REGULAR MEETING

Oversight Board Meeting
for the
City of San Bernardino as Successor Agency
to the
Redevelopment Agency of the City of San Bernardino

AGENDA

Monday, June 25, 2012 – 11:00 a.m.
Economic Development Agency Board Room
201 North "E" Street, Suite 301, San Bernardino, CA 92401
(909) 663-1044

The Oversight Board recognizes its obligation to provide equal access to those individuals with disabilities. Please contact us at (909) 663-1044 prior to the meeting for any requests for reasonable accommodation that includes interpreters.

CHAIRMAN CALLS MEETING TO ORDER

1. Call to Order

   Jim Morris, City of San Bernardino, Mayor Appointee
   Doug Headrick, San Bernardino Valley Municipal Water District, Largest Special District Appointee
   Carey K. Jenkins, Representing Former RDA Employees, Mayor Appointee
   Mary O'Toole, County of San Bernardino Board of Supervisors Appointee
   Gloria Macias-Harrison, County of San Bernardino Member of the Public Appointee
   John Longville, Chancellor of the California Community Colleges Appointee
   Margaret Hill, County Superintendent of Education Appointee

2. Public Comments: A three-minute limitation shall apply to each member of the public who wishes to address the Oversight Board with a matter within the jurisdiction of the Oversight Board, whether or not on the agenda. . No member of the public shall be permitted to "share" his/her three minutes with any other member of the public. (Usually, any items heard under this heading are referred to Staff for further study, research, completion and/or future Oversight Board action).

3. Approval of the Action Minutes of June 11, 2012 Oversight Board Meeting - Present: Chairman Morris; Board Members: Headrick, Hill, Macias-Harrison, Jenkins, O'Toole, and Longville

4. HOUSING

   a. Transfer of Housing Assets – That as required by AB1X 26 the Oversight Board adopt the attached Resolution approving and directing the transfer of housing assets to the City as the Housing Successor and authorizing staff to carry out such transfer, including recording where required.

b. Reconveyance of Restrictive Covenants, 1470 Creekside – That the Oversight Board approve and authorize the Successor Agency representative to execute the Full Reconveyance and cause it to be recorded.

5. ROPS I AND II (To be provided at meeting) –
   - Non-Enforceable Obligations Summary
   - Enforceable Obligations Summary

6. UPCOMING OVERSIGHT BOARD ITEMS/PENDING REQUIREMENTS (NO BACK-UP) :
   - Audit of Successor Agency by Rogers, Anderson, Malody and Scott (RAMS)
   - Audit of Successor Agency by State Controller – July 9, 2012 (Attached)
   - Cash Flow Analysis – Will Be Prepared After Audit
   - Property Disposition Procedures – To be Finalized After Audit
   - Obligations:
     a. PERS Unfunded Liability - approximately $700,000 in latest PERS report but the final amount will be determined at the time of termination of the contract after all retirements and transfers; to be included on subsequent ROPS starting with ROPS III
     b. GASB 45 - retiree health care costs – included on the ROPS
     c. Update on State Budget and Trailer Bills
     d. Additional items requested by Board

7. ADJOURNMENT

   The next meeting is scheduled for Monday, July 9, 2012, at 11:00 a.m.; however, Staff suggests that the meeting be deferred until at least one of the two pending audits is completed.

ACTION MINUTES

Oversight Board Meeting
for the
City of San Bernardino as Successor Agency
to the
Redevelopment Agency of the City of San Bernardino

REGULAR MEETING
JUNE 11, 2012
BOARD ROOM

The Meeting of the Oversight Board was called to order by Board Member Headrick at 11:15 a.m., Monday, June 11, 2012, in the Economic Development Agency Board Room, 201 North "E" Street, Suite 301, San Bernardino, California.

ROLL CALL

Roll call was taken by Secretary Wyche with the following being present: Board Members Jenkins, Morris, Longville, Headrick, O'Toole and Macias-Harrison; Director of Administrative Services Baker; Financial Analyst Crosby; Project Manager Trout; Project Manager Connor; Agency Counsel Martyn and Assistant City Attorney Easland.

Also in Attendance: Jim Vassilakos, member of the public.

1. CALL TO ORDER – Board Member Doug Headrick

BOARD MEMBER LONGVILLE ARRIVED AT 11:18 A.M.

