Board Meeting
Adopted Resolution 15-05 approving minutes from the February 18, 2015 Oversight Board Meeting. Motion to adopt by Eric Huart, seconded by Gabby Morones. (4 Ayes-Huart, Morones, Marshall and Blehm, 1 Abstain- Thompson, 1 Absent- Moore)
2. City Loan to the Successor Agency to the Avalon Community Improvement Agency
Adopted Resolution 15-06 approving agreement for repayment of loan from the City of Avalon. Motion by Gabby Morones, seconded by John Thompson. (5 Ayes- Morones, Thompson, Blehm, Huart and Marshall, 1 Absent- Moore)
3. Recognized Obligation Payment Schedule ROPS 15/16B
Adopted Resolution 15-07 approving the Recognized Obligation Payment Schedule 15-16B for the Six-Month Fiscal Period Beginning January 1, 2016 and Ending June 30, 2016. Motion by Eric Huart, seconded by Chris Blehm. (5 Ayes- Morones, Thompson, Blehm, Huart and Marshall, 1 Absent- Moore)

Chairman Marshall adjourned the meeting at 12:40 p.m.

I, Denise Radde, Oversight Board Secretary/City Clerk of the City of Avalon, do hereby certify that the DVD videotape of the Oversight Board of the Successor Agency to the Avalon Community Improvement Agency meeting of September 16, 2015, is the official record of that Oversight Board Meeting and is on file and maintained in City Hall.



Denise A. Radde, Oversight Board Secretary/City Clerk

OVERSIGHT BOARD RESOLUTION NO. _____

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE DISSOLVED AVALON
COMMUNITY IMPROVEMENT AGENCY, APPROVING
MINUTES FROM THE OVERSIGHT BOARD MEETING
ON SEPTEMBER 16, 2015**

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Avalon ("Successor Agency") is the successor agency to the dissolved Avalon Community Improvement Agency ("Agency"),

WHEREAS, pursuant to Health and Safety Code section 34179(a), the Oversight Board is the Successor Agency's oversight board; and

WHEREAS, pursuant to Health and Safety Code section 34179(e), the Oversight Board is deemed to be a local entity for purposes of the Ralph M. Brown Act (Gov. Code, § 54950 et seq.); and

WHEREAS, Exhibit A, pursuant to Government Code section 54954(a), the Oversight Board desires to provide, by resolution, the minutes from the September 16, 2015 meeting.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE AVALON COMMUNITY IMPROVEMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Actions. Minutes from the September 16, 2015 meeting.

Section 3. Certification. The City Clerk of the City of Avalon, acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

Section 4. Effective Date. Pursuant to Health and Safety Code section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for three (3) business days, pending a request for review by the State of California Department of Finance.

PASSED AND ADOPTED at a special meeting of the Oversight Board on the 21st day of January, 2016 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Ann H. Marshall, Chairperson

ATTEST:

Denise A. Radde, Oversight Board Secretary/City Clerk

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
AVALON COMMUNITY IMPROVEMENT AGENCY**

MEETING DATE: January 21, 2016

ADENDA ITEM: 2

ORIGINATING DEP: Successor Agency

CITY MANAGER: DR

PREPARED BY: Suzy Kim, Consultant, RSG Inc.
Ya-yin Isle, Consultant, RSG Inc.

SUBJECT: Approving an Agreement Between the Successor Agency and the City for Repayment of a loan from the City for unfunded Successor Agency Expenditures for the ROPS 15-16B

RECOMMENDED ACTION(S): That the Oversight Board approve an agreement authorizing the repayment of a loan from the City of Avalon to the Successor Agency to the Avalon Community Improvement Agency for the ROPS 15-16B.

