

**AGENDA FOR THE REGULAR MEETING OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
RANCHO PALOS VERDES REDEVELOPMENT AGENCY**

**CITY OF RANCHO PALOS VERDES
CITY HALL COMMUNITY ROOM
30940 HAWTHORNE BOULEVARD
RANCHO PALOS VERDES, CALIFORNIA, 90275**

WEDNESDAY, JUNE 6, 2012 AT 1:00 P.M.

Members:

Larry Clark (Chair), Stefan Wolowicz (Vice-Chair), Lydia Cano, Ken Dyda, Kit Fox, Michael Seth Schneider

AGENDA POSTED: June 1, 2012

WEBSITE: www.palosverdes.com/rpv/

CALL TO ORDER

1. Roll Call.
2. Approval of Agenda.

REGULAR BUSINESS

1. Chairman's Opening Remarks.
2. Consider Approval of minutes for May 16, 2012 meeting.
3. Receive update of pending legislation relevant to redevelopment agency dissolution. (Oral report)
4. Receive update of Frequently Asked Questions prepared by state and county agencies.
5. Consider Adoption of Conflict of Interest Code.
6. Receive report of California Department of Finance approval of Recognized Obligation Payment Schedules. (Oral report)

7. Receive reports from Sub-Committee, Staff and Successor Agency Legal Counsel; and Discuss retention of Legal Counsel for Oversight Board. (Oral report)

MISCELLANEOUS

8. Public comment for items not on the agenda.
9. Member Suggested Agenda Items for Future Meetings.
10. Consider future meeting schedule.
11. Chairman's Closing Remarks.
12. Adjournment.

SUPPORTING DOCUMENTATION: Supporting documentation can be obtained at the following locations during normal business hours: Rancho Palos Verdes City Hall, Finance & Information Technology Department, 30940 Hawthorne Boulevard, Rancho Palos Verdes, CA 90275. You can also view the agenda and staff reports and related documents at the Successor Agency's website www.palosverdes.com/RPV.

AMERICAN WITH DISABILITIES ACT: In compliance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City Clerk's Office at (310) 544-5208 at least 48 hours prior to the meeting.

Written materials, including emails, submitted to the Oversight Board are public records and may be posted on the Successor Agency's website. Accordingly, you may wish to omit personal information from your oral presentation or written materials as it may become part of the public record regarding an agenda item.

Materials related to an item on this Agenda submitted to the Oversight Board after distribution of the agenda packet are available for public inspection at the front counter of the lobby of the City Hall Administration Building at 30940 Hawthorne Boulevard, Rancho Palos Verdes during normal business hours.

**MINUTES FOR THE SPECIAL MEETING OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
RANCHO PALOS VERDES REDEVELOPMENT AGENCY**

**CITY OF RANCHO PALOS VERDES
CITY HALL COMMUNITY ROOM
30940 HAWTHORNE BOULEVARD
RANCHO PALOS VERDES, CALIFORNIA, 90275**

WEDNESDAY, MAY 16, 2012

CALL TO ORDER

Chair Clark called the meeting to order at approximately 1:23 p.m. in the Community Room at Rancho Palos Verdes City Hall for the purpose of conducting business pursuant to the Agenda.

1. ROLL CALL

Roll call was answered as follows:

PRESENT: Cano, Clark, Dyda, Wolowicz
ABSENT: Fox, Schneider

Also present were Deputy Director of Finance and Information Technology Downs, Successor Agency Attorney Lynch (present for items 9 and 10 only), Deputy Successor Agency Attorney Harris, and Senior Administrative Analyst Mills.

2. APPROVAL OF AGENDA

Member Dyda moved to approve the agenda, modified to consider item 3 immediately following item 10. The motion was seconded by Vice Chair Wolowicz. Hearing no objection, Chair Clark ordered approval of the agenda.

REGULAR BUSINESS

1. CHAIRMAN'S OPENING REMARKS

Chair Clark offered that Anthony Pirozzi did not accept his appointment as an Oversight Board (OB) member. Staff was asked to pursue a point of contact at the Community College District and report back to the Chair, who would make a request that the District quickly appoint a replacement Member, preferably someone who lives on the Peninsula.