BOARD MEMBER MORRIS ARRIVED AT 11:20 A.M.

2. Approval of the Action Minutes of May 14, 2012, May 23, 2012 and May 24, 2012 meetings - Present: Chairman Morris; Board Members: Headrick, Hill, Macias-Harrison, Jenkins, O'Toole, and Longville

Board Member O'Toole made a motion, seconded by Board Member Hill that the minutes for the Oversight Board for the City of San Bernardino as Successor Agency to the Redevelopment Agency of the City of San Bernardino meetings of May 14, 2012 and May 23, 2012 be approved as submitted in typewritten form and that the minutes of May 24, 2012 be approved as amended.

The motion carried unanimously 7-0.

3. **Public Comments**

Mr. Jim Vassilakos addressed the Board regarding his interest in purchasing a house as an investment property. He informed the Board that during the escrow process he found out there were certain deed restrictions placed on the property having to do with owner occupancy, affordability, and maintenance requirements dating back to 2001. He stated that the first two requirements have expired; however, the maintenance covenant was still active.

Mr. Vassilakos further explained to the Board that in order to close escrow he needed the covenants reconveyed in order to conform to Fannie Mae guidelines.

Agency Counsel Martyn explained the process which must be taken in order to resolve the issue. She stated that she is working with the City Attorney's office and that the item will be placed on the Agenda for the Oversight Board meeting of June 25, 2012.

The Board unanimously agreed to provide a letter and a copy of the agenda to the escrow company should Mr. Vassilakos need one.

BOARD MEMBER HILL ARRIVED AT 12:04 P.M. DUE TO SCHOOL BOARD MEETING.

4. ROPS I and II - Oral Presentation

No action required.

a. May 31, 2012 Approval Letter

The Oversight Board Received and Filed the Approval Letter from the Department of Finance.

No action required.

b. **RESOLUTION OF THE OVERSIGHT BOARD OF THE CITY OF SAN BERNARDINO AS SUCCESOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO APPROVING AS PRESENTED BY STAFF FROM THE SUCCESSOR AGENCY THE REVISED RECOGNIZED OBLIGATION PAYMENT SCHEDULE I ("ROPS I") DATED MAY 25, 2012 FOR THE PERIOD OF JANUARY 1, 2012 THROUGH JUNE 30, 2012**

Board Member Macias-Harrison made a motion, seconded by Board Member Jenkins that the Oversight Board adopt the attached Resolution.

The motion carried unanimously 7-0

c. **RESOLUTION OF THE OVERSIGHT BOARD OF THE CITY OF SAN BERNARDINO AS SUCCESOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO APPROVING AS PRESENTED BY STAFF FROM THE SUCCESSOR AGENCY THE REVISED RECOGNIZED OBLIGATION PAYMENT SCHEDULE II ("ROPS II") DATED**

MAY 25, 2012 FOR THE PERIOD OF JULY 1, 2012 THROUGH DECEMBER 31, 2012

Board Member O'Toole made a motion, seconded by Board Member Jenkins that the Oversight Board adopt the attached Resolution.

The motion carried unanimously 7-0

d. County Information Regarding RPTTF Distribution – Attached; No action required.
e. Discussion of County's Request for Notice of Insufficient Funds for Debt Service; No action required.

5. Organization Update

Administrative Services Director Baker provided the Board with an update on the organization's staffing levels.

6. Upcoming Oversight Board Items/Pending Requirements:

1. Critical List with Recommendations. Three (3) Lists Summarizing ROPS.
2. Organizational Update to Include Administrative Costs.
3. Cash Flow Analysis.
4. Partial Reconveyance.
5. Housing matters.
6. Obligations of PERS Unfunded Liability.
7. Governmental Accounting Standards Board (GASB) 45

7. Adjournment

At 1:05 p.m., the meeting adjourned. The next regular meeting of the Oversight Board will take place on June 25, 2012 at 11:00 a.m., in the Economic Development Agency Board Room, 201 North "E" Street, Suite 301, San Bernardino, California.

