

MEMORANDUM

TO: Desert Hot Springs Oversight Board
FROM: Barry J. Schultz, Legal Counsel
RE: Successor Agency and Oversight Board Roles and Responsibilities
DATE: April 8, 2014

Successor Agency

- Designated as the successor entity to the local redevelopment agency.
- All authority, rights, powers and duties, not repealed, restricted or revised by the dissolution law of the former redevelopment agency is assumed by the Successor Agency.
- Successor Agency is a separate public entity from the City.
- All redevelopment agency assets were transferred to Successor Agency with the exception of Housing Assets.

Responsibilities of the Successor Agency

- Continue to make payments due for “enforceable obligations” and perform obligations required by enforceable obligations.
- Prepare Recognized Obligation Payment Schedules.
- Enforceable Obligations
 - Bond obligations
 - Valid third party loan obligations
 - Pre-existing obligations to State or imposed by State law.
 - Judgments or settlements against former redevelopment agency
 - Legally binding and enforceable agreements
 - Does not include agreements, contracts or arrangements between the city and former redevelopment agency.
- Dispose of assets and properties of the former redevelopment agency as directed by the Oversight Board.
 - Expeditiously and in a manner aimed at maximizing value
 - Proceeds no longer needed for approved development projects or for wind down shall be remitted to the State for distribution to taxing entities.

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- Wind down the affairs of the redevelopment agency in accordance with dissolution law and the direction of the Oversight Board.
- No authority to create new enforceable obligations.
 - Exception for hiring staff, professional services and administrative services to implement wind down.
- Due Diligence Reviews (Housing and Non-Housing)
 - Remit funds determined by DDR to the auditor-controller for distribution to the taxing entities.
- Prepare Long Range Property Management Plan

Oversight Board

- Composition
 - Seven (7) -member board, subject to the Brown Act, appointed by:
 - County Board of Supervisors (2);
 - Mayor of City (1);
 - County Superintendent of Education (1);
 - Chancellor of California Community Colleges (1);
 - Largest special district taxing entity (1); and
 - A former RDA employee appointed by Mayor (1).

OSB Authority

- Supervise the activities of the Successor Agency.
- Direct Successor Agency to:
 - Dispose of all assets and properties of the former redevelopment agency.
 - Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations.
 - Transfer housing assets to Successor Housing Entity
- Has authority to direct Successor Agency to determine whether contracts, agreements or other arrangements between former RDA and private parties should be terminated or

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renegotiated to reduce the Successor Agency's liabilities and to increase net revenues to the taxing entities.

- Successor Agency actions subject to prior approval by Oversight Board:
 - Establishing new repayment terms for outstanding loans
 - Refunding outstanding bonds or other debt of the former RDA
 - Setting aside reserves related to outstanding bonds
 - Accepting federal or state grants with matching fund requirements of more than five (5%) percent;
 - City retaining property or other assets for future redevelopment activities using its own monies (including compensation payments to other taxing entities);
 - Establishing ROPS;
 - Agreements between Successor Agency and the City that formed the former RDA.
 - Due Diligence Review Reports
 - Long Range Property Management Plan
- Fiduciary obligation is to the holders of enforceable obligations and the taxing entities, not to the Successor Agency.
- All OSB actions are subject to Department of Finance review.