

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE WEST COVINA
REDEVELOPMENT AGENCY**

A G E N D A

West Covina City Council Chambers, 1st Floor
1444 West Garvey Avenue, West Covina, CA 91790

THURSDAY, JUNE 6, 2013

4:00 p.m.

Carrie A. Sutkin, Chairperson
Michael Touhey, Vice Chairperson
Luzmaria Chavez, Board Member
Robert R. Coghlan, Board Member
Mike Gregoryk, Board Member
Gerry Hertzberg, Board Member
Mike Lee, Board Member

AMERICANS WITH DISABILITIES ACT

The Board complies with the Americans with Disabilities Act (ADA). If you will need special assistance at Board Meetings, please call (626) 939-8433 (voice) or (626) 960-4422 (TTY) from 8 to 5 Monday through Thursday, at least 48 hours prior to the meeting make arrangements.

AGENDA MATERIAL

Agenda material is available for review at the West Covina City Clerk's Office, Room 317 in City Hall, 1444 W. Garvey Avenue and at www.westcovina.org. Any writings or documents regarding any item on this agenda not exempt from public disclosure, provided to a majority of the Oversight Board that is distributed less than 72 hours, before the meeting, will be made available for public inspection in the City Clerk's Office, Room 317 of City Hall during normal business hours.

PUBLIC COMMENT

Any member of the public may address the Board on items within the Board's subject matter jurisdiction during Public Comments. The Board may not take action on matters not listed on the posted agenda. If you would like to address the Board, please complete a Speaker Card and submit to the Board Secretary. All comments are limited to five (5) minutes per speaker. All speakers shall observe decorum and order as specified in the *Rules of Procedure of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency*.

REGULAR MEETING

AGENDA

Thursday, June 6, 2013

4:00 p.m.

I. CALL TO ORDER

A. Roll Call

Carrie A. Sutkin, Chairperson
Michael Touhey, Vice Chairperson
Luzmaria Chavez, Board member
Robert R. Coghlan, Board Member
Mike Gregoryk, Board member
Gerry Hertzberg, Board Member
Mike Lee, Board Member

B. Pledge of Allegiance

II. CHANGES TO THE AGENDA

III. PUBLIC COMMENT

This is the time set aside for public comments. Please step forward to the podium and state your name and city of residence for the record when recognized by the Chairperson. Comments are limited to five (5) minutes per speaker.

IV. CONSENT CALENDAR

All matters listed on the CONSENT CALENDAR are considered to be routine and can be acted on by one roll call vote. There will be no separate discussion of these items unless members of the Oversight Board request a specific item to be removed from the Consent Calendar for separate discussion or action.

A. Approval of Minutes (receive and file)

Regular meeting minutes of November 1, 2012
Regular meeting minutes of December 12, 2012
Adjourned Regular meeting minutes of January 10, 2013
Regular meeting minutes of February 7, 2013

B. Department of Finance Correspondence

It is recommended that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency receive and file this report.

ACTION ON CONSENT CALENDAR

Motion by _____ second by _____
to approve all items listed on the Consent Calendar as presented

except _____

V. BOARD MEMBERS' COMMENTS

VI. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code § 54956.9(d)(1)

Successor Agency to the former West Covina Community Development Commission, et al v. Matosantos, et al

Report Out from Closed Session

VII. ADJOURNMENT

Copies of staff reports or other written documentation, if any, relating to each item of business described above are on file in the West Covina City Hall, City Clerk's Office, 1444 West Garvey Avenue, West Covina CA 91790, and are available for public inspection upon request during regular business hours of 8:00 a.m. to 5:30 p.m., Monday through Thursday.

Should any person have a question concerning any of the above agenda items prior to the meeting described herein, he or she may contact Christopher J. Chung, City Manager, either in person in the City Manager's Office at West Covina City Hall, 1444 West Garvey Avenue, West Covina, CA 91790, or by calling via telephone at (626) 939-8401 during regular business hours.

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE WEST COVINA REDEVELOPMENT AGENCY**

MINUTES

West Covina City Council Chambers
1444 West Garvey Avenue, West Covina, CA 91790

Regular Meeting - Thursday, November 1, 2012

Audio recording of meeting is available upon request from the West Covina City Clerk's Office.