By: _____
Lorraine Wyche, Secretary

OVERSIGHT BOARD

FOR THE CITY OF SAN BERNARDINO AS SUCCESSOR AGENCY
TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO

TO: OVERSIGHT BOARD MEMBERS DATE: JUNE 21, 2012

FROM: SUCCESSOR AGENCY STAFF ITEM NO: 4A

SUBJECT: RESOLUTION DIRECTING THE TRANSFER OF REDEVELOPMENT HOUSING ASSETS

ISSUE:

The issues before the Oversight Board is the approval of the transfer of Housing assets to the City of San Bernardino as the Housing Successor.

RECOMMENDATIONS:

That the Oversight Board:

1. Adopt the attached Resolution approving and directing that all housing assets as defined held by the Redevelopment Agency on January 31, 2012, be transferred by the Successor Agency to the Housing successor, including, but not limited to, the funds to pay enforceable obligations as approved on ROPS I and II; and

2. Authorize Carey Jenkins, Director of Housing and Community Development to effectuate the transfer of such housing assets, as necessary, and is specifically authorized to execute and cause to be recorded housing assets that need to be transferred of record, such as real estate, deeds of trust, or covenants; and

3. Agree that after this Resolution is sent to the Department of Finance; if there is no action by the Department of Finance within 3 calendar days to review the Resolution, all such assets shall be considered to have been transferred and the Housing successor shall be the owner of the assets.

BACKGROUND:

On January 23, 2012, the City Council determined that the City would act as the Housing Successor. One of the requirements of AB1X 26 is that the Oversight Board direct the City, as the Successor Agency to the former Agency, to transfer the housing responsibilities, including the housing assets, to the Housing Authority. The Department of Finance recently confirmed that requirement and in guidance posted on their website on May 25, 2012, defined "assets" as:

- Any real property, interest in, or restriction on the use of real property, whether improved or not, and any personal property provided in residences 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), held by the former Redevelopment Agency of the City of San Bernardino ("RDA") on January 31, 2012 (which could include property returned to the Successor Agency under the "claw back" provisions).

- 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 in the same way it is for AB1X 26 generally (and these have been defined on the approved ROPS I and II).

- The income stream from repayments from any loans 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. For example, residual receipts 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 RDA. Otherwise, they are surplus funds that should be provided to taxing agencies.

- Any income 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.

At this time, we have not included the assets held by Affordable Housing Solutions of San Bernardino, Inc. ("AHS") pursuant to the Housing Capitalization Agreement approved on March 3, 2011, or those acquired with Neighborhood Stabilization funds (NSP) pursuant to an agreement between AHS and the City dated _____.

This definition of assets specifically includes the affordability covenant to be reconveyed for 1470 Creekside. This action transfers all rights, including all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, excluding unencumbered amounts in the Low and Moderate Income Housing Fund pursuant to Health & Safety Code section 34176. Nothing here precludes the transfer of additional assets to the Housing Successor in the future, should such be determined to be necessary, or the transfer of assets by the Housing Successor

Attachment:
- Resolution

RESOLUTION NO. SBOB/2012-04

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CITY OF SAN BERNARDINO AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO DIRECTING AND APPROVING THE TRANSFER OF HOUSING ASSETS TO THE CITY OF SAN BERNARDINO AS THE HOUSING SUCCESSOR

WHEREAS, on January 9, 2012, the Mayor and Common Council of the City of San Bernardino ("Council") adopted Resolution No. _____ confirming that the City of San Bernardino would be the Successor Agency to the Redevelopment Agency ("Agency") of the City of San Bernardino ("Successor Agency") effective February 1, 2012, pursuant to AB1X 26 (The Redevelopment Agency Dissolution Act); and

WHEREAS, on January 23, 2012, the Council adopted Resolution No. ____ providing for the City to become the Housing Successor to perform housing functions previously performed by the Agency; and

WHEREAS, pursuant to Health & Safety Code Section 34181(c) of ABlX 26 the Oversight Board is to direct the transfer of housing responsibilities, including all rights, powers, duties, obligations and assets, to the Housing Successor; and

WHEREAS, the housing assets include, real and personal property, rental payments, bond proceeds, notes, receivables, and other revenue but do not include any unencumbered amounts in the Low and Moderate Income Housing Fund (of which there are not such amounts); and

WHEREAS, the transfer of housing assets at this time enables the Housing Successor to go forward with pending projects, including, but not limited to, the reconveyance of certain restrictive covenants recorded to secure loans to property owners and to carry-out enforceable obligations confirmed on ROPS I and II; and