REPORT SUMMARY: The Successor Agency to the Avalon Community Improvement Agency ("Successor Agency") is required to prepare a Recognized Obligation Payment Schedule ("ROPS") in order to request Redevelopment Property Tax Trust Funds ("RPTTF") to fund enforceable obligations. The ROPS is submitted to and reviewed by the California Department of Finance ("DOF"). The ROPS includes a Report of Cash Balances documenting the Successor Agency's cash balances from various funding sources. Beginning in 2016, ROPS will be due to DOF annually by February 1st, instead of biannually as in previous years. ROPS periods will cover a full fiscal year, July 1st to June 30th.

For the ROPS 15-16B time period, DOF approved \$1,765,518 in RPTTF for distribution to fund authorized enforceable obligations by the County Auditor-Controller. However, the available RPTTF balance for the 15-16B time period was \$1,269,705, and the Successor Agency only received that amount, leaving a shortfall of \$495,813 to pay enforceable obligations.

The City of Avalon and the Successor Agency desire to enter into a loan agreement for \$495,813 and place it on the ROPS for repayment. The loan amount would cover the shortfall needed to pay enforceable obligations. The City may loan funds to the Successor Agency as authorized by Health and Safety Code Section 34173(h). The City loan will be placed on the ROPS 16-17 and subsequent ROPS as necessary until it is fully repaid.

FISCAL IMPACTS: Approval of the City Loan is necessary to repay the City for Successor Agency expenditures that should have been funded by RPTTF through the ROPS.

ADVERTISING, NOTICE AND PUBLIC CONTACT: This item was properly listed on the posted agenda.

ATTACHMENT:
Oversight Board Resolution Approving Repayment of Loan from the City of Avalon for the ROPS 15-16B

OVERSIGHT BOARD RESOLUTION NO. _____

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE AVALON COMMUNITY IMPROVEMENT AGENCY APPROVING AGREEMENT FOR REPAYMENT OF LOAN FROM THE CITY OF AVALON FOR THE ROPS 15-16B

WHEREAS, pursuant to Assembly Bill x1 26, enacted on June 28, 2011, and Assembly Bill 1484, enacted on June 27, 2012 (collectively the "Dissolution Act"), the Avalon Community Improvement Agency ("Redevelopment Agency") was dissolved on February 1, 2012; and

WHEREAS, pursuant to Assembly Bill x1 26, the City Council of the City of Avalon is the "Successor Agency" to the Avalon Community Improvement Agency; and

WHEREAS, the Oversight Board to the Successor Agency was established under the Dissolution Act to direct and oversee the Successor Agency's action in winding down the affairs of the Redevelopment Agency and to perform other related functions; and

WHEREAS, Health and Safety Code ("HSC") Section 34177 requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period that lists its enforceable obligations; and

WHEREAS, the ROPS for the January to June 2016 ("ROPS 15-16B") period was unfunded due to a shortfall in available Redevelopment Property Tax Trust Funds ("RPTTF"); and

WHEREAS, HSC Section 34173(h) provides that the City may loan funds to the Successor Agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, and that the loan must be reflected on the Successor Agency's ROPS, which is subject to the approval of the Successor Agency's Oversight Board; and

WHEREAS, the City and Successor Agency desire to enter into a loan agreement and have transmitted it to the Oversight Board for its approval.

NOW, THEREFORE BE IT RESOLVED, the Oversight Board hereby finds and resolves as follows:

Section 1. The foregoing recitals are true and correct and incorporated herein.

Section 2. The Agreement to Repay Loan from the City of Avalon for the ROPS 15-16B, a copy of which is attached hereto as Exhibit A and incorporated herein by reference, is hereby approved.

Section 3. All legal prerequisites to the adoption of this Resolution have been satisfied.

Section 4. The Executive Director of the Successor Agency or designee is hereby authorized to take such actions as are necessary and appropriate to implement this decision of the Oversight Board, including, but not limited to, listing the Agreement to Loan from the City of Avalon on the Successor Agency's ROPS as an enforceable obligation.

Section 5. This Resolution shall become effective in accordance with Health and Safety Code section 34179(h), which authorizes the Department of Finance to review all actions taken by the Oversight Board.