I. CALL TO ORDER:

Meeting was called to order at 4:02 p.m. by Chairperson Sutkin.

Roll Call Chairperson Sutkin, Vice Chairperson Touhey
Board Members Chavez, Coghlan, Hertzberg, Lee

Absent: Board Member Gregoryk

Staff: City Manager/Executive Director Pasmant, Finance Director Bachman,
Oversight Board Secretary Rush, Community Development Director
Chung, Attorney Harper

Pledge of Allegiance led by Board Member Touhey.

II. CHANGES TO AGENDA

Executive Director Pasmant requested to hold to a subsequent meeting items *V-A Transfer of Assets at Eastland/Lakes/Westfield to the Parking Authority of the City of West Covina* and *V-B Transfer of Assets at BKK to the City of West Covina* to allow the Board additional time to review the reports and for staff to make necessary corrections.

Chairperson Sutkin requested to start discussion on the two items.

IV. CONSENT CALENDAR

- A. Approval of Minutes (receive and file)**
Regular Meeting Minutes of August 2, 2012

ACTION ON CONSENT CALENDAR

Motion by Hertzberg and second by Touhey to approve all items on the consent calendar as presented.

Motion carried 6-0.

Public Comments held after consent calendar.

III. PUBLIC COMMENT

Carolyn Arndt, West Covina resident, requested an audit, due to the fact that the last audit was conducted by the same auditors used by the City of Bell and we should not want to have anything to do with anyone associated with Bell, and opined that the City does not have a balanced budget.

Elsie Messman, West Covina resident, referenced a comment by Board Member Touhey from the October 4 meeting regarding a trip to China to observe the MAGLEV train and stated that the MAGLEV train does not involve the City of West Covina and therefore taxpayers should not have paid for any part of the trip and also concurred that an audit needs to be conducted of the Redevelopment Agency.

Philip Moreno, West Covina resident, provided a handout from the Department of State and requested that the Golf Course Agreement be eliminated from any past and future ROPS stating the project is not an enforceable obligation.

Doran Barnes, Executive Director of Foothill Transit and West Covina resident, spoke in favor of Item V-A, *Transfer of Assets at Eastland/Lakes/Westfield to the Parking Authority of the City of West Covina*, and stated that Foothill Transit's particular interest is the transfer of the parking that is available at the Westfield Mall. Foothill Transit has been working with the City to develop a transit park and ride project which would help traffic flow along West Covina Parkway.

Board Member Touhey responded to comments regarding the MAGLEV train proposed to go through West Covina.

V. BUSINESS ITEMS:

Chairperson Sutkin stated that no action would be taken but discussion would take place.

A. Transfer of Assets at Eastland/Lakes/Westfield to the Parking Authority of the City of West Covina

Community Development Director Chung presented staff report regarding the subject matter, transfer of 14 properties to the Parking Authority of the City. Mr. Chung detailed the property in each of the three development areas.

Lengthy discussion ensued regarding the dispositions of properties per the Department of State, criteria to transfer, appraisal of property, use of parking, the proposed transit park and ride, and justifications on transferring properties versus Long Range Property Management Plan.

Doran Barnes, representing Foothill Transit responded to questions regarding the proposed Park and Ride at Westfield Mall.

Following discussion, Chairperson Sutkin recommended to hold over to the next meeting and to also hold V-B regarding assets at BKK to the next meeting.

Sutkin requested presentation suggestions from board members for the following meeting. Chung stated that with the intent to hold over, a PowerPoint presentation was not included tonight but will be provided at the next meeting.

Board Member Chavez suggested to included the amount/size of land Foothill would need to build a parking structure and inquired as to whether parcels 3, 6 and 7 which wrap around the mall can be separated and transferred separately. Chairperson Sutkin also requested to see configuration of the parcels.

Chairperson Sutkin also requested for a future meeting a timeline on how the Redevelopment Agency is anticipating to dispose of agency assets.

B. Transfer of Assets at BKK to the City of West Covina

This item also requested to be held over to following meeting to be held December 6.

C. Department of Finance Correspondence

A brief update of correspondence between the Department of Finance and the Successor Agency was presented by Finance Director Bachman.

Finance Director Bachman stated the non-housing DDR will be on the December 6, 2012 agenda and a second meeting will need to be scheduled. Due to the upcoming holidays and closure of City Hall it is recommended that the regular meeting of January 3 be moved to January 10 in order for the non-housing DDR to be approved and submitted to the Department of Finance timely.

