

# San Bernardino Countywide Oversight Board

## Member Training



## Table of Contents

I.	Roles and Responsibilities .....	1
II.	Countywide Oversight Board (CWOB) .....	2
III.	Items Requiring CWOB Approval.....	2
IV.	Recognized Obligation Payment Schedule (ROPS) .....	3
A.	Requirements .....	3
B.	Bond Items.....	3
C.	Funding Sources.....	3
D.	Enforceable Obligations.....	4
E.	Administrative Cost Allowance (Administrative Budget).....	4
F.	Amendments to Annual ROPS .....	4
G.	Last and Final ROPS.....	4
V.	Bond Proceeds.....	5
VI.	Refunding of Bonds .....	5
VII.	Operational Loans .....	5
VIII.	Long Range Property Management Plan (LRPMP) .....	5
IX.	Property Disposition .....	6
X.	Compensation Agreements.....	6
XI.	Successor Agency Dissolution .....	6
XII.	Successor Agency-Specific Status/Survey Data .....	7
XIII.	Scheduled Meeting Dates (see handout).....	7
XIV.	Annual ROPS Meeting Schedule .....	7
XV.	Successor Agency Items .....	8
XVI.	CWOB Start-Up Items.....	8
XVII.	Legal Counsel to CWOB.....	8
XVIII.	CWOB Website/Resources .....	8
XIX.	Contacts .....	9

## **I. Roles and Responsibilities**

### **A. Auditor-Controller/Treasurer/Tax Collector (ATC)**

In accordance with Senate Bill No. 107 (SB 107), Health and Safety Code (HSC) Section 34179(j), the 26 oversight boards currently in place in San Bernardino County will consolidate into one San Bernardino Countywide Oversight Board (CWOB) effective July 1, 2018. The CWOB shall be staffed by the County Auditor-Controller (ATC) or by another county entity selected by the County Auditor-Controller. ATC has delegated this responsibility to the Community Development and Housing Agency (CDHA).

ATC will continue to be responsible for the following:

- Administering the Redevelopment Property Tax Trust Fund (RPTTF) distributions
- Performing pass-through calculations/payments to affected taxing entities.
- Reviewing ROPS and cash balances/disbursing RPTTF to successor agencies in accordance with the DOF approval letters.
- Preparing the residual calculations/payments to affected taxing entities.
- Reviewing Insufficient Funds Notifications.
- Distributing land sale proceeds for liquidation properties.
- Review Last and Final ROPS/perform allocations in accordance with the schedule approved by DOF.
- Review ROPS prior period adjustments and report findings to DOF.

### **B. Community Development and Housing Agency (CDHA)**

The County Auditor-Controller has delegated CDHA to staff the CWOB.

CDHA will:

- Oversee processes and procedures with ATC.
- Review all Successor Agency CWOB Agenda Items to ensure they are formatted correctly and meet regulatory/statutory requirements.
- Submit all CWOB Agenda Items to the Secretary to the CWOB for processing.
- Distribute executed CWOB Agenda Items to the Successor Agencies after they are processed by the Secretary.
- Staffing CWOB meetings and provide assistance to CWOB members.
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### **C. Successor Agencies**

- Administer the dissolution and wind down of the former redevelopment agency:
  - Preparation of ROPS
  - Bond refinancing
  - Sale of liquidation property(ies)
- Draft, submit, and present Successor Agency agenda items to the CWOB.

## D. Countywide Oversight Board Members

CWOB Members:

- Fiduciary responsibility to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other related revenues.
- Attend all scheduled CWOB meetings to ensure a quorum.
- Represent the entity that appointed such member.
- Serve without compensation or reimbursement for expenses.

**NOTE:** Per the requirements set forth in Article 2.4 of Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code, CWOB are required to complete ethics training. Please complete the 2 hour Ethics Training course online at: <http://localethics.fppc.ca.gov/login.aspx>. Upon completion, please forward an original, signed "Public Service Ethics Education Online Proof of Participation Certificate" to the CWOB email: [cwob@sbcountry.gov](mailto:cwob@sbcountry.gov). ***This must be completed prior to July 1, 2018, when the CWOB takes effect.***

## II. Countywide Oversight Board (CWOB)

The CWOB is deemed to be a local entity for purposes of the Brown Act, Public Records Act and the Political Reform Act.