2. APPROVAL OF MINUTES FOR MAY 1, 2012 MEETING

Member Dyda motioned to approve the minutes from the May 1, 2012 meeting. The motion was seconded by Vice Chair Wolowicz. Hearing no objection, Chair Clark ordered approval of the motion.

3. CONSIDER ADOPTION OF A RESOLUTION APPROVING THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY'S RECOGNIZED OBLIGATION PAYMENT SCHEDULES (ROPS) FOR THE PERIODS JANUARY 1, 2012 THROUGH JUNE 30, 2012 AND JULY 1, 2012 THROUGH DECEMBER 31, 2012

Vice-Chair Wolowicz motioned to approve the ROPS with the condition of notifying the Oversight Board if the Department of Finance makes any delays or changes to the ROPS. The motion was seconded by Member Dyda.

Chair Clark offered an amendment to the motion for Staff to pass on the Oversight Board's compliments of Staff's support efforts. Vice-Chair Wolowicz and Member Dyda accepted the amendment. The motion, including adoption of Resolution OB 2012-02, was approved 4-0 by roll call vote.

4. RECEIVE UPDATE OF PENDING LEGISLATION RELEVANT TO REDEVELOPMENT AGENCY DISSOLUTION

Senior Analyst Mills provided the Board with an oral report of pending legislation that would affect redevelopment agency dissolution, and provided a summary hand-out of the relevant state bills.

5. RECEIVE REPORT OF ALL ENCUMBERED AND UNENCUMBERED LOW AND MODERATE HOUSING FUNDS

The report was received and filed.

6. RECEIVE REPORT OF THE SUFFICIENCY OF CASH FLOW FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

Staff answered Member questions, and the report was received and filed.

7. REVIEW OF OVERSIGHT BOARD RULES AND PROCEDURES

Member Dyda motioned that the following two changes be made to the Rules and Procedures document.

1. Within the "Method of Limiting Debate" section, delete the sentence: "The maker of the motion is entitled to close the debate."

2. Within the "Vote Must Be Announced" section, add the sentence: "In instances where there is no objection, the Chair may declare unanimous approval of the motion."

The motion was seconded by Vice-Chair Wolowicz. The motion was approved 4-0 by roll call vote.

8. CONSIDER ADOPTION OF CONFLICT OF INTEREST CODE

Chair Clark motioned to defer action on the Conflict of Interest Code until the next meeting. The motion was seconded by Member Cano. Hearing no objection, the Chair ordered approval of the motion.

Chair Clark requested that Staff highlight in the next report: 1) the Board's action to defer the matter; and 2) that it is up to individual Boards to create their own Conflict of Interest Code, and therefore, the entire Board should be present for the discussion.

9. RECEIVE REPORT FROM SUB-COMMITTEE AND DISCUSS RETENTION OF LEGAL COUNSEL FOR OVERSIGHT BOARD

The Chair and Vice-Chair made their oral reports to the Board, which included:

1. There is no model or best practice for retention of legal counsel for Oversight Boards; and
2. Information from the Department of Finance and the County focuses on placement of the legal costs on the Recognized Obligation Payment Schedule.

Vice-Chair Wolowicz requested that Staff make available the email discussion between Vice-Chair Wolowicz and Tony Serrano from the County of Los Angeles.

Vice-Chair Wolowicz motioned to seek out legal counsel. The motion died for lack of a second.

The Board discussed retention of legal Counsel, and asked questions of Staff.

Chair Clark motioned to direct Staff to contact the Los Angeles Division of the League of California Cities and urge them to compile a list of attorney firms that are available to serve as counsel for Oversight Boards in Los Angeles County. Member Dyda seconded the motion. Hearing no objection, Chair Clark ordered approval of the motion.