PASSED AND ADOPTED this 21 day of January 2016 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Ann H. Marshall
Oversight Board Chairperson

Denise A. Radde
Oversight Board Secretary

**AGREEMENT TO REPAY LOAN FROM THE CITY OF AVALON
FOR THE ROPS 15-16B**

THIS AGREEMENT (this "Agreement") is entered into this 21 day of January, 2016, by and between the SUCCESSOR AGENCY TO THE AVALON COMMUNITY IMPROVEMENT AGENCY, a public body (the "Successor Agency") and the CITY OF AVALON, ("City").

RECITALS

The City and the Successor Agency (individually, a "Party" and collectively, the "Parties") enter into this Agreement with reference to the following facts and circumstances:

A. Pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.), the City Council activated the Redevelopment Agency of the City of Avalon (the "Avalon Community Improvement Agency") and subsequently adopted the Redevelopment Plan for the Avalon Redevelopment Project (the "Redevelopment Plan").

B. Assembly Bill x1 26 ("AB 26"), enacted in June 2011, and AB 1484 ("AB 1484"), enacted in June 2012 (collectively, the "Dissolution Act") required the dissolution of redevelopment agencies and established certain procedures and requirements for the wind-down of their activities.

C. The Successor Agency is the successor entity to the former Redevelopment Agency and, pursuant to the Dissolution Act, is responsible for the wind-down of the former Redevelopment Agency, including without limitation the performance and repayment of all enforceable obligations of the former Redevelopment Agency.

D. Health and Safety Code ("HSC") Section 34177(l) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") that lists its enforceable obligations and reports Successor Agency cash balances.

E. Successor Agency staff prepared the ROPS for the January to June 2016 period ("ROPS 15-16B") and the California Department of Finance ("DOF") approved \$1,765,518 of Redevelopment Property Tax Trust Fund ("RPTTF") for distribution by the County Auditor-Controller to the Successor Agency.

F. The available RPTTF balance to fund obligations for the ROPS 15-16B time period however was \$1,269,705, and the Successor Agency only received that amount, leaving a shortfall of \$495,813 to pay enforceable obligations.

G. The Successor Agency wishes to establish a City loan to the Successor Agency in the amount of \$495,813 to fully fund the approved enforceable obligations on ROPS 15-16B.

H. HSC Section 34173(h) provides that the City may loan funds to the Successor Agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, and that the loan must be reflected on the Successor Agency's ROPS, which is subject

to the approval of the Successor Agency's Oversight Board. Further HSC Sections 34178 and 34180 authorize certain contracts to be entered into between the Successor Agency and the City as its sponsoring community.

I. Relying on this authority, the City is prepared to extend a loan ("Loan") to the Successor Agency in the amount of FOUR HUNDRED NINETY-FIVE THOUSAND EIGHT HUNDRED THIRTEEN DOLLARS (\$495,813) ("Loan Amount") to be used to pay for underfunded enforceable obligations during the ROPS 15-16B period.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, including the mutual promises and covenants contained herein, the Parties mutually agree as follows:

1. Recitals. All of the above recitals are true and correct and are incorporated herein.
2. Purpose. The purpose of this Agreement is to document the obligation to repay the Loan as an enforceable obligation to be listed by the Successor Agency on each successive Recognized Obligation Payment Schedule ("ROPS"), as required to be prepared under Health and Safety Code section 34177, until such time as the Loan has been fully repaid.
3. Loan Amount. It is the understanding and agreement of the parties that the total amount of the Loan is FOUR HUNDRED NINETY-FIVE THOUSAND EIGHT HUNDRED THIRTEEN DOLLARS (\$495,813).
4. Repayment.
 - a. The Loan shall be repaid on par with any enforceable obligations falling within HSC 34183(a)(2)(C) (debts not qualifying as tax allocation bonds and certain revenue bonds).
 - b. The City hereby agrees to defer payment on the Loan during a six-month period covered by a ROPS to the extent that repayment in that period would leave insufficient funds to the Successor Agency to satisfy other contractual obligations covered by HSC Section 34183(a)(2)(C) which: (i) are due in that six-month period; and (ii) were in existence as of the date of this Agreement.
 - c. Unless legally prohibited or waived by the City, any portion of the unpaid Loan shall also be repaid from other revenues available to the Successor Agency. These payments shall augment and supplement the required payments described in paragraph (a).
5. Term. This Agreement shall be in full force and effect from the date hereof until such time as the entire amount of the Loan has been repaid in full.

