



OVERSIGHT BOARD

Member Orientation

March 26, 2012

Background: ABX1 26

ABX1 26: Provides for the Powers, Role and Procedures for Oversight Board Actions:

- Dissolution of all redevelopment agencies (H & S §34170);
- Creates Oversight Boards (H & S §34179).

Membership

General Make Up and Operation of Oversight Board:

- Seven Member Body;
- Quorum Requirements;
- Brown Act Meetings;
- Personal Immunity From Lawsuits.

Guiding Principles

Fiduciary Obligations and Discretion:

- Fiduciary Obligations-Holders of enforceable obligations and the taxing entities that benefit from the distributions of property tax and other revenues;
- Statutory Discretion.

Discretionary Approval Powers

Oversight Board has the power to review certain new actions by the Successor Agency, if proposed, such as:

- Establishment of new repayment terms for outstanding loans where the terms have not been specified prior to ABX1 26's adoption;
- Continuing the acceptance of federal or state grants or other forms of financial assistance from private or public sources, where such assistance is conditioned on matching funds;
- The City's retention of properties or other assets for future redevelopment activities;

Discretionary Approval Powers *(Cont'd.)*

- Establishment of “recognized obligation payment schedules”;
- Agreements between Successor Agency and City;
- Pledge of property tax revenues for certain valid agreements between the City and the former Redevelopment Agency;
- Proposed administrative budget (§34177(j)).

Direction to Successor Agency

Board shall direct Successor Agency to:

- Dispose of all assets and properties of former Milpitas Redevelopment Agency;

Discretion: Board can instead direct Successor Agency to transfer to the City those assets that were constructed and used for a governmental purpose (e.g., fire stations, parks, and public buildings);

- To cease performance of and terminate all existing agreements other than “enforceable obligations”;

Direction to Successor Agency *(Cont'd.)*

- Transfer housing responsibilities, rights, powers duties and obligations of the former Redevelopment Agency and any amounts in the Low and Moderate Income Fund to the "appropriate entity";
- Terminate any agreement between the former Redevelopment Agency and any public entity located in the same county that obligates the former agency to provide funding for any debt service obligation;

Direction to Successor Agency *(Cont'd.)*

- Determine whether any contracts, agreements, or other arrangements between the former Redevelopment Agency and any private party should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities.

Successor Agency

Under ABX1 26, Successor Agency is required to perform certain things, such as:

- Make payments due on enforceable obligations;
- Dispose of assets and properties and wind down affairs of the former Redevelopment Agency;
- Continue to oversee development of properties until contracted work has been completed;

Successor Agency (Cont'd.)

- Use bond proceeds for the purposes for which the bonds were sold unless the purposes can no longer be achieved;
- Propose an administrative budget for Oversight Board approval;
- Prepare a "recognized obligation payment schedule" for Oversight Board approval.

Decisions Subject to Review

All Oversight Board actions are subject to review by the State Department of Finance.