WHEREAS, the Oversight Board has considered, approves and directs the transfer of the assets listed below to the Housing Successor, effective February 1, 2012:

- Any real property, interest in, or restriction on the use of real property, whether improved or not, and any personal property provided in residences 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), held by the former RDA on January 31, 2012 (which could include property returned to the Successor Agency under the "claw back" provisions);

- The income stream from repayments from any loans 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, as, for example, residual receipts 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.
- Any other 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.
- Any income 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.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD MEMBERS OF THE OVERSIGHT BOARD, AS FOLLOWS:

Section 1. Pursuant to Health & Safety Code Section 34181 (c), the Oversight Board for the City of San Bernardino as Successor Agency to the Redevelopment Agency of the City of San Bernardino does hereby direct the Successor Agency to transfer such housing assets to the City of San Bernardino as the Housing Successor, including all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, excluding unencumbered amounts in the Low-Mod Fund pursuant to Health & Safety Code section 34176 ("housing assets").

Section 2. That Carey Jenkins, Director of Housing and Community Development, is authorized to effectuate the transfer of such housing assets, as necessary, and specifically is authorized to execute and cause to be recorded housing assets that need to be transferred of record, such as real estate, deeds of trust, or covenants; and

Section 3. That after this Resolution is sent to the Department of Finance, if there is no action by the Department of Finance within three (3) calendar days to review the Resolution, all such assets shall be considered to have been transferred and the Housing successor shall be the owner of the assets.

Section 4. That nothing here precludes the transfer of additional assets to the Housing successor in the future, should such be determined to be necessary or the transfer of assets by the Housing successor.

Section 5. This Resolution shall take effect from and after its date of adoption by this Board.

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A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CITY OF SAN BERNARDINO AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO DIRECTING AND APPROVING THE TRANSFER OF HOUSING ASSETS TO THE CITY OF SAN BERNARDINO AS THE HOUSING SUCCESSOR

PASSED, APPROVED AND ADOPTED THIS ___ day of _____, 2012, by the following vote:

Board Members:	Ayes	Nays	Abstain	Absent
JENKINS	____	____	____	____
HEADRICK	____	____	____	____
MACIAS-HARRISON	____	____	____	____
HILL	____	____	____	____
LONGVILLE	____	____	____	____
O'TOOLE	____	____	____	____
MORRIS	____	____	____	____

_____
Secretary

The foregoing Resolution is hereby approved this _____ day of _____, 2012.

_____
Jim Morris, Chairman
Oversight Board for the City of San Bernardino
As Successor Agency to the Redevelopment
Agency of the City of San Bernardino

Approved as to Form:

By:_____
Counsel

OVERSIGHT BOARD

FOR THE CITY OF SAN BERNARDINO AS SUCCESSOR AGENCY
TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO

TO: OVERSIGHT BOARD MEMBERS — DATE: JUNE 21, 2011

FROM: CAREY JENKINS, DIRECTOR OF HOUSING AND COMMUNITY DEVELOPMENT — ITEM NO: 4B

SUBJECT: 1470 CREEKSIDE RECONVEYANCE

ISSUE:

The issue before the Oversight Board is the approval of a full reconveyance for the property located at 1470 Creekside, San Bernardino, CA.

RECOMMENDATIONS:

That the Oversight Board approve and authorize the Successor Agency representative to execute the Full Reconveyance and cause it to be recorded.

BACKGROUND:

On October 17, 1994, the Community Development Commission of the City of San Bernardino ("Commission") approved the Mortgage Assistance Program ("MAP"), subsequently renamed Homebuyer's Assistance Program ("HAP") which made available a limited number of deferred payment (principal and interest) second mortgages, not-to-exceed ten percent (10%) of the maximum purchase price of $250,000. This Program was designed to provide income qualified families with down payment/closing cost monies necessary to secure financing towards the purchase of single family detached homes in the City and provided an additional avenue for the Agency to insure affordable housing is available to income qualified home buyers.

