

## MEMORANDUM

TO: Desert Hot Springs Oversight Board  
FROM: Barry J. Schultz, Legal Counsel  
RE: Successor Agency and Oversight Board Roles and Responsibilities  
DATE: September 9, 2015

---

### 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- All authority, rights, powers and duties, not repealed, restricted or revised by the dissolution law of the former redevelopment agency is assumed by the Successor Agency.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.
- 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.

Desert Hot Springs Oversight Board

September 9, 2015

Page 2

RE: Successor Agency and Oversight Board Roles and Responsibilities

- 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 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;

Desert Hot Springs Oversight Board

September 9, 2015

Page 3

RE: Successor Agency and Oversight Board Roles and Responsibilities

- 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.

**Post Compliance Period**

- Finding of Completion issued upon payment of all funds identified in DDR.
- Upon approval and acceptance of the Long Range Property Management Plan, disposition and use of properties are governed by the LRPMP.
- Loan agreements between the redevelopment agency and the city which created the agency shall be deemed enforceable obligations if OSB finds loan was for legitimate redevelopment purposes.
- Continued approval of the ROPS.
- Consolidation of OSB's in July of 2016.