

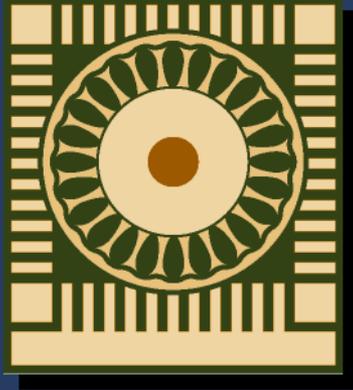


CITY OF  
**HAYWARD**  
HEART OF THE BAY

**Hayward Successor Agency Oversight  
Board Meeting**

**April 9, 2012**





# **Review of Brown Act/ Public Records Act/ Political Reform Act**



# Fair Political Practices Act

- FPPC staff will answer telephone inquiries in many cases
- Key is to be vigilant and ask – is there any possibility my vote might affect me financially?
- 1-866-ASK-FPPC (1-866-275-3772)
- [www.fppc.ca.gov](http://www.fppc.ca.gov)



# Ask Yourself...

Key question is whether there is a possibility that a decision you make as an Oversight Board member could have an effect, directly or indirectly, on your personal financial situation... If so, bring to the attention of the Successor Agency staff or call the FPFC directly for advice



# Oversight Board (OB) Exemption

- Dissolution Act provides exemption to OB members from prohibition on serving in “incompatible” offices

“Notwithstanding Section 1099 of the Government Code, or any other law, any individual may simultaneously be appointed to up to five oversight boards and may hold an office in a city, county, city and county, special district, school district, or community college district.” (34179(i))



# Reporting Requirements

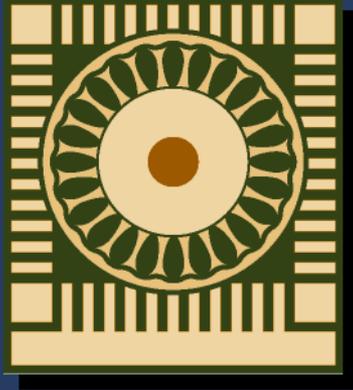
- OB Members must file FPPC Form 700 (“Statement of Economic Interests”)
- Must file within 30 days of today
  - Exceptions: See FPPC Reg. 18754(a)(3)(A))
- Must file annually before April 1 of each year



# Reporting Requirements

- Within 6 months, OB must adopt “conflict of interest code” specifying particular economic interests that OB members must report
  - Staff will prepare this and present to OB





# Overview of Redevelopment/ Dissolution Act/ Supreme Court Decision



# Overview of Redevelopment

- California Redevelopment Law (CRL) allowed cities/counties to establish redevelopment agencies (RDAs) to combat physical and economic blight
- RDAs received portions of increases in property tax revenues (tax increment) to fund activities
- As redevelopment activities increased property values the tax increment was re-invested in the area to further revitalize it



# Overview of Redevelopment

- Used sparingly until adoption of Proposition 13
- RDAs perceived as harming taxing entities by taking away property taxes
- Overtime Prop 98 backfill obligation for the State became significant



# Overview of Restructuring Acts & Supreme Court Decision

- Proposal to eliminate RDAs completely
- Enactment of Restructuring Acts
  - Dissolution Act called for RDA dissolution effective 10/1/11
  - Voluntary Program Act enabled RDAs to continue operating if sponsoring community made annual payments
- Designed to avoid Prop 22 limitations on direct or indirect transfers of tax increment to State



# Overview of Restructuring Acts & Supreme Court Decision

- Constitutional Challenges of Restructuring Acts
  - Violation of Proposition 22
  - Authority to dissolve
- Constitutional Challenges of Restructuring Acts
  - Dissolution Act did in fact violate Proposition 22
  - But nothing in Prop 22 or Constitution prevents State from dissolving RDAs
- Result
  - All RDAs dissolved effective 2/1/2012
  - No immediate payments to State
  - Complex system with demanding implementation schedule



# Overview of Dissolution Act Implementation

- Assets/liabilities/operations transferred to Successor Agency
- Most housing assets/liabilities/operations transferred to Housing Successor
- Oversight Board reviews Successor Agency activities
- County Auditor-Controller estimates tax increment and administers Trust Fund
- Department of Finance may review Oversight Board actions
- State Controller reviews asset transfers and may direct return of assets



# Overview of Dissolution Act Implementation

## ■ Oversight Board

- 7 member board, majority to form quorum, action must be taken by majority of total membership
- Fiduciary responsibility to taxing entities and holders of enforceable obligations
- Personal immunity from suit for actions taken within scope of their responsibilities
- Voluntary Program Act enabled RDAs to continue operating if sponsoring community made annual payments



# Overview of Dissolution Act Implementation

## ■ Oversight Board Powers

- Oversight Board approval required for certain actions by successor agency (34180)
- Oversight Board shall direct the successor agency to take certain actions (34181)

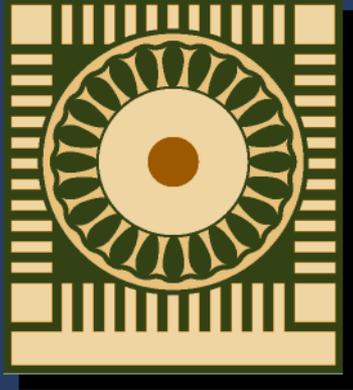


# Overview of Dissolution Act Implementation

## ■ Oversight Board may

- Terminate enforceable obligations with private 3<sup>rd</sup> parties but must make the 3<sup>rd</sup> party whole
- Terminate enforceable obligations with public entities if it finds termination to be in best interest of taxing entities
- Re-authorize any agreements between former RDA and City, if it concludes that doing so is in best interest of the taxing entities





# Review and Approval of ROPS and Successor Agency Administrative Budget



# What is the ROPS?

- The ROPS is the Recognized Obligation Payment Schedule
- A key document – it contains all obligations of the former RDA over time and lists sources of funds for paying those obligations, including administrative budget
- ROPS are prepared and then approved by the OB for every six month period (January – June and July – December)



# Hayward ROPS

- The Hayward City Council, acting as the governing body of the Successor Agency, approved the revised ROPS on March 6, 2012.
- The Council also approved the administrative allowance/budget for the Successor Agency, which is now listed on the ROPS.



# What is an Enforceable Obligation?

- ABx1 26 (and subsequent guidance documents from DOF) outline specific items considered to be enforceable obligations:
  - Bonds
  - Loans (except between Agency and the City with certain exceptions)
  - Payments to State/Federal Government
  - Judgments or other court settlements
  - Amounts borrowed from the Low/Mod Fund
  - Third party agreements entered into prior to late June 2011
- From DOF: “written contracts for specific performance with parties that are not the sponsoring agency are what qualify as enforceable obligations.”



# ROPS Review Process

- ROPS due to Department of Finance by April 15, 2012
- DOF has three days to review and request additional information; if request additional information, have ten days to review and make a determination
- DOF has final approval of ROPS and there is currently no appeal provision



# Overview of Hayward ROPS

- Review of items on current ROPS



# Successor Agency Administrative Budget

- Review of proposed Agency administrative budget



# Next Steps

- DOF ROPS review and feedback
- Next Meeting: first week of May (Approve second period ROPS)