10. RECEIVE REPORT FROM SUB-COMMITTEE AND DISCUSS OBTAINING LIABILITY INSURANCE FOR OVERSIGHT BOARD MEMBERS.

The Board discussed the proposed liability insurance, and asked questions of Staff. Chair Clark ordered for a recess at 2:17pm to enable Staff to follow up on a couple inquiries.

Chair Clark reconvened the meeting at 2:29pm.

Senior Analyst Mills confirmed the bonding of the Omissions & Errors (O&E) insurance effective May 16, 2012. Successor Agency Attorney Lynch confirmed that any settlement payments made by the insurer would not require repayment at a later date.

Chair Clark motioned to accept the O&E insurance offered by Alliant Insurances Services. The motion was seconded by Member Dyda. The motion was approved unanimously by acclimation.

MISCELLANEOUS

11. PUBLIC COMMENT

There was no public comment.

12. MEMBER SUGGESTED AGENDA ITEMS FOR FUTURE MEETINGS

Vice-Chair Wolowicz requested that Staff update the FAQ highlights document and place it on the next agenda.

13. CONSIDER FUTURE MEETING SCHEDULE

The Oversight Board agreed to cancel the July 4, 2012 meeting, as it falls on a holiday. Chair Clark requested that Staff notify the entire Board with the dates of the next few meetings, with a reminder that there will be no meeting on July 4th.

14. CHAIRMAN'S CLOSING REMARKS

None

15. ADJOURNMENT

Member Dyda motioned to adjourn the meeting. Member Cano seconded the motion. Hearing no objection, Chair Clark ordered the meeting adjourned at approximately 3:22pm.

Larry Clark, Chair of the Oversight Board

ATTEST

Ryan Mills, Recording Person

DRAFT

Updated FAQ's for Oversight Board June 6, 2012

For purposes of AB X1 26, what is a housing asset that can transfer to the housing successor?

Housing assets to be transferred to the housing successor agency must be approved by the oversight board and thus are also subject to review by Department of Finance. In our view, housing assets are:

1. Any real property, interest in, or restriction on the use of real property, whether improved or not, and any personal property provided in residences (such as furniture and appliances) that was acquired for housing purposes (either by purchase or through a loan) in whole or part with funds from the Low and Moderate Income Housing Fund (Low-Mod Fund). The share of the asset value that should be considered housing assets should be proportionate to the share of ownership of the asset that is held by the successor agency or if ownership shares are not defined by contract, in proportion to funding provided by the redevelopment agency in proportion to the total funding for the project.
2. Any funds that are encumbered by an enforceable obligation to build or acquire low and moderate income housing as low and moderate income housing are defined by the Community Redevelopment Law. For this purpose, an enforceable obligation is defined the same way it is for AB X1 26 generally.
3. A stream of repayments from a loan of Low-Mod Fund money, if the repayments are encumbered by enforceable obligations to provide low-mod housing or for enforceable obligations associated with low-mod housing. Any funds derived from rents or operation of properties with enforceable income restrictions are presumptively encumbered for maintenance and operation of the housing, monitoring, and enforcing the affordability restrictions, and enforcing other terms and conditions associated with the financial participation by the redevelopment agency. Otherwise they are surplus funds that should be provide to taxing agencies.
4. A stream of rents or other payments from housing tenants or operators of low-mod housing that are used to maintain, operate and enforce the affordability of low-mod housing or for enforceable obligations associated with low-mod housing.

We do not believe that financial assets of the Low-Mod Fund, such as deferred payments due to the Fund, and any repayments of SERAF loans, are housing assets. They are assets of the Low-Mod Fund and should be transferred to the taxing agencies. We expect that most low-mod housing acquired with redevelopment funds will have long-term or permanent affordability covenants on it and thus will have little or no market value. While we expect that most housing built or acquired with low-mod funds will have long-term restrictions on rents and sales that were required by providers of other financing involved in the projects, there may be instances where this is not the case. If the redevelopment agency had sole title to the housing and it was not built with any low-mod funds and thus is a market rate property, any rental revenue, or proceeds from sale, and the property itself, are not housing assets that transfer to the housing successor.