VI EXECUTIVE DIRECTOR/SUCCESSOR AGENCY REPORTS

No reports.

VII. STUDY SESSION

No items.

VII. BOARD MEMBER COMMENTS

Board Member Hertzberg inquired as to whether the Chairperson approves the agendas prior to distribution. City Manager Pasmant stated the agenda procedure is outlined in the Oversight Board by-laws.

Discussion ensued regarding who has the ability to place items on the agenda for action.

IX. CLOSED SESSION No items.

X. ADJOURNMENT

Motion by Touhey and seconded by Lee to adjourn the meeting 6:21 p.m.

Submitted by

Susan Rush
Oversight Board Secretary

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE WEST COVINA REDEVELOPMENT AGENCY**

MINUTES

West Covina City Council Chambers
1444 West Garvey Avenue, West Covina, CA 91790

Regular Meeting - Thursday, December 6, 2012

Audio recording of meeting is available upon request from the West Covina City Clerk's Office.

I. CALL TO ORDER:

Meeting was called to order at 4:05 p.m. by Vice Chairperson Touhey.

Roll Call Vice Chairperson Touhey
 Board Members Chavez, Coghlan, Gregoryk, Lee

Absent: Chairperson Sutkin, Board Member Hertzberg

Staff: Assistant City Manager/Finance Director Bachman, Oversight Board
 Secretary Rush, Community Development Director Chung, Attorney
 Harper

Pledge of Allegiance led by Board Member Chavez.

II. CHANGES TO AGENDA

Assistant City Manager Bachman requested to pull *Item IV-D Transfer of Assets at West Covina Parkway Plaza Shopping Center to the City of West Covina* from the agenda for future consideration and to reorder the agenda in the following order: IV-B, IV-C, IV-A, IV-E.

III. PUBLIC COMMENT

Philip Moreno, West Covina resident, quoted a Superior Court decision regarding the West Covina Improvement Association and the City of West Covina and addressed financial issues in the city.

Carolyn Arndt, West Covina resident, presented the judge's ruling regarding the injunction filed against the Civic Center Project along with an open letter she wrote to the citizens of West Covina.

Shirley Buchanan, West Covina resident, addressed the transfer of property at BKK to the City citing that the citizens didn't have an opportunity to vote for Big League Dreams

and the bonds; stated that there was strong citizen opposition against the development of a golf course and stated if the taxpayers retain ownership of the land, hiking trails, bike paths and other environmental uses will make the land more accessible to all residents and that residents should be able to vote on the lands use; and addressed the current indebtedness of the Big League Dreams and BKK bonds.

Lloyd Johnson, West Covina resident, addressed a statement made at a previous councilmember which was viewed as a negative comment towards the Oversight Board.

Board Member Touhey responded to comments.

The following items have been reordered and will be heard in the following order: IV-B, IV-C, IV-A, IV-E (IV-D was removed from the agenda)

IV. BUSINESS ITEMS:

B. Transfer of Assets at Eastland/Lakes/Westfield to the Parking Authority of the City of West Covina

Community Development Director Chung presented a staff report regarding the subject matter, transfer of 14 properties to the City of West Covina Parking Authority. Mr. Chung stated that law states that properties can be transferred for government purpose to the appropriate government entity. An overview of the properties was presented. Discussion followed presentation.

Motion by Gregoryk and seconded by Lee to adopt the following resolution:

RESOLUTION NO. OB-0018 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF REAL PROPERTY (ASSETS) LOCATED AT EASTLAND SHOPPING CENTER (8451-012-907), LAKES OFFICE DEVELOPMENT (8474-011-942 & 943) AND WESTFIELD PLAZA (8474-003-915, 918,928, 931, 932, 933, 934, 939, & 940) TO THE PARKING AUTHORITY OF THE CITY OF WEST COVINA

Motion carried 5-0.

C. Transfer of Assets at BKK to the City of West Covina

Community Development Director Chung present a staff report regarding the subject matter, transfer of 18 properties to the City of West Covina. Mr. Chung also provided a history of the BKK landfill to its current disposition. Discussion followed presentation.