6. Remedies. In the event of a default, the parties hereto shall be entitled to pursue any and all remedies available at law or equity under California law for purposes of enforcing the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the City, and Successor Agency have executed this Agreement as of the date first set forth above.

CITY OF AVALON

By: _____
Ann H. Marshall, Chairperson

ATTEST:

By: _____
Denise A. Radde, City Clerk

APPROVED AS TO FORM:

By: _____
Scott Campbell, City Attorney

**SUCCESSOR AGENCY TO THE AVALON
COMMUNITY IMPROVEMENT AGENCY**

By: _____
Ann H. Marshall, Executive Director

ATTEST:

By: _____
Denise A. Radde, Agency Secretary

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
AVALON COMMUNITY IMPROVEMENT AGENCY**

MEETING DATE: January 21, 2016

ADENDA ITEM: 3

ORIGINATING DEP: Successor Agency

CITY MANAGER: RR

PREPARED BY: Suzy Kim, Consultant, RSG Inc.
Ya-yin Isle, Consultant, RSG Inc.

SUBJECT: Recognized Obligation Payment Schedule (ROPS) 16-17 and
Successor Agency Administrative Budget for Fiscal Year 2016-17

RECOMMENDED ACTION(S): That the Oversight Board adopt "A Resolution of the Oversight Board of the Successor Agency to the Avalon Community Improvement Agency Approving the Recognized Obligation Payment Schedule 16-17 and Successor Agency Administrative Budget for Fiscal Year 2016-17"

REPORT SUMMARY:

DISCUSSION OF LEGISLATIVE CHANGES TO ROPS PROCESS

On September 22, 2015, Governor Brown signed Senate Bill 107 ("SB 107"), which went into effect immediately. SB 107 made several key changes to the Health and Safety Code sections that establish the ROPS process. These changes are summarized below:

Annual Submission Beginning for Fiscal Year 2016-17

Beginning in 2016, ROPS will be due to the Department of Finance ("DOF") annually by February 1st, instead of biannually as in previous years. ROPS periods will cover July 1st to June 30th. Once per ROPS period, but not later than October 1st, successor agencies may submit to their oversight board and DOF one amendment to the DOF-approved ROPS if the oversight board makes a finding that the revision is necessary for the payment of approved enforceable obligations during the second half of the ROPS period.

Bifurcation of ROPS and Prior Period Adjustment Processes

Previously on ROPS, successor agencies provided both an itemized list of payments of enforceable obligations for the upcoming ROPS period and an itemized list of differences between actual payments and past estimated obligations for the preceding ROPS period ("Prior Period Adjustment"). SB 107 specifies that, beginning in 2018, the Prior Period Adjustment process will be handled separately from the ROPS by county auditor-controllers and on an annual basis, instead of biannually as in previous years. Successor agencies will provide information regarding their Prior Period Adjustment to county auditor-controllers on October 1, 2018, and each October 1st thereafter. DOF has indicated that they are working on a new annual Prior Period Adjustment form to be introduced during the ROPS 17-18 period. ROPS 16-17 does not include the Prior Period Adjustment tab.

Administrative Cost Allowance

Previously, the administrative cost allowance for each fiscal year was the greater of \$250,000 or three percent of the RPTTF funding that the successor agency received during the fiscal year. Beginning in Fiscal Year 2016-17, the administrative cost allowance for each fiscal year is the greater of \$250,000 or three percent of the RPTTF funding that the successor agency received during the *prior* fiscal year; however, it cannot exceed 50 percent of the total RPTTF

funding distributed to pay enforceable obligations in the preceding fiscal year, less the administrative cost allowance and any loan repayments to the city or county. SB 107 also specifies that while administrative budgets still require Oversight Board approval, they are no longer required to be submitted to DOF for approval.

