



## **Oversight Board Successor Agency to the Huntington Beach Redevelopment Agency FAQ**

### **Why do we need an Oversight Board?**

ABX1 26 and the recent California Supreme Court Ruling, taken together, terminate all redevelopment agencies on February 1, 2012. Upon dissolution, the assets, enforceable obligations, and certain functions of the former agencies will transfer to the cities and counties that created those redevelopment agencies, as their successor. The successor agencies will be responsible for carrying on certain existing obligations and disposing of assets. In Huntington Beach, the assets, obligations, and functions of the Redevelopment Agency will transfer to the City. The City intends to include in that transfer all of the Redevelopment Agency's affordable housing assets.

### **Who is the Oversight Board accountable to?**

Under ABX1 26, the Oversight Board has a fiduciary duty to the holders of enforceable obligations (such as bond holders and parties to existing enforceable contracts) to ensure that these obligations are met and the taxing entities that benefit from distribution of property tax to ensure that proper amounts are passed through. After February 1, 2012, tax increment formerly collected by redevelopment agencies will be held by the controller for distribution to pay off enforceable obligations of the former redevelopment agency and pass through to special taxing entities like the school districts and the General Fund in the same proportion as property taxes.

### **What specific authorities and duties does the Oversight Board have?**

The Oversight Board has specific duties relating to fiscal management of former Agency assets other than affordable housing assets designated to it under California Health and Public Safe Code sections 34180 and 34181. These duties are more specifically listed at the end of this FAQ.

The City Council of the City of Huntington Beach may also delegate specific authority to the Oversight Board to exercise land use, development and design approval authority under the enforceable obligations for all city of Huntington Beach Redevelopment Area activities, in place of the Agency and authorizing the Oversight Board to approve certain changes to such obligations and certain new agreements to implement those enforceable agreements, including review and approval for issuing bonds or other evidences of indebtedness under such agreements.

### **Who appoints the Oversight Board?**

In the City of Huntington Beach, the seven members of the Board are appointed as follows:

- County Board of Supervisors – Steve Bone, Huntington Beach Marketing and Visitors Bureau and Lucy Dunn, President and CEO, Orange County Business Council
- Mayor – Don Hansen
- County Superintendent of Education – Carrie Delgado, Orange County Department of Education

- Chancellor of California Community Colleges – W. Andrew Dunn, Vice chancellor, Finance and Administrative Services, Coast Colleges
- Orange County Sanitation District – TBD
- A former RDA employee appointed by mayor – Kellee Fritzal

### **What is the term of Oversight Board members?**

Oversight Board members serve at the pleasure of the appointing body or individual.

### **Who may sit as a member of the Oversight Board?**

An individual may serve on the Oversight Board and at the same time hold an office with the city, county, special district, school district, or community college district.

### **Are Oversight Board members subject to personal liability?**

ABX1 26 expressly provides that members have personal immunity from suit for their actions taken within the scope of their responsibilities as Oversight Board members.

### **Are the members of the Oversight Board paid?**

ABX1 26 provides that all members shall serve without compensation or reimbursement for expenses. But the City pays for the costs of the meetings of the Board.

### **How does the Oversight Board function?**

A majority (at least four out of the seven members) constitutes a quorum for the transaction of business. All of the actions of the Oversight Board are by majority vote. The conduct of the Oversight Board is subject to the California Brown Act for public meetings, the California Public Records Act for public records, and the Political Reform Act for conflicts of interest.

### **What staff does the Oversight Board have?**

The City intends to provide all required staff for the Oversight Board to conduct its business.

### **Specific Authorities and Obligations of the Oversight Board under the California Health and Safety Code 34180.**

All of the following successor agency actions shall first be approved by the oversight board:

- (a) The establishment of new repayment terms for outstanding loans where the terms have not been specified prior to the date of this part.
- (b) Refunding of outstanding bonds or other debt of the former redevelopment agency by successor agencies in order to provide for savings or to finance debt service spikes; provided, however, that no additional debt is created and debt service is not accelerated.
- (c) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.
- (d) Merging of project areas.
- (e) Continuing the acceptance of federal or state grants, or other forms of financial assistance from either public or private sources, where assistance is conditioned upon the provision of matching funds, by the successor entity as successor to the former redevelopment agency, in an amount greater than five percent.

- (f) (1) If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, 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, as determined pursuant to Section 34188, for the value of the property retained.  
(2) If no other agreement is reached on valuation of the retained assets, the value will be the fair market value as of the 2011 property tax lien date as determined by the county assessor.
- (g) Establishment of the Recognized Obligation Payment Schedule.
- (h) A request by the successor agency to enter into an agreement with the city, county, or city and county that formed the redevelopment agency that it is succeeding.
- (i) A request by a successor agency or taxing entity to pledge, or to enter into an agreement for the pledge of, property tax revenues pursuant to subdivision (b) of Section 34178.

**34181.** The oversight board shall direct the successor agency to do all of the following:

- (a) Dispose of all assets and properties of the former redevelopment agency that were funded by tax increment revenues of the dissolved redevelopment agency; provided, however, that the oversight board may instead 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. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value.
- (b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations.
- (c) Transfer housing responsibilities and all rights, powers, duties, and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund to the appropriate entity pursuant to Section 34176.
- (d) Terminate any agreement, between the dissolved redevelopment agency and any public entity located in the same county, obligating the redevelopment agency to provide funding for any debt service obligations of the public entity or for the construction, or operation of facilities owned or operated by such public entity, in any instance where the oversight board has found that early termination would be in the best interests of the taxing entities.
- (e) Determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval. The board may approve any amendments to or early termination of such agreements where it finds that amendments or early termination would be in the best interests of the taxing entities.