We also expect that some projects involving housing are mixed use and could include governmental-use property, commercial property, market rate housing, and housing that meets the Community Redevelopment Law definition of low-mod housing. While we would expect that significant amounts of low-mod funds were not used to acquire commercial property or governmental-use property per se, there could be situations where title to the various types of properties is in the name of the redevelopment agency. Property sale proceeds or revenue streams should be apportioned between the low-mod fund and other funders, including the redevelopment agency general fund. Such assets may transfer to the housing successor only with approval of the oversight board. The successor agency may prefer to hold and manage the asset.

Past FAQs for the Oversight Board

When will Successor Agencies receive payments from the County Auditor-Controller?

Health and Safety (H&S) § 34177(l)(3) contemplated that Redevelopment Agencies (RDAs) had sufficient tax increment distributed to them in the Spring of 2011 to allow them to pay their obligations through December 31, 2011. Since the Spring of 2011, LA County has remitted payments to RDAs in July, August, November, and December 2011 and January 2012, which Successor Agencies should use to cover enforceable obligations up to June 30, 2012.

Therefore, the first payment Successor Agencies will receive from the County will be on June 1, 2012. This payment is intended to cover enforceable obligations for the period July 1, 2012 through December 31, 2012.

What if a Successor Agency does not have enough cash to pay all the items listed on the ROPS?

Successor Agencies are expected to ensure bond payments are made. If the Successor Agency does not have sufficient revenue/cash on hand to pay their bond obligations, H&S §34183(b) requires Successor Agencies to notify the A-C. The A-C then notifies the Department of Finance (DOF). This section also describes the priority order Successor Agencies are to pay items listed on the ROPS.

In the event Successor Agencies cannot meet their bond obligations, they may also request the County Treasurer to loan funds sufficient to pay the bonds (§ 34183(b)).

What impact does ABx1 26 have on loans made by a City to its RDA?

H&S §34171(d)(2) specifies that agreements between an RDA and the city that created it, including loan agreements, are not enforceable obligations, and therefore cannot be listed on the ROPS. The exceptions include:

- a. Written agreements that were entered into:
 - i. at the time of issuance but no later than December 31, 2010, of indebtedness obligations
 - ii. solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations.
- b. Loan agreements entered into between the RDA and city/county that created it, within two years of the date of creation of the RDA

In addition, H&S §34178(a) states that agreements, contracts, or arrangements between the RDA and the city that created it are invalid and shall not be binding on the Successor Agency.

What happens to the assets of the former RDA?

H&S §34177(e) requires the former RDA to transfer all assets to the Successor Agency, who in turn is responsible for disposing the assets, as directed by the Oversight Board. Proceeds from asset sales and related funds no longer needed for redevelopment projects are remitted to the Auditor-Controller for distribution as property tax proceeds (H&S § 34188). However, the Oversight Board may direct the Successor Agency to transfer ownership of those assets that were constructed and used for a governmental purpose such as roads, school buildings, parks and fire stations to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.

How will administration dollars be calculated?

H&S §34171(b) states that “administrative cost allowance” is payable from property tax revenues of up to 5% of the property tax allocated to the Successor Agency for FY 2011-12 and up to 3% of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the Successor Agency for each fiscal year thereafter. The amount of the Administrative Cost Allowance will not be less than \$250,000.00, and must be approved by the Oversight Board.

Can the city retain the assets of the former RDA?

According to H&S 34180(f)(1) if a city wishes to retain any properties or other assets for future redevelopment activities, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, pursuant to H&S §34188.

What is the role of the Oversight Board, and what happens if Oversight Boards do not agree with Successor Agency actions?

All actions taken by the Successor Agency are subject to approval by the Oversight Board. Thus, disagreements between the Oversight Board and the successor agency are resolved in favor of the Oversight Board.

Is it permissible to carry or create reserves for contingencies such as potential liability due to current or expected litigation, claims related to construction contracts, unfunded liabilities for employees or other future period obligations?