Last and Final ROPS

Beginning January 1, 2016, successor agencies may submit a Last and Final ROPS for approval by the oversight board and DOF if all of the following conditions are met:

1. Remaining debt includes only administrative costs and enforceable obligations with set payment schedules, such as debt service, loan agreements, and contracts;
2. All remaining obligations have been previously listed on a ROPS and approved by DOF; and
3. The successor agency has no outstanding or unresolved litigation.

Once DOF approves a successor agency's Last and Final ROPS, the successor agency may submit up to two requests to amend it.

AVALON ROPS 16-17

ROPS 16-17, covering the period of July 1, 2016 to June 30, 2017, is required to be submitted to the Oversight Board, County Auditor-Controller, State Controller's Office ("SCO"), and DOF for review and approval. The Oversight Board must approve the ROPS and submit it to DOF by no later than February 1, 2016. If the ROPS is not submitted by that deadline, the City of Avalon (as the City and not as the Successor Agency) will be subject to a civil penalty of \$10,000 per day for each day it is late. These requirements for the ROPS took effect in 2012 as a result of AB 1484 (Chapter 26, Statutes of 2012), and subsequently modified by SB107 (Chapter 325, Statutes of 2015).

Enforceable Obligations

The majority of the enforceable obligations on the ROPS remain unchanged from prior periods. ROPS 16-17 items requiring funding are as follows:

- Bond fiscal agent fees;
- Contract for Local Coastal Plan;
- Bond disclosure and arbitrage;
- Administrative cost allowance;
- Debt service payments on the 2015 Tax Allocation Refunding Bonds, Series 2015 A and 2015B;
- Catalina Island Museum Society reimbursement payment; and
- City loan to Successor Agency to cover a ROPS shortfall from the ROPS 15-16B.

Prior ROPS items Audit and Accounting Services, and Legal Services were reclassified by DOF to administrative cost allowance in ROPS 15-16B, and therefore are not requested separately on ROPS 16-17.

For the ROPS 15-16B time period, DOF approved \$1,765,518 in RPTTF for distribution for authorized obligations by the County Auditor-Controller. However, the available RPTTF balance to fund obligations for the 15-16B time period was \$1,269,705, and the Successor Agency only received that amount, leaving a shortfall of \$495,813 to pay enforceable obligations. The Successor Agency is requesting a loan from the City to cover the ROPS

shortfall, and that item has been included on ROPS 16-17. A separate agenda item requesting approval of the loan agreement is also on the meeting agenda.

Bond Projects

All projects proposed to be funded with bond proceeds have been funded and approved on prior ROPS. ROPS 15-16B included the final project to be funded with bond proceeds, which was \$156,517 for the Pebbly Beach Road Construction Project.

SERAF Loan Repayment

The Successor Agency received a Finding of Completion (aka the "Golden Ticket") on July 16, 2013. This enables the Successor Agency to repay monies loaned or advanced to the former ACIA from its Low and Moderate Income Housing Fund ("LMIHF") to make payments to the State's Supplemental Educational Revenue Augmentation Fund ("SERAF") required in fiscal years 2009-10 and/or 2010-11. In fiscal year 2009-10, the ACIA suspended a \$1,000,000 deposit of tax increment to its LMIHF, creating a \$1,000,000 debt to the LMIHF. The Successor Agency can now repay that \$1,000,000 loan to the Housing Authority's Low and Moderate Income Housing Asset Fund through the ROPS based on a prescribed calculation formula. A payment was made in FY 2015-16 in the amount of \$248,607.

