



Revision to ASR and/or Exhibits/Attachments

Date: 2/2/2007

To: Darlene J. Bloom, Clerk of the Board of Supervisors

CC: County Executive Office

From: Frank Tuanai, Public Administrator/Public Guardian

RE: Agenda Item(s) # 6 for the February 7, 2007 Board Meeting

ASR Control #(s): 07-000136

Subject: Increase Public Administrator/Public Guardian Revolving Fund

RECEIVED
07 FEB 12 AM 11:04
CLERK OF THE BOARD
ORANGE COUNTY
BOARD OF SUPERVISORS

Explanation:

Subsequent to the filing of the ASR, the Auditor's Office confirmed that there was already a single revolving fund, General Fund 100-012, for the PA/PG. As such, all that needs to be requested from the Board of Supervisors at this time is approval of an increase in the amount of the revolving fund.

Revised Recommended Action(s)

This section of the ASR was revised to reflect the above change.

Make modifications to the:

Subject Background Information Summary

These sections of the ASR were revised to reflect the above change.

Revised Exhibits/Attachments (attached)

Included a Resolution authorizing the Board of Supervisor's increase of the PA/PG Revolving Fund.

Additional Information and/or Correspondence (attached)

Approve Resolution as to form.

Deputy County Counsel
2/2/07

RECOMMENDED ACTION(S)

Adopt resolution approving an increase the Public Administrator/Public Guardian ~~r~~Revolving ~~f~~Fund, General Fund -100-012, to \$135,000, for a ~~total~~ revolving fund in the total amount of \$250,000.

SUMMARY:

The Public Administrator/Public Guardian respectfully requests that your Board approve an increase of \$135,000 to the Public Administrator/Public Guardian ~~r~~Revolving ~~f~~Fund, General Fund 100--012, ~~-for a revolving fund in the total amount~~~~fund~~ of \$250,000.

BACKGROUND INFORMATION:

Pursuant to Government Code Sections 29320 through 29321.1, and 29460 through 29464, the Public Administrator/Public Guardian maintains a revolving fund, General Fund 100-012, to advance the fees, expenses and charges incurred in securing the possession/protection of assets of any decedent or conservatorship estate where the estate has no liquid funds to pay such charges but has non-liquid assets (usually real estate) that are more than adequate to reimburse the revolving funds. Pursuant to Board Resolution 92-1410, the amount of ~~the~~General Fund 100-012 is set at \$115,000 for which \$60,000 is earmarked for Public Administrator estates and the remaining \$55,000 is earmarked for Public Guardian estates.

A review of current revolving account activities and future projections of estate expenses indicate that outstanding estate needs and expenses may total between \$200,000 and \$250,000 in the next 12 months in order for Public Administrator/Public Guardian to meet payment obligations for the protection and maintenance of estate assets. Since August 2006, the average monthly revolving fund balance has been below \$5,000. The shortage in revolving funds has made it very difficult to manage estate payments and further exposes estates to potential risks of estates incurring added costs or losing assets, as well as Public Administrator/Public Guardian (and the County) incurring surcharges to pay for these losses.

Government Code Section 29462 provides that the Board of Supervisors shall fix the amount of the Public Administrator/Public Guardian's revolving fund in a sum sufficient to enable the Public Administrator/Public Guardian at all times to meet necessary fees, charges, and expenses to secure and protect estate assets. Accordingly, Public Administrator/Public Guardian respectfully requests that your Board approve an increase of \$135,000 to the Public Administrator/Public Guardian's ~~r~~Revolving ~~f~~Fund, General Fund 100--012, which will bring the new total revolving fund amount to \$250,000.

The outstanding advance is primarily attributed to upfront payments required to maintain real estate property over an extended period of 9 to 18 months, depending on the individual nature of each property. As such, revolving funds could be tied up for an equivalent length of time. The problem is compounded by two factors relating to real estate: 1) the large increases in housing prices in the past several years means that the

financing costs to many estates have risen sharply; and 2) the recent downward trend in the real estate market has made it a challenge to sell properties in recent auctions because the minimum prices are tied to Court sanctioned appraisals that have been slow to react to the real estate down-turn. Moreover, after a real estate sale has occurred, the reimbursement of the revolving fund could take up to 3 months or longer due to timing issues inherent with escrow closing, clearance issues, and the Court sale confirmation process. As a result, the revolving fund, at its current low level, is left with little or no available funds to pay for other critical estate expenses.

To minimize the risk of loss to the revolving funds, Public Administrator/Public Guardian has formalized its process to make a determination that a real property has to have a 70 percent loan-to-value ratio prior to expending revolving funds. This approach establishes a reasonable basis by which the Public Administrator/Public Guardian decides whether to preserve or discard real property, subject to other considerations and conditions, and not put revolving funds at risk. In addition, the Public Administrator/Public Guardian is being more aggressive to insure timely sale of real property by adjusting real estate prices downward to facilitate sales at auction thereby creating faster reimbursement of the revolving fund.

FINANCIAL IMPACT:

No financial impact as funds expended are expected to be fully reimbursed.

STAFFING IMPACT:

N/A

REVIEWING AGENCIES:

County Counsel

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3 RESOLUTION OF THE BOARD OF SUPERVISORS OF
4 ORANGE COUNTY, CALIFORNIA

5 February 6, 2007
6

7 WHEREAS, Government Code section 29462 provides that the Board of Supervisors shall fix
8 the amount of the Public Administrator/Public Guardian's revolving fund in a sum sufficient to enable
9 the Public Administrator/Public Guardian to at all times to meet necessary fees, charges, and expenses to
10 secure and protect estate assets;

11 WHEREAS, the Public Administrator/Public Guardian currently has a revolving fund, General
12 Fund 100-012;

13 WHEREAS, pursuant to Board Resolution No. 92-410, the amount of General Fund 100-012 is
14 set at \$115,000;

15 WHEREAS, the Board of Supervisors wishes to increase the Public Administrator/Public
16 Guardian revolving fund in the amount of \$135,000, for a total fund of \$250,000 for the purposes
17 authorized in Government Code sections 29460 through 29464, Government Code section 27435 and
18 Probate Code section 2900 et seq.;

19 BE IT RESOLVED this Board does hereby:

20 1. Increase the Public Administrator/Public Guardian's revolving fund, General Fund 100-012,
21 in the amount of \$135,000 for a total fund of \$250,000 for purposes authorized by Government Code
22 sections 29460 through 29464, Government Code section 27435 and Probate Code section 2900 et seq.

23 2. Authorize the Auditor-Controller to issue a check in the amount of \$135,000 to John S.
24 Williams, Public Administrator/Public Guardian, for the foregoing increase.

25 BE IT FURTHER RESOLVED that Board Resolutions 83-1477 and 92-410 are hereby
26 superseded.
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