ABx1 26 explicitly recognizes that there will be a need to create reserves for some bond payments. It generally recognizes that the successor and oversight boards have fiduciary duties to obligation holders and should take whatever actions are prudent to ensure payments. The statute does not currently recognize contingent or unknown obligations, thus creation of reserves for such things through a Recognized Obligation Payment Schedule is not permitted. It is expected that bond proceeds will be retained in reserves for future payments including close-out claims.

How should successor agencies deal with the disposition of the many assets and longer term liabilities they have received from the former redevelopment agency and how should those be managed?

While ABx1 26 does not specify a time when such work should be done, it does direct that successor agencies conduct this work timely and with the intent to maximize value. Finance recommends that the oversight board direct staff to develop an overall asset and liability disposition plan. Each asset and liability should be cataloged, determinations made as to when payments may be due or received, and a value estimated. Agencies should be able to use the audits required under existing law and ABx1 26 to help in this work. To the extent that outside expertise is needed for valuations, this should be acquired at the direction of the oversight board. It is the intent of the bill that funds and asset values may be retained to the extent they are necessary or are already pledged to retire future liabilities (see Sec. 34177 (c) (e)).

Once a complete catalog of assets and liabilities values exist, the successor agency should develop a plan for retirement of debt that first uses dedicated funds, and secondly spreads the fiscal burden of payments over the remaining years of the liability so that proceeds to taxing agencies do not vary more than necessary. Alternately the oversight board may direct that existing balances or funds to be received from assets be paid or reserved for liabilities, to reduce overall costs. While it is our expectation that some large unencumbered balances may be available for distribution to taxing agencies soon, the oversight board should assure itself that it has a workable plan to retire all known or foreseeable debts before large disbursements are made.



MEMORANDUM

TO: HONORABLE CHAIR AND MEMBERS OF THE OVERSIGHT BOARD
OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES
REDEVELOPMENT AGENCY

FROM: DENNIS McLEAN, FINANCE OFFICER OF THE SUCCESSOR AGENCY

DATE: JUNE 6, 2012

SUBJECT: CONFLICT OF INTEREST CODE

REVIEWED: CAROLYN LEHR, EXECUTIVE DIRECTOR OF THE SUCCESSOR
AGENCY

Staff Coordinators: Robin Harris, Legal Counsel for the Successor Agency to the Rancho Palos Verdes Redevelopment Agency; and Kathryn Downs, Deputy Director of Finance & Information Technology of the City of Rancho Palos Verdes

RECOMMENDATION

Adopt OB Resolution No. 2012- , A Resolution of the Oversight Board for the Successor Agency to the Rancho Palos Verdes Redevelopment Agency, adopting a Conflict of Interest Code containing designated positions and disclosure categories.

DISCUSSION

On May 16, 2012, the Oversight Board took action to defer consideration of a Conflict of Interest Code to a meeting when more Oversight Board Members would be present for the discussion. Each Oversight Board is individually taking action to create its own Conflict of Interest Code; therefore, the Board's discussion will benefit from the presence of all Members.

Recommended Conflict of Interest Code

On April 25, 2012, the California Fair Political Practices Commission ("FPPC") issued informal guidance to the League of California Cities ("League") advising that Oversight Boards are local agencies and should adopt their own conflict of interest codes. The Political Reform Act, Government Code Sections 81000, et seq., requires local governmental agencies to adopt a conflict of interest code and to review their conflict of interest codes biennially to determine if they are accurate and up-to-date.

CONFLICT OF INTEREST CODE

June 6, 2012

Page 2 of 2

By adopting the attached resolution, the Oversight Board for the Successor Agency is adopting a Conflict of Interest Code that contains designated positions and disclosure categories.

The Fair Political Practices Commission's Model Code is attached to the proposed resolution as Exhibit "A" and is proposed to be adopted as the Oversight Board's Code. Appendix A to the Resolution sets forth the designated positions and the disclosure categories for each position of the Oversight Board.