The formula allows the repayment amount to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to taxing entities in the fiscal year 2012-13 base year. Because the ROPS residual pass-through amount for fiscal year 2015-16 is less than the 2012-13 base year residual amount, no SERAF loan repayments can be requested on ROPS 16-17. However, staff anticipates that SERAF loan repayments may resume on ROPS 17-18, and the full SERAF loan amount is anticipated to be paid off with ROPS 19-20.

DOF Review

Upon submittal of an Oversight Board-approved ROPS (due to DOF by February 1, 2016), DOF has until April 15, 2016 to make its determination on enforceable obligations, including amounts and funding sources. Meet and Confers are still available with the exception of items that are the subject of litigation disputing DOF's previous or related determination. The RPTTF distribution dates for ROPS 16-17 are June 1, 2016 and January 2, 2017.

SUCCESSOR AGENCY ADMINISTRATIVE BUDGET (FISCAL YEAR 16-17)

HSC Section 34177(j) requires the Successor Agency to prepare a proposed administrative budget for each six-month fiscal period and submit it to the Oversight Board for approval. As previously mentioned, in Fiscal Year 2016-17, the administrative cost allowance is \$250,000.

In addition to the Administrative Cost Allowance, a preexisting 2003 tax sharing agreement between the City, ACIA, and County of Los Angeles provides for a Permitted Administrative Expense ("PAE") to the Successor Agency to fund additional administrative and operational costs. The annual PAE amount increases each year to adjust for inflation. For fiscal year 2016-17, the PAE may provide up to \$519,505 in funding for administrative and operational costs. These costs can include, but are not limited to: personnel, supplies/travel, noticing,

professional services, legal services, financial services, and overhead, including property-related fees. Both the Administrative Cost Allowance (\$250,000) and PAE (\$519,505) are not 100% guaranteed funding levels since distributions of those funds are based on the sufficiency and availability of property tax revenues during each ROPS period.

Staff is recommending that the Successor Agency approve an annual administrative budget of \$769,505 for fiscal year 2016-17, which is split evenly between the two six-month ROPS periods, and direct staff to submit the budget to the Oversight Board for approval.

FISCAL IMPACTS: Approval of the ROPS and Administrative Budget is necessary for the Successor Agency to continue administrative operations and make payments for debt service, contracts, and other enforceable obligations. By not adopting the ROPS and Administrative Budget, the Successor Agency would risk defaulting on loans and other debt agreements, and not being able to fund certain expenses and operations, which would also impact the City's General Fund. Failure to submit an Oversight Board-approved ROPS to DOF by February 1, 2016 will also result in a \$10,000 per day penalty assessed against the City for each day the ROPS is late.

ADVERTISING, NOTICE AND PUBLIC CONTACT: This item was properly listed on the posted agenda.

ATTACHMENTS:

Oversight Board Resolution Approving the ROPS 16-17
FY 2016-17 Successor Agency Administrative Budget

OVERSIGHT BOARD RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE AVALON COMMUNITY IMPROVEMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 16-17 AND SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2016-17

WHEREAS, pursuant to Health and Safety Code Section 34177(m), the Successor Agency is required to prepare and submit for Oversight Board approval a Recognized Obligation Payment Schedule ("ROPS"), in a manner prescribed by the California Department of Finance ("DOF"); and

WHEREAS, Assembly Bill 1484 ("AB 1484") (Chapter 26, Statutes of 2012) established new procedural requirements for the preparation, review, and approval of ROPS by the Successor Agency, including clarifications regarding "enforceable obligations"; and

WHEREAS, Senate Bill 107 ("SB 107") (Chapter 325, Statutes of 2015) established revised procedural requirements for the preparation, review and approval of ROPS by the Successor Agency, including modifying the ROPS process to an annual ROPS beginning with FY 2016-17; and

WHEREAS, Exhibit "A" to this resolution establishes a ROPS for the fiscal year beginning July 1, 2016 and ending June 30, 2017 ("ROPS 16-17"), in a manner consistent with that prescribed by DOF; and