Pursuant to Resolution No. 2012-19, the City of San Bernardino confirmed itself as the successor housing agency on January 23, 2012. The City previously confirmed that it is the successor agency to the Redevelopment Agency Resolution No. 2012-12 on January 9, 2012. On June 25, 2012, the Oversight Board confirmed the transfer of all housing assets held by the former Redevelopment Agency to the successor housing agency pursuant to Resolution No. _____. This action, as well as that Resolution must be provided to the Department of Finance, which has 3 days in which to indicate it wishes to examine either transaction. If it does not do so, the transactions become final and the recording of the reconveyance can proceed.

CURRENT ISSUE:

In the case of 1470 Creekside, the homeowner, Annette Sandoval purchased the property in September of 2000. The homeowner obtained a first mortgage from a private lender and down payment assistance through the HAP in the amount of $11,137. Terms of the agreement required that after 10 years the loan be forgiven and the affordability covenants removed. That 10-year period has passed. What remains for an additional twenty years are maintenance conditions: 1) if the home is sold, the new buyer must observe and adhere to the remaining maintenance condition and; 2) covenants associated with the original buyer's down payment assistance loan for the remainder of that term. In the past, this has been achieved by using a partial reconveyance of the affordability portion of the covenant while the maintenance covenant remained evidenced by signing a PARTIAL SATISFACTION OF HOME PROGRAM AFFORDABLE HOUSING REGULATORY AGREEMENT AND COVENANTS.

Presently, an escrow is pending to sell the home to a private party (Jim Vassilakos). Rather than accept a partial reconveyance, the buyer's lender, citing Federal loan regulations, will not fund the buyer's loan unless the agreement is fully released. We have confirmed that the title company will not accept a partial reconveyance. Because this matter has been delayed, we recommend that the Oversight Board approve the full reconveyance in this case. Future such reconveyances should and will be taken on a case-by-case basis.

Attachment:

- Termination of Home Program Affordable Housing Regulatory Agreement and Covenant

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of San Bernardino as the Successor Housing Agency to
the Redevelopment Agency of the City of San Bernardino
201 North "E" Street, Suite 301
San Bernardino, California 92401

Space Above For Recorder's Use Only

Recording Fee Exempt Pursuant to
Government Code Section 6103

TERMINATION OF HOME PROGRAM AFFORDABLE HOUSING REGULATORY AGREEMENT AND COVENANTS (ANNETTE SANDOVAL)

This TERMINATION OF HOME PROGRAM AFFORDABLE HOUSING REGULATORY AGREEMENT AND COVENANTS (ANNETTE SANDOVAL) is made pursuant to the terms of that certain HOME PROGRAM AFFORDABLE HOUSING REGULATORY AGREEMENT AND COVENANTS (ANNETTE SANDOVAL) (the "Covenant") executed by Annette Sandoval (the "Qualified Homebuyer") and the Redevelopment Agency of the City of San Bernardino, a public body, corporate and politic (the "Agency"), dated as of August 14, 2000, and recorded on September 25, 2000, as Instrument Number 20000346932 in the Official Records of the County of San Bernardino. All rights and obligations of the Agency have since been transferred to the City of San Bernardino as the successor to the former Agency (the "City as Successor Housing Agency") pursuant to Mayor and Common Council Resolution No. 2012-19 dated January 23, 2012, and the subsequent action of the Oversight Board of the Redevelopment Agency of the City of San Bernardino dated June 25, 2012.

The Covenant affects the real property (the "Property") located at 1470 West Creekside, San Bernardino, California, and the Property is more particularly described in the legal description attached hereto as Exhibit "A".

The City as Successor Housing Agency hereby certifies that the Covenant has been satisfied and terminated, and the Covenant is no longer in force and effect and the Oversight Board has consented to such termination effective June 25, 2012.