Pursuant to SB 107, HSC 34179 (j), the CWOB is appointed as follows:

Entity Name	Board Member Name
County board of supervisors	David Wert
City selection committee	Acquanetta Warren
Independent special district committee	Cindy Saks
County superintendent of education	Richard De Nava
Chancellor of the California Community Colleges	Lawrence Strong
County board of supervisors (public)	Kenneth Miller
Recognized employee organization (Teamsters Local 1932)	Mario Vasquez

Most entities required to appoint members to the CWOB have also appointed alternates at the request of ATC. The use of alternates, and their roles and responsibilities will be contained in the CWOB Bylaws to be adopted by the CWOB.

## III. Items Requiring CWOB Approval

Items requiring CWOB approval include, but are not limited to:

- Annual Recognized Obligation Payments Schedule (ROPS) – approving payments for outstanding obligations.
- Amendments to the Annual ROPS
- Last and Final ROPS and/or any amendments to the Last and Final ROPS
- Modifications to the Long Range Property Management Plan (LRPMP) – only for properties that remain with the Successor Agency.
- Bond refunding or refinancing.

- Property disposition that:
  - Does not adhere to the LRPMP; or
  - Is required to go back to the CWOB per the LRPMP
- Operational Loans
- Request to formally dissolve the successor agency.

All CWOB actions shall not be effective for five (5) business days after submission to the California Department of Finance (DOF), unless DOF requests a review of the action.

DOF shall have 100 days to review and approve the Last and Final ROPS and 30 days to approve or deny requests to formally dissolve a successor agency.

**Note:** ROPS Prior Period Adjustments (True-ups) do not require Countywide Oversight Board action.

## **IV. Recognized Obligation Payment Schedule (ROPS)**

### **A. Requirements**

- Use ROPS template from DOF
- Enforceable obligations are reported as six-month totals
- Include schedule of remaining payments for enforceable obligations
- Each funding source must be identified separately
- Contract or agreement execution and termination dates must be listed
- Previous amounts paid from the RPTTF need to be reported, as well as anticipated RPTTF funding amounts
- Annual ROPS required to be:
  - Approved by CWOB
  - Submitted to DOF, State Controller, ATC and posted to SA Website by February 1 each year.

### **B. Bond Items**

- Enter non-housing and housing bond payments under separate project names.
- Separate reserves related to the repayment of bonds.
- Obligations that have been retired should be listed on the ROPS and identified on the “Notes” form.

### **C. Funding Sources**

Include:

- Low and Moderate Income Housing Fund
- Bond Proceeds
- Reserve Balance
- Administrative Allowance
- RPTTF
- Other (include a description in the “Notes” tab)

#### **D. Enforceable Obligations**

Pursuant to Health and Safety Code (HSC) Section 34179.7, Finance will issue a finding of completion to the Successor Agency, once the following conditions have been met and verified by December 31, 2015:

- The Successor Agency has paid the full amount as determined during the Due Diligence Reviews and the County Auditor-Controller has reported those payments to Finance, and
- The Successor Agency has paid the full amount as determined during the July True-Up process, or
- The Successor Agency has paid the full amount upon a final judicial determination of the amounts due and confirmation that those amounts have been paid by the County Auditor-Controller, or
- The Successor Agency has entered into a written installment payment plan with Finance for the payments owed from above.

Upon receiving the finding of completion, the Successor Agency is allowed to utilize proceeds derived from bonds issued prior to Jan. 1, 2011 in a manner consistent with the original bond covenants.

#### **E. Administrative Cost Allowance (Administrative Budget)**

Successor Agencies still need to prepare and submit for CWOB approval, a proposed administrative budget. Administrative Budgets are included in the ROPS approval.