Once adopted by the Oversight Board, this Conflict of Interest Code will be submitted to the Rancho Palos Verdes City Council for its approval as the "Code Reviewing Body" for the Oversight Board's Conflict of Interest Code.

Persons holding designated positions listed in Appendix A shall file Statements of Economic Interest pursuant to Section 5 of the Conflict of Interest Code with the information required for the disclosure category assigned to them. These statements, if not already filed, should be filed with the City Clerk no later than 30 days after adoption of this Code by the Oversight Board

The Secretary of the Oversight Board will coordinate the preparation of a revised Conflict of Interest Code in succeeding even-numbered years in accordance with the requirements of Government Code Sections 87306 and 87306.5. The revised Code should reflect any changes in employee designations. If no revisions to the Code are required, the Secretary of the Board shall submit a report no later than October 1st of the same year, stating that amendments to the Code are not required.

OB RESOLUTION NO. 2012-

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE
SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES
REDEVELOPMENT AGENCY ADOPTING A CONFLICT OF
INTEREST CODE CONTAINING DESIGNATED POSITIONS AND
DISCLOSURE CATEGORIES**

RECITALS:

A. The Political Reform Act, Government Code Section 81000, et seq., requires the Oversight Board for the Successor Agency to the Rancho Palos Verdes Redevelopment Agency ("Oversight Board") to adopt a Conflict of Interest Code; and

B. The Fair Political Practices Commission has adopted a Model Conflict of Interest Code (the "Model Code"). The Model Code, codified at 2 California Code of Regulations Section 18730, can be incorporated by reference by the Oversight Board as its conflict of interest code. That Model code will be amended by the Fair Political Practices Commission from time to time to conform to amendments to the Political Reform act; and

C. By this resolution, the Oversight Board is adopting a Conflict of Interest Code that contains designated positions and disclosure categories.

**THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE
RANCHO PALOS VERDES REDEVELOPMENT AGENCY DOES HEREBY FIND,
RESOLVE AND ORDER AS FOLLOWS:**

Section 1. The Model Code, attached hereto as Exhibit "A" and any amendments to it duly adopted by the Fair Political Practices Commission, and Appendix A which sets forth the designated positions and the disclosure categories for each position of the Oversight Board are hereby incorporated by reference and shall constitute the Conflict of Interest Code for the Oversight Board for the Successor Agency to the Rancho Palos Verdes Redevelopment Agency.

Section 2. Persons holding designated positions listed in Appendix A shall file Statements of Economic Interest pursuant to Section 5 of the Conflict of Interest Code with the information required for the disclosure category assigned to them.

Section 3. Pursuant to the Political Reform Act (Government Code Sections 81000 through 91014), a person holding a designated position listed in this Code is subject to administrative, criminal and civil sanctions provided in the Political Reform Act. In addition, if a person who holds a designated positions makes, participates in making or otherwise attempts to use his or her official position to influence a decision of

the City in which he or she has a financial interest, he or she may also be subject to additional administrative, criminal and civil sanctions and the decision may be set aside and voided pursuant to Government Code Section 91003.

Section 4. The Oversight Board hereby directs the Secretary of the Board to coordinate the preparation of a revised Conflict of Interest Code in succeeding even-numbered years in accordance with the requirements of Government Code Sections 87306 and 87306.5. The revised code should reflect any changes in employee designations. If no revisions to the Code are required, the Secretary of the Oversight Board shall submit a report no later than October 1st of the same year, stating that amendments to the Code are not required; and

Section 5. The Secretary of the Oversight Board shall certify to the passage and adoption of this Resolution and shall submit the Oversight Board's Conflict of Interest Code to the City Council of the City of Rancho Palos Verdes for approval as Code Reviewing Body.

PASSED AND ADOPTED this 6th day of June 2012.

Chairperson

ATTEST:

Secretary

EXHIBIT A
CONFLICT OF INTEREST CODE

(Regulations of the Fair Political Practices Commission, Title 2, Division 6, California Code of Regulations.)

§ 18730. Provisions of Conflict-of-Interest Codes.