THE CITY OF SAN BERNARDINO
a public body, corporate and politic as the
SUCCESSOR HOUSING AGENCY

Dated:_____

By:_____
Carey K. Jenkins
Housing & Community Development Director

(Notary Acknowledgment Attached)

EXHIBIT "A"

LEGAL DESCRIPTION

OVERSIGHT BOARD

FOR THE CITY OF SAN BERNARDINO AS SUCCESSOR AGENCY
TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO

- AUDIT OF SUCCESOR AGENCY BY STATE CONTROLLER - JULY 9, 2012

- UPDATE OF STATE TRAILER BILLS:
  - TRAILER BILL NO. 1585
  - REDEVELOPMENT BUDGET TRAILER BILL

OVERSIGHT BOARD

FOR THE CITY OF SAN BERNARDINO AS SUCCESSOR AGENCY
TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO

AUDIT OF SUCCESOR AGENCY BY STATE CONTROLLER

JULY 9, 2012

Item No: 6

Teri Baker

From: Terri Baker [Baker_Te@sbcity.org]
Sent: Thursday, June 14, 2012 3:01 PM
To: Teri Baker
Subject: Fwd: RDA Review
Attachments: Information for RDA review.docx

Sent from my HTC smartphone on the Now Network from Sprint!

----- Forwarded message -----
From: "DRose@sco.ca.gov" <DRose@sco.ca.gov>
To: "Travis_MillerAN@sbcity.org" <Travis_MillerAN@sbcity.org>
Cc: "Terri Baker" <Baker_Te@sbcity.org>, "grbrummels@sco.ca.gov" <grbrummels@sco.ca.gov>
Subject: RDA Review
Date: Thu, Jun 14, 2012 2:06 pm

This E-mail is to confirm my phone conversation with Ms. Baker this morning regarding the scheduling of an RDA asset transfer review beginning on July 9, 2012 @ 1:30 P.M.

The review will be conducted by Greg Brummels (916) 322-7406 (grbrummels@sco.ca.gov) and 3 staff auditors from this office. Work space will be needed for these four people for the duration of the review, approximately 4 to 6 weeks.

The attached list contains many of the items that may be needed to complete the review.

If you have any questions please contact Mr. Brummels at your convenience.

An official contact letter will follow.

Thank you,
Don Rose
State Controller's Office
Division of Audits
Local Government Audit Bureau

Information needed to begin/complete RDA Asset Transfer Review:

Last two years City comprehensive audited financial statements.

Last two years RDA audited financial statements.

All reports submitted and reported by the RDA and/or successor from 6/30/20010 through 2/1/2012 (i.e. internal audit/review reports, external consultant reports, other governmental audit/ review/ compilation reports etc.).

Last two years RDA budget data.

5 year plan and any amendments.

Last two fiscal years detail ledger (trial balance, rev/exp) reports for RDA, CIP, and Low/Mod fund (include all daily entries)

All contracts, agreements signed after 6/28/2011 with developers, businesses, contractors etc. (include all escrow activities).

Detail ledger as of 2/12/2012 that was ceded to the successor agency.

List of general fixed asset account group for the RDA, RDA CIP and Low/Mod for 6/30/2010, 6/30/2011 and 2/1/2012. (include all adjustments – depreciation, CIP transfers etc.) If any of these assets were transferred to another agency between 1/1/2011 and 2/1/2012, please provide a detailed list.

Resolutions, memos and minutes for the transfer of assets reported to the State Controllers Office.

If a development corporation, or similar, was created to continue RDA activities, provide all files related to this entity (i.e. application forms, memos, resolutions, etc.).

List of RDA employees prior to 12/31/2010.

List of employees conducting RDA activities on 1/1/2011 and any changes up to 2/1/2012.

List of names for the successor agency and the resolution and date this agency was created/took control of RDA activities.

List of names of the oversight board including the resolution and date that this board was created.

List of persons that review team will be working with and their contact information.

Lorraine Wyche

From: Martyn, Elizabeth [martyn@lbbslaw.com]
Sent: Thursday, June 21, 2012 1:35 PM
To: Lorraine Wyche; Teri Baker
Cc: morris_ji@sbcity.org
Subject: FW: Budget and RDA update - Here is the update for the Oversight Board meeting agenda
Attachments: ab_1585_bill_20120620_amended_sen_v95.pdf; ATT00001.txt

I'll try to do a quick analysis of what was done to 1585. However, please note there is no trailer bill language yet.

LEWIS BRISBOIS BISGAARD & SMITH LLP

Elizabeth L. Martyn, Attorney for
LEWIS BRISBOIS BISGAARD & SMITH LLP
650 East Hospitality Lane, Suite 600
San Bernardino, CA 92408
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The information contained in this message may be privileged, confidential and protected from disclosure. If you are not the intended recipient, any dissemination, distribution or copying is strictly prohibited. If you think that you have received this e-mail message in error, please e-mail the sender at martyn@lbbslaw.com.