WHEREAS, on July 16, 2013, DOF issued a Finding of Completion letter to the Successor Agency pursuant to Health and Safety Code Section 34179.7; and

WHEREAS, Health and Safety Code Section 34177(j) requires the Successor Agency to prepare and submit a Successor Agency Administrative Budget ("Administrative Budget") for approval by an oversight board; and

WHEREAS, the Successor Agency will be allocated an "Administrative Cost Allowance," as defined in Health and Safety Code Section 34171(b); and

WHEREAS, pursuant to Amendment No. 1 to the Agreement for Reimbursement of Tax Increment Funds entered into by and between the County of Los Angeles, City of Avalon, and Avalon Community Improvement Agency on June 17, 2003, the City and Successor Agency are to be provided a "Permitted Administrative Expense" to fund administrative and operational costs related to the Successor Agency, the estimate of which for fiscal year 2016-17 is \$519,505; and

WHEREAS, Exhibit "B" to this resolution presents a draft annual Administrative Budget of \$769,505 for fiscal year 2016-17, divided evenly between the first and second halves of the fiscal year.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE AVALON COMMUNITY IMPROVEMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The action of the Oversight Board to approve the ROPS 16-17 and Successor Agency Administrative Budget does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

Section 3. Approval of ROPS 16-17. The Oversight Board hereby approves the Recognized Obligation Payment Schedule for the fiscal year beginning July 1, 2016 and ending June 30, 2017 in substantially the form attached hereto as Exhibit "A," as required by ABX1 26, enacted during the 2011 legislative year, AB 1484, enacted during the 2012 legislative year, and SB 107, enacted during the 2015 legislative year.

Section 4. Approval of Fiscal Year 2016-17 Administrative Budget. The Oversight Board hereby approves the Successor Agency Administrative Budget for Fiscal Year 2016-17, in substantially the form attached hereto as Exhibit "B," as required by ABX1 26, enacted during the 2011 legislative year, AB 1484, enacted during the 2012 legislative year, and SB 107, enacted during the 2015 legislative year.

Section 5. Transmittal to Appropriate Agencies. The Oversight Board hereby directs staff to transmit, by mail or electronic means, to the Los Angeles County Auditor-Controller, State Department of Finance, and the State Controller's Office a copy of the ROPS and Administrative Budget documents for review, and to post the ROPS on the Successor Agency's Internet Web site.

Section 6. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 7. Certification. The City Clerk of the City of Avalon, acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

Section 8. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED AND ADOPTED this 21st day of January, 2016 by the following
vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ann H. Marshall
Oversight Board Chairperson

ATTEST:

Denise A. Radde
Oversight Board Secretary

EXHIBIT A

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
JULY 1, 2016 TO JUNE 30, 2017

Recognized Obligation Payment Schedule (ROPS 16-17) - Summary
 Filed for the July 1, 2016 through June 30, 2017 Period

Successor Agency: Avalon
 County: Los Angeles

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		16-17A Total	16-17B Total	ROPS 16-17 Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPITF) Funding				
A	Sources (B+C+D):	\$ -	\$ -	\$ -
B	Bond Proceeds Funding	-	-	-
C	Reserve Balance Funding	-	-	-
D	Other Funding	-	-	-
E	Enforceable Obligations Funded with RPITF Funding (F+G):	\$ 1,715,666	\$ 1,175,379	\$ 2,891,045
F	Non-Administrative Costs	1,515,666	975,379	2,491,045
G	Administrative Costs	200,000	200,000	400,000
H	Current Period Enforceable Obligations (A+E):	\$ 1,715,666	\$ 1,175,379	\$ 2,891,045

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (g) of the Health and Safety code, I hereby
 certify that the above is a true and accurate Recognized Obligation
 Payment Schedule for the above named successor agency.