Motion by Lee and seconded by Coghlan to adopt the following resolution:

RESOLUTION NO. OB-0019 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF REAL PROPERTY (ASSETS) LOCATED AT WEST COVINA SPORTSPLEX/BKK LANDFILL (8735-001-912,915, 916, 917, 918, 919, 920, 921, 928, 929, 930, 931, 932, 933, AND 934, 8735-002-906, 909 AND 910) TO THE CITY OF WEST COVINA

Motion carried 5-0.

Board Member Gregoryk left the meeting at 5:00 p.m.

A. Due Diligence Review

Assistant City Manager Bachman stated that this is the second Due Diligence Review (DDR) [All Other Funds, first DDR was of the Low and Moderate Income Housing Fund] that is performed on the assets of the former Redevelopment Agency which is to determine the amount of cash available to be transferred to the affected taxing agencies. Today is the public comment period as required under statutes prior to any action being taken. Action is scheduled for a meeting to take place on January 10, 2013.

Mr. Bachman presented a report which showed total assets at \$74.6 million which includes cash transferred from the former redevelopment agency and assets of the former redevelopment agency such as real property, accounts receivable, cash investments of the community facilities district located at the mall, and monies paid to the successor agency to fund ROPS 3. Mr. Bachman outlined several adjustments to the total assets.

Vice Chairman Touhey convened the public comment session to receive public comments. No comments were offered.

Motion by Coghlan and seconded by Lee to adopt the following resolution:

RESOLUTION NO. OB-0017 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST REDEVELOPMENT AGENCY ACKNOWLEDGING RECEIPT OF THE DUE DILIGENCE REVIEW OF ALL OTHER FUNDS PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5

Motion carried 4-0.

This item was removed from the agenda.

D. Transfer of Assets at West Covina Parkway Plaza Shopping Center to the City of West Covina

E. Department of Finance Correspondence

Assistant City Manager Bachman reviewed correspondence between the Successor Agency and the Department of Finance.

Motion by Chavez and seconded by Coghlan to receive and file.
Motion carried 4-0.

V. EXECUTIVE DIRECTOR/SUCCESSOR AGENCY REPORTS

No reports.

VI. BOARD MEMBER COMMENTS

Board Member Touhey commented on golf courses and public purpose uses of property.

VII. ADJOURNMENT

Motion by Coghlan and seconded by Lee to adjourn the meeting 5:11 p.m.

Submitted by

Susan Rush
Oversight Board Secretary

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE WEST COVINA REDEVELOPMENT AGENCY**

MINUTES

West Covina City Council Chambers
1444 West Garvey Avenue, West Covina, CA 91790

Regular Adjourned Meeting - Thursday, January 10, 2013

Audio recording of meeting is available upon request from the West Covina City Clerk's Office.

I. CALL TO ORDER:

Meeting was called to order at 4:05 p.m. by Chairperson Sutkin.

Roll Call Chairperson Sutkin, Vice Chairperson Touhey
Board Members Chavez, Coghlan (arrived at 4:15 p.m.), Hertzberg, Lee

Absent: Board Member Gregoryk

Staff: City Manager/Executive Director Chung, Finance Director Bachman,
Oversight Board Secretary Rush, Attorney Harper

Pledge of Allegiance led by Board Member Touhey.

II. CHANGES TO AGENDA No changes to the agenda.

III. PUBLIC COMMENT

Philip Moreno, West Covina resident, addressed the use of redevelopment funds to fund employee retirements.

IV. CONSENT CALENDAR

Chairperson Sutkin requested to remove Item B, *Department of Finance Correspondence*, from the consent calendar for separate discussion.

A. Approval of Minutes (receive and file)
Regular Meeting Minutes of August 23, 2012

Removed for separate discussion

B. Department of Finance Correspondence
Recommendation is that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency receive and file this report.

ACTION ON CONSENT CALENDAR

Motion by Touhey and seconded by Lee to approve all items on the consent calendar as presented except Item B.

Motion carried 5-0.

B. *Department of Finance Correspondence*

Executive Director Chung provided a brief report regarding Department of Finance (DOF) correspondence concerning two items [transfer of assets] that were approved at the meeting of December 6, 2012. Correspondence stated the DOF was currently reviewing the transfers.

Board Member Hertzberg inquired as to what the plans of the Successor Agency are if the DOF does not approve the transfers. Chung stated that the Successor Agency will come back with a long term property management plan. Discussion ensued as to the process.