From: attorneys-bounces@lists.cacities.org [mailto:attorneys-bounces@lists.cacities.org] **On Behalf Of** Patrick Whitnell
Sent: Thursday, June 21, 2012 1:29 PM
To: 'City Attorneys e-Group'
Subject: [CCA] Budget and RDA update

- The Governor and Democratic legislative leaders have announced a budget deal. They will vote on the budget trailer bills on Tuesday next week.
- We have yet to see the RDA budget trailer bill language, and it is not certain when it will be available (although presumably before the Tuesday vote)
- We understand that DOF's offset language, which would have allowed DOF to divert city property tax and sales tax as a penalty, may still be in the trailer bill, but the bill may include some due process language to limit DOF from having sole authority to impose the penalty
- The Legislature's proposal on pass-through payments is dead given opposition from the administration and from counties. We understand that the existing language in H&S 34183 and 34188 will remain as is.
- There may be a proposal to allow for the repayment of city-RDA loans. But we understand that the proposal may also require that 20% of the repayment be set aside for affordable housing.
- AB 1585 has been gut-and-amended away. I've attached the current language in the bill. We expect that certain provisions in the previous version of the bill will be included in the budget trailer bill.

Everything stated in the bullet points above is subject to change.

Patrick Whitnell
General Counsel
League of California Cities
1400 K Street, 4th Floor
Sacramento, CA 95814

pwhitnell@cacities.org
www.cacities.org

AMENDED IN SENATE JUNE 20, 2012

AMENDED IN ASSEMBLY MARCH 21, 2012

AMENDED IN ASSEMBLY MARCH 15, 2012

AMENDED IN ASSEMBLY MARCH 8, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL No. 1585

Introduced by Assembly Members John A. Pérez, Atkins, Dickinson, Hill, Mitchell, Perea, and Torres

February 2, 2012

An act ~~to amend Sections 34171, 34173, 34176, 34177, 34179, 34180, 34181, 34182, 34183, 34187, and 34189 of the Health and Safety Code,~~ relating to ~~redevelopment, and declaring the urgency thereof, to take effect immediately~~ *community development, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1585, as amended, John A. Pérez. ~~Redevelopment.~~ *Community development.*

Under existing law, the Housing and Emergency Shelter Trust Fund Act of 2006, authorizes the issuance of bonds in the amount of $2,850,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds are used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, housing-related parks, and transit-oriented development administered by the Department of Housing and Community Development.

This bill would appropriate $50,000,000 of bond revenues to the Department of Housing and Community Development and from that amount, allocate $25,000,000 from the Regional Planning, Housing, and Infill Incentive Account for infill incentive grants, and $25,000,000 from the Transit-Oriented Development Implementation Fund for transit-oriented grants and loans.

~~Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, repay enforceable obligations, as defined, and to remit unencumbered balances of redevelopment agency funds, including housing funds, to the county auditor-controller for distribution to taxing entities.~~

~~Existing law authorizes the city, county, or city and county that authorized the creation of a redevelopment agency to retain the housing assets, functions, and powers previously performed by the redevelopment agency, excluding amounts on deposit in the Low and Moderate Income Housing Fund.~~

~~This bill would modify the scope of the term "enforceable obligation" and modify provisions relating to the transfer of housing funds and responsibilities associated with dissolved redevelopment agencies. The bill would provide that any amounts on deposit in the Low and Moderate Income Housing Fund of a dissolved redevelopment agency be transferred to specified entities. The bill would make conforming changes.~~

~~Existing law provides that, upon a specified date, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid. Notwithstanding this provision, an agreement that provided loans or other startup funds for the agency that was entered into within 2 years of the formation of the agency is valid and binds the successor agency.~~

~~The bill would expand this exception to include an agreement involving a loan specific to a project area and other specified obligations. The bill would provide that other loan agreements entered into between the redevelopment agency and the city, county, or city and county that created it are deemed to be enforceable obligations, except as specified. The bill would further expand upon, and clarify, the scope of the successor agency's and the oversight board's responsibilities.~~

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote: ~~2/3~~ *majority*. Appropriation: ~~no~~ *yes*. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The sum of fifty million dollars ($50,000,000) is hereby appropriated to the Department of Housing and Community Development as follows:

(a) Twenty-five million dollars ($25,000,000) from the Regional Planning, Housing, and Infill Incentive Account established pursuant to subdivision (b) of Section 53545 of the Health and Safety Code, for the purpose of funding infill incentive grants.