Limits and Use:

- Limited to 3% of actual property tax distributed to the agency in the previous fiscal year, but not less than \$250,000
- Cannot exceed 50% of the total RPTTF distributed to a Successor Agency
- Legal Expenses must be paid from the administrative cost allowance

#### **F. Amendments to Annual ROPS**

- ROPS may be amended once per FY & must be submitted to DOF by October 1st [HSC 34177(o)(1)(E)]
- Oversight Board must find that revisions are necessary to make payments for obligations during the second half of the ROPS period
  - Can only amend payments for approved enforceable obligations

#### **G. Last and Final ROPS**

Beginning January 1, 2016, agencies may submit a Last and Final ROPS pursuant to HSC Section 34191.6(a).

- Establishes maximum amount of RPTTF to be distributed for each remaining fiscal year.
- The following conditions must be met to submit:
  - SA must have received a Finding of Completion.

- Remaining debt is for administrative costs and obligations with defined payment schedules.
- All obligations on a previous ROPS approved by DOF.
- No outstanding or unresolved litigation.
- No Annual ROPS required after Last & Final ROPS approved.
- Last and Final ROPS can only be amended twice.
- Amendments must be approved by the CWOB.
- Successor Agencies may modify existing agreements if:
  - Outstanding payments not accelerated or increased.
  - Repayment terms not extended beyond the last scheduled payment.
- DOF has 100 days to review and approve.

## V. Bond Proceeds

Expenditure of proceeds derived from bonds issued prior to January 1, 2011 should be in a manner consistent with the original bond covenants.

### Excess bond proceeds:

- Expenditures must be on ROPS.
- Review is limited to bond use consistency with bond covenants and availability of sufficient funds.

## VI. Refunding of Bonds

- CWOB approval and DOF review.
- Subordination of pass-through payments to taxing entities.

## VII. Operational Loans

Loans are limited to the following:

- Loans can only be granted if the Successor Agency receives insufficient RPTTF and other funding sources is not available
- Loans must be repaid from the funding source originally approved for payment of the underlying enforceable obligation
- Interest rates for these loans are limited to the LAIF rate
- Loans are only repayable once RPTTF has been used to fulfill other enforceable obligations

## VIII. Long Range Property Management Plan (LRPMP)

The LRPMP is a long-range strategic plan that will govern the disposition of all properties except housing assets and governmental use properties. (HSC 34191.5)

It must include an inventory of all properties indicating their proposed use or sale.

**Process:**

- CWOB must consider and approve the Plan.
- DOF must approve LRPMP before property disposition occurs.
- CWOB meetings considering disposition of assets require 10-day public notice.

## **IX. Property Disposition**

Property disposition that requires CWOB approval includes:

- Properties identified for liquidation on the approved LRPMP.
- Properties for which additional CWOB approval was required as part of the terms of the LRPMP.

## **X. Compensation Agreements**

Compensation Agreements do not require CWOB approval.

## **XI. Successor Agency Dissolution**

Successor Agency responsibility:

- Administer the dissolution and wind down of the former RDA
  - Preparation of ROPS
  - Bond refinancing
  - Sale of liquidation property(ies)
- Wind Down:
  - Includes making payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation.
    - If the Successor Agency has received a finding of completion they may enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations, if the contract, agreement, or project will not commit new property tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies.
  - The following are ***not*** Wind Down activities:
    - Planning, design, redesign
    - Development, demolition, alteration
    - Construction and construction financing
    - Site remediation, site development or improvement, land clearance, seismic retrofits
    - Other similar work

NOTE: Loans to pay enforceable obligations are limited and have specific requirements (refer to Section VII)



## **XII. Successor Agency-Specific Status/Survey Data**

A survey was sent to each Successor Agency and responses were received between July – September 2017.

Survey Questions Included:

- Last & Final ROPS eligibility
  - Expected date for Last & Final ROPS
  - Pending litigation with the State or County Auditor-Controller
- Refinancing expected for:
  - existing bonds
  - outstanding bonds
  - private placements and/or bank loans
- Property disposition status
  - Liquidation properties
  - Not consistent with LRPMP

Refer to Successor Agency Survey Summary for information received from each Successor Agency regarding the above topics.