_____ Name	_____ Title
/s/ _____ Signature	_____ Date

Avalon Recognized Obligation Payment Schedule (ROPS 16-17) - Report of Cash Balances
(Report Amounts in Whole Dollars)

A	B	C	D	E Fund Sources				G	H	I
				Bond Proceeds	Reserve Balance	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)			
Cash Balance Information by ROPS Period										
ROPS 15-16A Actuals (07/01/15 - 12/31/15)										
1	Beginning Available Cash Balance (Actual 07/01/15)	4,226,895						(348,851)	96,080	Column C: Beginning balance validated by DOF (Kelly Wyatt) review of Avalon cash balances.
2	Revenue/Income (Actual 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor/Controller during June 2015									Column C: Includes deposit to establish 2015 TABR reserve account during bond refinancing. Column D: Revenues include Permitted Administrative Expense (PAE) pass-through from County restricted for administrative expenditures outside of RPTTF.
3	Expenditures for ROPS 15-16A Enforceable Obligations (Actual 12/31/15)	2,021,285						254,659	1,885,063	Column C: Housing bond proceeds were transferred to a Housing Successor LAF account to pay for projects approved on the ROPS 15-16A. Column D: Expenditures include PAE pass-through from County restricted for administrative expenditures outside of RPTTF.
4	Retention of Available Cash Balance (Actual 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	4,071,284						254,659	1,956,727	
5	ROPS 15-16A RPTTF Balances Remaining	2,020,006								No entry required
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	156,890						(348,851)	24,396	Column C: Remaining non-housing bond proceeds
ROPS 15-16B Estimate (01/01/16 - 06/30/16)										
7	Beginning Available Cash Balance (Actual 01/01/16) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	2,176,896						(348,851)	24,396	
8	Revenue/Income (Estimate 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor/Controller during January 2016							254,659	1,289,705	Column D: Revenues include PAE
9	Expenditures for ROPS 15-16B Enforceable Obligations (Estimate 06/30/16)	156,655						254,659	1,789,914	Column D: Expenditures include PAE
10	Retention of Available Cash Balance (Estimate 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	2,020,006								
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	235						(348,851)	(495,813)	Column H: The ROPS 15-16B was underfunded due to an RPTTF shortfall. The shortfall amount is requested through a City Loan on the ROPS 16-17

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances form, see CASH BALANCE TIPS SHEET.

EXHIBIT B

SUCCESSOR AGENCY ADMINISTRATIVE BUDGET
FISCAL YEAR 2016-17

SUCCESSOR AGENCY TO THE AVALON COMMUNITY IMPROVEMENT AGENCY
ANNUAL & SIX-MONTH ADMINISTRATIVE BUDGETS
FISCAL YEAR 2016-17

	ANNUAL FY 2016-17	JUL-DEC 2016	JAN - JUN 2017
Revenues*			
Annual Administrative Allowance	\$ 250,000	\$ 125,000	\$ 125,000
Permitted Administrative Expenses	519,505	\$ 259,753	\$ 259,753
Total Revenues	\$ 769,505	\$ 384,753	\$ 384,753
Expenses			
Salaries	\$ 276,850	\$ 138,425	\$ 138,425
Benefits/Insurance	172,317	\$ 86,158	\$ 86,158
Personnel	\$ 449,167	\$ 224,583	\$ 224,583
Supplies & Travel	\$ 10,000	\$ 5,000	\$ 5,000
Noticing	2,000	1,000	1,000
Professional Services	80,000	40,000	40,000
Legal Services	173,338	86,669	86,669
Financial Services	30,000	15,000	15,000
Overhead & Property Related Fees	25,000	12,500	12,500
Other Line Items	\$ 320,338	\$ 160,169	\$ 160,169
Total Expenses	\$ 769,505	\$ 384,752	\$ 384,752

NOTES:

* Sources of payment for proposed expenditures are: (1) Successor Agency annual Administrative Cost Allowance of \$250,000; and (2) Permitted Administrative Expense under County Agreement for Reimbursement of Tax Increment of \$519,505. All available revenue sources total \$769,505.

** Successor Agency will reimburse the City for operational and administrative costs (staffing, overhead).