Board Member Coghlan arrived at 4:15 p.m.

Motion by Lee and seconded by Touhey receive and file this report as recommended by staff.

Motion carried 6-0.

V. **BUSINESS ITEMS:**

A. **Due Diligence Review**

Finance Director Bachman stated three actions are requested, approving the Due Diligence Review (DDR), authorizing the Successor Agency to adjust the amount of the shortfall as identified in the DDR, and to authorize the Executive Director to submit the DDR with adjustment to DOF and County Controller. Bachman proceeded to present a staff report.

Board Member Hertzberg questioned the addition of \$12.2 million in loan repayments made to the City in the DDR stating there is no provision in the law to hold the money. Executive Director Chung and Bachman responded to questions. Board Members engaged in discussion regarding the repayment of funds from the former redevelopment agency to the city. Following discussion the Board took the following action.

Motion by Lee and seconded by Touhey to approve the following:

1. Adopt the following resolution:

RESOLUTION NO. OB-0021 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE ALL OTHER FUNDS DUE DILIGENCE REVIEW PURSUANT TO HEALTH AND SAFETY CODE

SECTION 34179.6, SUBJECT TO CERTAIN ADJUSTMENT AND TAKING CERTAIN OTHER ACTS IN CONNECTION THEREWITH

2. Authorize the Successor Agency to adjust the amount of the shortfall available for disbursement to affected taxing agencies as determined by the independent auditors by \$1,324,174 down to a shortfall of \$,083,989.
3. Authorize the Executive Director to submit the Due Diligence Review with the adjustments to the Department of Finance and the County Auditor-Controller on behalf of the Oversight Board.

Motion carried 5-0 (Hertzberg No).

B. Transfer of Assets at West Covina Parkway Plaza Shopping Center to the City of West Covina

Executive Director Chung presented a staff report and a PowerPoint presentation. Chung stated staff recommends the transfer of the property to the City of West Covina because the property is currently being used for a public sidewalk, landscaping and easement subject to existing agreements. If the transfer is denied by the DOF, the subject property would be included in the long term property management plan.

Motion by Sutkin and seconded by Hertzberg to adopt the following resolution:

RESOLUTION NO. OB-0020 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF REAL PROPERTY (ASSET) LOCATED AT THE WEST COVINA PARKWAY PLAZA SHOPPING CENTER (8475-002-904) TO THE CITY OF WEST COVINA

Motion carried 6-0.

VI. EXECUTIVE DIRECTOR/SUCCESSOR AGENCY REPORTS

Executive Director Chung provided an update on recent staff changes, being his appointment as the City Manager of West Covina and the appointment of Mike Lee as the Community Development Director. Board Member Michael Touhey has been elected to the Upper San Gabriel Municipal Water District and Mayor Sanderson has reappointed Mike Lee and Michael Touhey as the City's representatives on the Oversight Board.

Board Member Touhey stated he resigned his seat as West Covina Councilmember.

VII. STUDY SESSION None

VIII. BOARD MEMBER COMMENTS None

IX. CLOSED SESSION None

X. ADJOURNMENT

Chairperson Sutkin adjourned the meeting at 5:00 p.m.

Submitted by

Susan Rush
Oversight Board Secretary

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE WEST COVINA REDEVELOPMENT AGENCY**

MINUTES

West Covina City Council Chambers
1444 West Garvey Avenue, West Covina, CA 91790

Regular Meeting - Thursday, February 7, 2013

Audio recording of meeting is available upon request from the West Covina City Clerk's Office.

I. CALL TO ORDER:

Meeting was called to order at 4:03 p.m. by Chairperson Sutkin.

Roll Call Chairperson Sutkin, Vice Chairperson Touhey
Board Members Chavez (arrived at 4:05 p.m.), Coghlan, Gregoryk, Lee

Absent: Board Member Hertzberg

Staff: City Manager/Executive Director Chung, Finance Director Bachman,
Oversight Board Secretary Rush, Attorney Harper

Pledge of Allegiance led by Board Member Touhey.

II. CHANGES TO AGENDA No changes to the agenda.

III. PUBLIC COMMENT

Philip Moreno, West Covina resident, addressed the ROPS Administrative Budget and the listed legal fees and inquired as to why the City has not taken care of the needs of the citizens of the City.

