



## SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY AGENDA REPORT



**DEPARTMENT:** Administrative Services

**MEETING DATE:** February 7, 2012

**PREPARED BY:** Buffy Bullis, Finance Division Manager

**AGENDA LOCATION:** SA AR-2

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**TITLE:** Approval of the Creation of a Redevelopment Obligation Retirement Fund, Resolution No. SA2012-02

**OBJECTIVE:** To create a Redevelopment Obligation Retirement Fund to be administered by the Successor Agency to the Monrovia Redevelopment Agency

**BACKGROUND:** On December 29, 2011, the California Supreme Court issued its decision in *California Redevelopment Association, et al. v. Matosantos, et al.* (Case No. S194861), the court case challenging the constitutionality of AB X1 26 ("AB 26") and AB X1 27 ("AB 27"). AB 26 and AB 27, which were signed by the Governor of California on June 29, 2011, added Parts 1.8 and 1.85 to the Community Redevelopment Law.

In its decision, the Supreme Court largely upheld AB 26, invalidated AB 27, and held that AB 26 may be severed from AB 27 and enforced independently. The Supreme Court revised the effective dates and deadlines for performance of obligations in Part 1.85 (the dissolution provisions) arising before May 1, 2012, to take effect four months later. As a result of the Supreme Court's decision, on February 1, 2012, all redevelopment agencies are dissolved and successor agencies are designated as successor entities to the former redevelopment agencies.

**ANALYSIS:** Pursuant to Health and Safety Code Section 34170.5, each successor agency to a former redevelopment agency must create, within its treasury, a Redevelopment Obligation Retirement Fund to be administered by the successor agency. By creating this fund, the successor agency will be allowed to receive funds from the County Auditor-Controller, which will then be used to pay the enforceable obligations of the former redevelopment agency.

The City is the Successor Agency for the Monrovia Redevelopment Agency (the "Successor Agency") and the Board of the Successor Agency (the "Board") consists of the members of the City Council. As such, Staff is recommending the approval by the Board to create a Redevelopment Obligation Retirement Fund within the Successor Agency's treasury in order to ensure compliance with Health and Safety Code Section 34170.5 and to allow receipt of funds from the County Auditor-Controller.

**ENVIRONMENTAL IMPACT:** There is no environmental impact resulting from the adoption of the attached Resolution.

**FISCAL IMPACT:** There is no fiscal impact resulting from the creation of a Redevelopment Obligation Retirement Fund within the treasury; however, by creating the Fund, the Successor Agency to the Monrovia Redevelopment Agency will be allowed to receive funds from the County Auditor-Controller to pay its enforceable obligations, thereby, avoiding default on its outstanding obligations.

**OPTIONS:** The following options are presented for consideration:

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1. Approve the creation of the Redevelopment Obligation Retirement Fund. This will enable the Successor Agency to comply with the requirements of AB 26, and will allow the Successor Agency to fulfill its payment obligations.
2. Reject the creation of the Redevelopment Obligation Retirement Fund. If this option is chosen, the Successor Agency will not be in compliance with Parts 1.8 and 1.85 of the Community Redevelopment Law under AB 26 and will not be allowed to receive funds from the County Auditor-Controller to pay its obligations.

**RECOMMENDATION:** Staff recommends that the Board of Directors of the Successor Agency to the Monrovia Redevelopment Agency adopt Resolution No. SA2012-02, creating the Redevelopment Obligation Retirement Fund.

**BOARD ACTION REQUIRED:** If the Board of Directors of the Successor Agency concurs, the appropriate action would be a motion to adopt Resolution No. SA2012-02.

**RESOLUTION NO. SA2012-02**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE SUCCESSOR AGENCY TO THE MONROVIA  
REDEVELOPMENT AGENCY CREATING A  
REDEVELOPMENT OBLIGATION RETIREMENT FUND  
PURSUANT TO HEALTH AND SAFETY CODE SECTION  
34170.5 AND TAKING CERTAIN ACTIONS IN  
CONNECTION THEREWITH**

**RECITALS:**

A. AB X1 26 and AB X1 27 were signed by the Governor of California on June 29, 2011, making certain changes to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (the "Redevelopment Law"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85").

B. The California Redevelopment Association and League of California Cities filed a lawsuit in the Supreme Court of California (*California Redevelopment Association, et al. v. Matosantos, et al.* (Case No. S194861)) alleging that AB X1 26 and AB X1 27 are unconstitutional. On December 29, 2011, the Supreme Court issued its opinion in the *Matosantos* case, largely upholding AB X1 26, invalidating AB X1 27, and holding that AB X1 26 may be severed from AB X1 27 and enforced independently.

C. The Supreme Court generally revised the effective dates and deadlines for performance of obligations in Part 1.85 arising before May 1, 2012, to take effect four months later.

D. As a result of the Supreme Court's decision, the Monrovia Redevelopment Agency (the "Redevelopment Agency"), a redevelopment agency in the City of Monrovia (the "City"), created pursuant to the Redevelopment Law, was dissolved pursuant to Part 1.85 on February 1, 2012.

E. By its Resolution No. 2012-03, adopted on January 11, 2012, the City Council of the City made an election to serve as the successor agency for the Redevelopment Agency under Part 1.85 (the "Successor Agency").

F. By its Resolution No. SA2012-01, adopted on February 7, 2012, the City Council, acting as the governing board for the Successor Agency, established rules and regulations applicable to the governance and operation of the Successor Agency, and pursuant to such resolution provided that the Successor Agency will be governed by a Board of Directors (the "Board") consisting of the members of the City Council of the City.

G. Health and Safety Code Section 34170.5 provides that each successor agency shall create within its treasury a Redevelopment Obligation Retirement Fund to be administered by the successor agency.

H. Accordingly, the Board desires to adopt this Resolution creating a Redevelopment Obligation Retirement Fund within the treasury of the Successor Agency.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE MONROVIA AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Resolution is adopted pursuant to Health and Safety Code Section 34170.5.

Section 3. The Executive Director and the Administrative Services Director are hereby authorized and directed to create within the treasury of the Successor Agency a Redevelopment Obligation Retirement Fund to be administered by the Successor Agency.

Section 4. The Secretary is hereby authorized and directed to file a certified copy of this Resolution with the County Auditor-Controller.

Section 5. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, and any such actions previously taken by such officers are hereby ratified and confirmed.

**PASSED AND ADOPTED** this 7th day of February, 2012, by the following vote:

**AYES:  
NOES:  
ABSENT:  
ABSTAIN:**

BY:

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Mary Ann Lutz, Mayor  
Successor Agency to the Monrovia  
Redevelopment Agency

ATTEST:

APPROVED AS TO FORM:

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Alice D. Atkins, CMC, Secretary  
Successor Agency to the Monrovia  
Redevelopment Agency

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Craig A. Steele, City Attorney