

MARCH 23, 2012

LAW ALERT

DOCUMENTING ASSET/OBLIGATION TRANSFERS OF FORMER RDAs: EXIT MEMOS AND JOINT MOUS

Goldfarb and Lipman's January 19, 2012 law alert ("The Final Actions of Redevelopment Agencies and the Set-Up of Successor Agencies," available at [this link](#), recommended that, by the end of January 2012, redevelopment agency staff prepare two internal memoranda to provide guidance to the entities that would assume agency assets and obligations after the February 1 dissolution event. One memorandum would be intended for the housing successor and would list the housing assets and obligations currently held by the redevelopment agency that would be conveyed to the housing successor. The other memorandum would list all other redevelopment agency assets and obligations that were to be assumed by the successor agency.

In the event that a former redevelopment agency did not complete such "exit memos," it may still be valuable for the successor agency and housing successor to enter into a joint memorandum of understanding that categorizes the assets and obligations of the former redevelopment agency in the manner described above. In the event that particular circumstances make it difficult to easily characterize an asset or obligation, the memorandum should list the pertinent facts and explain the reasoning behind each categorization decision. Examples of difficult-to-classify assets and obligations include (i) property purchased with a mix of 20% funds and 80% funds and (ii) DDAs and OPAs for

mixed use projects. With the exception of encumbered 20% funds, the various assets and obligations of a former redevelopment agency should be considered to have already been divided and conveyed to the successor agency and housing successor as set forth in the exit memos or joint MOU, with the conveyance having taken place on February 1, 2012 under operation of ABx1 26 without grant deeds or any other conveyance agreements. It is unclear whether encumbered 20% funds were automatically conveyed to the housing successor or if they must be temporarily held by the successor agency until ordered transferred by the oversight board. Specific examples of assets and obligations to include in exit memos or a joint MOU include:

- Real property
- Personal property
 - Encumbered asset balance
 - Unencumbered asset balances
- Bond obligations
- Contract rights and obligations

These suggestions are only a brief summary of the context-specific advice we have prepared for individual clients. It should not be relied upon as legal advice or as a complete and accurate summary of this aspect of ABx1 26. To that end, for more information or advice please contact your entity or organization's legal counsel.

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