(b) Twenty-five million dollars ($25,000,000) from the Transit-Oriented Development Implementation Fund established pursuant to subdivision (c) of Section 53545 of the Health and Safety Code, for the purpose of funding transit-oriented grants and loans.

All matter omitted in this version of the bill appears in the bill as amended in the Assembly, March 21, 2012. (JR11)

O

Lorraine Wyche

From: Martyn, Elizabeth [martyn@lbbslaw.com]
Sent: Friday, June 22, 2012 10:24 AM
To: Teri Baker; Lorraine Wyche; Feld, Karen
Subject: FW: Redevelopment Budget Trailer Bill - PLEASE ADD THIS WITH THE UPDATE INFORMATION

Please note that the "housing assets" issue could mean we will go back and supplement the resolution under 4a; however, it doesn't mean we don't go forward with it since we need to do it for Jim Vassilakos and a couple of other upcoming things. Teri – Frank Schnetz can go on the next agenda.
Got email from Tom that he is "ok" with this. Progress!!!

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From: admin@hesperiaparks.com [mailto:admin@hesperiaparks.com]
Sent: Friday, June 22, 2012 10:03 AM
To: Martyn, Elizabeth
Subject: RE: Redevelopment Budget Trailer Bill

Ralph Heim the lobbyist for both CSDA and CARPD

Rachel Thomas

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From: Martyn, Elizabeth [mailto:martyn@lbbslaw.com]
Sent: Friday, June 22, 2012 10:07 AM
To: admin@hesperiaparks.com
Subject: RE: Redevelopment Budget Trailer Bill

Thank you; where did this come from?

RDA Trailer Bill Outline

June 21, 2012

The Senate and Assembly staffs have been meeting with the Department of Finance to negotiate significant changes to the trailer bill language proposed in the May Revision. The revised TBL will provide significant benefits to successor agencies that voluntarily comply with the provisions of AB 26X which require the dissolution of the former redevelopment agency assets and the distribution of former tax increment revenues through the property tax system.

RDA Loan Repayment. Cities and counties will be eligible to have their RDA loans repaid, beginning in 2013-14. The loans amount to a significant obligation statewide, probably in the range of $2-3 billion. A similar provision is included in Speaker Perez's AB 1585.

Real Property Assets. The real and personal property of the former RDAs, but not the cash assets, would be placed in local trusts and returned to the successor agencies. The value of the real property assets is unknown, but probably in the range of $2- $5 billion statewide. A similar provision is included in pro Tem Steinberg's SB 1151.

Bond Proceeds. Cities and counties would be allowed to keep and spend the proceeds of bonds issued prior to January 1, 2011 that were "stranded" by the RDA dissolution legislation. This will make about $1 billion in bond proceeds available to communities throughout the state. A similar provision was included in Senator Dutton's SB 986.

Housing. The TBL makes significant new resources available for low and moderate income housing by defining "housing assets" to be transferred to the housing successor agency to include all low and moderate income properties acquired with any source of funds, and their associated lease and rental revenues. Additionally, the bill requires RDA loan repayments to cities and counties to first be directed to the retirement any outstanding balances owed on loans from the Low and Mod funds, and establishes a 20% set aside on the RDA loan repayments going forward.

Tax Offset Authority. The TBL authorizes the Department of Finance and county auditor-controllers to offset sales and use tax and property tax revenues to successor agencies if they fail to comply with the asset dissolution and property tax distribution requirements imposed by AB 26X. The exercise of the clawback of offset authority of the state is subject to judicial review, and parties with standing, the cities or successor agencies, may sue to enforce their rights, including the right to seek a TRO to enjoin the action prior to resolution by the court.

No "Netting" of Redevelopment Pass-Throughs. The TBL makes no change to current law with respect to the "netting" of pass-through agreements between the former RDAs and local agencies. Thus, the DOF interpretation of this law will remain operative, and the state will not be able to score an additional $250 million property tax distribution to the schools.