Carolyn Arndt, West Covina resident, addressed citizens fight to save the green space next to the library and read a letter received by the City from Supervisor Molina regarding the project site which stated that the Supervisor will not support the modifications to the lease agreement between the City and the County for this project.

IV. CONSENT CALENDAR

Chairperson Sutkin requested to remove Item B, *Department of Finance Correspondence*, from the consent calendar for separate discussion.

- A. **Approval of Minutes (receive and file)**
Regular Meeting minutes of October 4, 2012
Special meeting minutes of October 11, 2012

Removed for separate discussion

- B. **Department of Finance Correspondence**
Recommendation is that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency receive and file this report.

ACTION ON CONSENT CALENDAR

Motion by Gregoryk and seconded by Touhey to approve all items on the consent calendar as presented except Item B.

Motion carried 6-0.

- B. ***Department of Finance Correspondence***
Finance Director Bachman addressed correspondence received from the Department of Finance (DOF) regarding additional information requested pertaining to the non-housing Due Diligence Review and the correspondence regarding property transfers requesting additional information pertaining to property transfers.

Motion by Touhey and seconded by Coghlan receive and file this report as recommended by staff.

Motion carried 6-0.

V. BUSINESS ITEMS:

- A. **Consideration of the Schedule of Distribution of Future Tax Revenues (Also Known as Recognized Obligation Payment Schedules "ROPS") and Successor Agency Administrative Budget Covering the Period of July 1, 2013 through December 31, 2013**

Finance Director Bachman provided a staff report. Bachman reviewed changes made to the form in which ROPS is presented. The form populated all items submitted on previous ROPS whether approved or not, and if not approved are still listed with no amount associated with them.

Bachman reviewed new additions not previously submitted, which include ongoing bond administrative costs [45- 48], ongoing litigation [49], unfunded pension obligations and other retirement benefits for former redevelopment agency employees [50 – 51], ROPS 1 RORF reserve [52], prior outstanding pass through obligations [53], contractual obligations for services/property plan [54], and BKK Landfill closure agreements [55].

Motion by Touhey and seconded by Chavez approve the following resolution:

RESOLUTION NO. OB-0022 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY FOR THE WEST COVINA

REDEVELOPMENT AGENCY APPROVING A SCHEDULES OF DISTRIBUTION OF FUTURE TAX REVENUES, ALSO KNOWN AS THE RECOGNIZED OBLIGATION PAYMENT SCHEDULES (ROPS) AND RELATED ADMINISTRATIVE BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 FOR THE SIX-MONTH FISCAL PERIOD COMMENCING JULY 1, 2013 AND ENDING DECEMBER 31,2013, AND TAKING CERTAIN ACTINS IN CONNECTION THEREWITH

Motion carried 6-0.

VI. EXECUTIVE DIRECTOR/SUCCESSOR AGENCY REPORTS None

VII. BOARD MEMBER COMMENTS

Board Member Gregoryk left the meeting at 4:52 p.m.

Chairperson Sutkin addressed the need of future meetings. It was discussed that correspondence between the DOF and Successor Agency would continue to be e-mailed to Board Members and meeting cancelation notices or agendas would continue to be posted on the City's website to properly inform the public as to whether a meeting is canceled or being held.

VIII. ADJOURNMENT

Chairperson Sutkin adjourned the meeting at 4:50 p.m.

Submitted by

Susan Rush
Oversight Board Secretary

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
OF THE WEST COVINA REDEVELOPMENT AGENCY**

AGENDA REPORT
Item No. IV - B
Date: June 6, 2013

TO: Chairman and Board Members of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency

FROM: Christopher J. Chung, Executive Director

BY: Nita McKay, Finance Director

SUBJECT: DEPARTMENT OF FINANCE CORRESPONDENCE

RECOMMENDED ACTION:

It is recommended that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency receive and file this report.

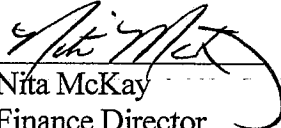
DISCUSSION:

Below (and attached) is the correspondence between the West Covina Successor Agency and the State Department of Finance.

1. 05-17-13 – Letter from DOF to City re: Recognized Obligation Payment Schedule.