## **XIII. Scheduled Meeting Dates (see handout)**

The CWOB will adopt the annual meeting schedule at its first meeting and subsequently each year. The tentative meeting dates have been scheduled (pending CWOB approval) through June 2019. All meetings for the timeframe of July 2018 through June 2019 will be held in the Board Chambers at the San Bernardino County Government Center located at 385 N. Arrowhead Avenue, First Floor, San Bernardino. The only exception to this is the January 23, 2019 meeting which an option has been provided to present items from the High Desert Government Center.

## **XIV. Annual ROPS Meeting Schedule**

Due to the required Annual ROPS submittal to DOF, and to accommodate all 26 Successor Agencies, four meetings have been scheduled in the month of January 2019: January 14<sup>th</sup>, 23<sup>rd</sup>, 28<sup>th</sup> and 30<sup>th</sup>. (Pending CWOB approval)

In order to ensure each Successor Agency has sufficient time to present their items to the CWOB, each Successor Agency will be allotted one-hour.

In order to accommodate the Successor Agencies located in the high desert area, the January 23, 2019 meeting will be scheduled in two sessions:

- A morning session (9:00 am – noon) held in the Board Chambers of the San Bernardino County Government Center; and
- An afternoon session (1:00 pm – 5:00 pm) held at the High Desert Government Center located at 15900 Smoke Tree Street, Hesperia via videoconference to the CWOB meeting at the San Bernardino Government Center location.

## **XV. Successor Agency Items**

### **A. Review of Items Prior to Meeting**

Successor Agency BAIs and Attachments can be available for review by CWOB members. Need to determine preference for how far in advance, if at all.

### **B. Minutes vs. Fair Statement**

CWOB meetings can be certified by the Secretary in Minute form or by Fair Statement. Minutes would require CWOB action to adopt prior meeting minutes as part of the agenda of the current meeting. A Fair Statement would be prepared by the Secretary based on action taken at the CWOB meeting and is executed by the Secretary and the CWOB Chair.

### **C. Not Approved by CWOB**

Pursuant to HSC Section 34179(p), "On matters within the purview of the Oversight Board, decisions made by the Oversight Board supersede those made by the Successor Agency or the staff of the Successor Agency". To that effect, should the CWOB not approve a Successor Agency's recommendation, the Successor Agency may bring forth the recommendation to the CWOB at a later date upon addressing CWOB's question(s), request(s) for additional documentation and/or concern(s) that resulted in the CWOB vote to not approve the recommendation.

### **D. CWOB Agenda Exceptions**

Should a Successor Agency not sufficiently address the feedback from County staff and/or CWOB Legal Counsel as part of the review process, which results in the item being contrary to RDA dissolution statute or regulation, CDHA will prepare a "Staff Report" (see handout) in the form of a memo attached to the BAI. The Staff Report will outline how the recommended item is contrary to the RDA dissolution statute or regulation and will become part of the BAI packet and, as such, will be public record.

## **XVI. CWOB Start-Up Items**

CWOB July 12, 2018 Meeting Agenda:

- Oath of Office of new members
- Election of Chair and Vice Chair
- Designation of contact person for DOF
- Date, time and location of meetings
- Mission and Purpose of Oversight Board
- Brown Act and Form 700 Disclosure
- Adoption of Bylaws

## **XVII. Legal Counsel to CWOB**

Legal Counsel to the CWOB is to be determined.

## **XVIII. CWOB Website/Resources**

The CWOB Website will be hosted by ATC and will contain all templates, calendars, information, resources, etc. CWOB are invited to submit a photo and a short Bio to be posted on the Website.

## **XIX. Contacts**

**County Auditor-Controller/Treasurer/Tax Collector**  
**268 West Hospitality Lane, Fourth Floor**  
**San Bernardino, CA 92415-0018**

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Phone: (909) 382-3189  
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