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict-of-interest code within the meaning of Section 87300 or the amendment of a conflict-of-interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict-of-interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict-of-interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict-of-interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict-of-interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict-of-interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies.¹

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories

are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict-of-interest code.²

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making

of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the

previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property³ is required to be reported,⁴ the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property equals or exceeds \$2,000, exceeds \$10,000, exceeds \$100,000, or exceeds \$1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported,⁵ the statement shall contain:

1. The name and address of each source of income aggregating \$500 or more in value, or \$50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;

2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$1,000 or less, greater than \$1,000, greater than \$10,000, or greater than \$100,000;

3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,⁶ the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$420.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$420 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she

vacates office, receive a personal loan of \$500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

- a. The date the loan was made.

b. The date the last payment of \$100 or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than \$250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect,

distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth \$2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth \$2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$420 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any

governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

¹Designated employees who are required to file statements of economic interests under any other agency's conflict-of-interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004.

²See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

³For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

⁴Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

⁵A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

⁶Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In

addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300-87302, 89501, 89502 and 89503, Government Code.

HISTORY

1. New section filed 4-2-80 as an emergency; effective upon filing (Register 80, No. 14).
Certificate of Compliance included.
2. Editorial correction (Register 80, No. 29).
3. Amendment of subsection (b) filed 1-9-81; effective thirtieth day thereafter (Register 81, No. 2).
4. Amendment of subsection (b)(7)(B)1. filed 1-26-83; effective thirtieth day thereafter (Register 83, No. 5).
5. Amendment of subsection (b)(7)(A) filed 11-10-83; effective thirtieth day thereafter (Register 83, No. 46).
6. Amendment filed 4-13-87; operative 5-13-87 (Register 87, No. 16).
7. Amendment of subsection (b) filed 10-21-88; operative 11-20-88 (Register 88, No. 46).
8. Amendment of subsections (b)(8)(A) and (b)(8)(B) and numerous editorial changes filed 8-28-90; operative 9-27-90 (Reg. 90, No. 42).
9. Amendment of subsections (b)(3), (b)(8) and renumbering of following subsections and amendment of Note filed 8-7-92; operative 9-7-92 (Register 92, No. 32).
10. Amendment of subsection (b)(5.5) and new subsections (b)(5.5)(A)-(A)(2) filed 2-4-93; operative 2-4-93 (Register 93, No. 6).

11. Change without regulatory effect adopting Conflict of Interest Code for California Mental Health Planning Council filed 11-22-93 pursuant to title 1, section 100, California Code of Regulations (Register 93, No. 48). Approved by Fair Political Practices Commission 9-21-93.
12. Change without regulatory effect redesignating Conflict of Interest Code for California Mental Health Planning Council as chapter 62, section 55100 filed 1-4-94 pursuant to title 1, section 100, California Code of Regulations (Register 94, No. 1).
13. Editorial correction adding History 11 and 12 and deleting duplicate section number (Register 94, No. 17).
14. Amendment of subsection (b)(8), designation of subsection (b)(8)(A), new subsection (b)(8)(B), and amendment of subsections (b)(8.1)-(b)(8.1)(B), (b)(9)(E) and Note filed 3-14-95; operative 3-14-95 pursuant to Government Code section 11343.4(d) (Register 95, No. 11).
15. Editorial correction inserting inadvertently omitted language in footnote 4 (Register 96, No. 13).
16. Amendment of subsections (b)(8)(A)-(B) and (b)(8.1)(A), repealer of subsection (b)(8.1)(B), and amendment of subsection (b)(12) filed 10-23-96; operative 10-23-96 pursuant to Government Code section 11343.4(d) (Register 96, No. 43).
17. Amendment of subsections (b)(8.1) and (9)(E) filed 4-9-97; operative 4-9-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 15).
18. Amendment of subsections (b)(7)(B)5., new subsections (b)(8.2)-(b)(8.4)(C) and amendment of Note filed 8-24-98; operative 8-24-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 35).
19. Editorial correction of subsection (a) (Register 98, No. 47).
20. Amendment of subsections (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 5-11-99; operative

5-11-99 pursuant to Government Code section 11343.4(d) (Register 99, No. 20).

21. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-6-2000; operative 1-1-2001 pursuant to the 1974 version of Government Code section 11380.2 and Title 2, California Code of Regulations, section 18312(d) and (e) (Register 2000, No. 49).

22. Amendment of subsections (b)(3) and (b)(10) filed 1-10-2001; operative 2-1-2001.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 2).

23. Amendment of subsections (b)(7)(A)4., (b)(7)(B)1.-2., (b)(8.2)(E)3., (b)(9)(A)-(C) and footnote 4. filed 2-13-2001. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 7).

24. Amendment of subsections (b)(8.1)-(b)(8.1)(A) filed 1-16-2003; operative 1-1-2003. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2003, No. 3).

25. Editorial correction of History 24 (Register 2003, No. 12).

26. Editorial correction removing extraneous phrase in subsection (b)(9.5)(B) (Register 2004, No. 33).

27. Amendment of subsections (b)(2)-(3), (b)(3)(C), (b)(6)(C), (b)(8.1)-(b)(8.1)(A), (b)(9)(E) and (b)(11)-(12) filed 1-4-2005; operative 1-1-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 1).

28. Amendment of subsection (b)(7)(A)4. filed 10-11-2005; operative 11-10-2005 (Register 2005, No. 41).

29. Amendment of subsections (a), (b)(1), (b)(3), (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 12-18-2006; operative 1-1-2007. Submitted to OAL pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2006, No. 51).

30. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 10-31-2008; operative 11-30-2008. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2008, No. 44).

31. Amendment of section heading and section filed 11-15-2010; operative 12-15-2010. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2010, No. 47).

APPENDIX A

DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES FOR THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

<u>Designated Positions</u>	<u>Disclosure Categories</u>
Oversight Board Member	1, 2, 3, 4
Oversight Board Secretary	5

Disclosure Categories

1. Reportable interests in real property in the jurisdiction. (Form 700, Schedule B.)
2. Reportable income and business positions. (Form 700, Schedule C).
3. Reportable investments. (Form 700, Schedules A-1 and A-2).
4. Reportable gifts and travel gifts. (Form 700, Schedules D and E).
5. Persons holding designated positions which are assigned a disclosure category of "5" above are not required to prepare a separate Statement of Economic Interest (Form 700) for their position with the Oversight Board because they also hold positions which are already required to disclose and report under the Conflict of Interest Code of the City of Rancho Palos Verdes. Persons in this category should list their position with the Oversight Board in Section 1 of Form 700 that they file with the City Clerk of the City. Persons in this category "5" are, however, subject to the disqualification provisions of this Code when acting in their official capacity for the Oversight Board for the Successor Agency to the Rancho Palos Verdes Redevelopment Agency.



May 26, 2012

Kathryn Downs, Deputy Director of Finance & Information Technology
City of Rancho Palos Verdes
30940 Hawthorne Boulevard
Rancho Palos Verdes, CA 90275-5391

Dear Ms. Downs:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Rancho Palos Verdes Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 16, 2012 for the periods of January to June 2012 and July to December 2012. Finance is assuming oversight board approval. Finance has completed its review of your ROPS which may have included obtaining clarification for various items. Based on our review, we are approving all of the items listed on your ROPS at this time.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund for the June 1, 2012 property tax allocations. In addition, items not questioned during this review are subject to subsequent review if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of Redevelopment Property Tax Trust Fund (RPTTF) that was approved by Finance.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. Therefore as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available in the RPTTF.

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Dennis McLean, Finance Officer, City of Rancho Palos Verde
Mr. Matt Waters, Senior Administrative Analyst, City of Rancho Palos Verde
Ms. Arlene Barrera, Division Chief Property Tax Division, Los Angeles County
Ms. Kristina Burns, Program Specialist III, Los Angeles County