The above referenced letter was previously emailed to the Oversight Board on May 30, 2013. Successor Agency staff will be prepared to discuss this correspondence with the Oversight Board at the meeting.

Prepared By:


Nita McKay
Finance Director

Attachment: Letter from the DOF dated May 17, 2013



May 17, 2013

Ms. Denise Bates, Accounting manager
City of West Covina
1444 West Garvey Avenue
West Covina, CA 91790

Dear Ms. Bates:

Subject: Recognized Obligation Payment Schedule

This letter supersedes California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS-13-14A) letter dated April 14, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of West Covina Successor Agency (Agency) submitted ROPS 13-14A to Finance on March 1, 2013 for the period of July through December 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on April 30, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed.

- Item No. 1 – 1999 Tax Allocation Bonds. The Agency contends that Finance has underfunded payments owed on this item by \$140,000. The Agency submitted the original ROPS version on February 11, 2013 where Redevelopment Property Tax Trust Fund (RPTTF) requested was \$7,200 for this item. Subsequently, Agency staff noticed that the funding requested for this item has been substantially understated due to omission of \$140,000 principal payment due during the ROPS 13-14A period. Based on the additional information provided, Finance is adjusting the requested RPTTF amount to \$147,200.
- Item No. 6 and 7 – Housing loan repayments for Supplemental Education Revenue Augmentation Fund (SERAF) 2010 and 2011 totaling \$6 million is not allowed at this time. Finance continues to deny these items. HSC section 34176 (e) (6) (B) specifies loan or deferral repayments to the Low and Moderate Income Housing Fund shall not be made prior to the 2013-14 fiscal year. While ROPS 13-14A technically falls within fiscal year 2013-14, the repayment of these loaned amounts is subject to the repayment formula outlined in HSC section 34176 (e) (6) (B). Therefore, this item is not eligible for funding at this time. The Agency may be able to request funding beginning with ROPS 14-15A.
- Item No. 13 – City Cooperative Agreement in the amount of \$500,000. Finance continues to deny this item. It is our understanding the cooperative agreement is for the advance and reimbursement of administrative costs, enforceable obligations and project

related expenses. Finance continues to deny the item because it is not evident that this item is tied to a specific enforceable obligation or obligations, or for administrative expenses. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.

- Item 49 – Anticipated and existing litigation in the amount of \$375,000 is not an enforceable obligation. Finance originally disallowed funding for the item because the Agency requested the obligation be removed from consideration because the litigation was settled in March and no future costs will be incurred. However, during the Meet and Confer session, the Agency staff stated that the litigation is nearing settlement and has not been finalized. As such, the Agency is still incurring costs associated with this item. Based on the additional clarification during Meet and Confer, Finance no longer objects to this item.

In addition, per Finance's ROPS letter dated April 14, 2013, the following items continue to be denied and were not contested by the Agency:

- Item 52 – ROPS I Redevelopment Obligation Retirement Fund (RORF) reserve in the amount of \$1.5 million is not an enforceable obligation. Only enforceable obligations as defined by HSC section 34171 (d) can be placed on the ROPS.

It is our understanding this amount was an RPTTF reduction adjusted by the Los Angeles County Auditor Controller (CAC) pursuant to HSC code section 34186 (a). HSC section 34186 (a) requires the CAC to adjust the RPTTF distributions for differences between actual payments and past estimated obligations. Therefore, the CAC adjusted the ROPS III distribution by \$1.5 million to account for excess tax increment provided to the Agency for the ROPS I period.

It is unnecessary to request the use of this funding during the ROPS 13-14A period because the excess ROPS I tax increment should have been used to cover approved ROPS III expenditures. To the extent the excess ROPS I tax increment combined with the ROPS III RPTTF distribution exceeds the actual ROPS III expenditures, the Agency should report this in the ROPS 13-14B prior period adjustment tab so that the CAC can make the appropriate adjustments required by law.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$5,819,099 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 7,067,770
Plus: Adjustment to Item 1 due to omission of principal payment	\$ 140,000
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 6	816,164
Item 7	134,297
Item 13	75,000
Total approved RPTTF for enforceable obligations	<u>\$ 6,182,309</u>
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	216,233
Minus: ROPS II prior period adjustment	<u>(579,443)</u>
Total RPTTF approved for distribution:	\$ 5,819,099

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/)

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.