

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

**A G E N D A**

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

**Regular Meeting**  
**Thursday, May 3, 2012**  
**4:00 p.m.**

*Fernando Oliveros*, Chairperson  
*Efrain Escobedo*, Vice Chairperson  
*Dawn Bastin*, Board Member  
*Luzmaria Chavez*, Board Member  
*Mike Gregoryk*, Board Member  
*Mike Lee*, Board Member  
*Michael Touhey*, 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 to 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, West Covina and at [www.westcovina.org](http://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 three (3) 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*.

**Thursday, May 3, 2012**

**4:00 p.m.**

**I. CALL TO ORDER:**

**A. Roll Call**

*Fernando Oliveros, Chairperson*  
*Efrain Escobedo, Vice Chairperson*  
*Dawn Bastin, Board Member*  
*Luzmaria Chavez, Board Member*  
*Mike Gregoryk, Board Member*  
*Mike Lee, Board Member*  
*Michael Touhey, Board Member*

**B. Pledge of Allegiance**

**C. Oath of Office**

The West Covina Assistant City Clerk shall administer the Oath of Office to new appointees to the City of West Covina Oversight Board.

**II. CHANGES TO 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.

**IV. CONSENT AGENDA:**

**A. Approval of Minutes:**

No items.

**V. BUSINESS ITEM(S):**

- A. REVIEW OF THE SCHEDULE OF DISTRIBUTION OF FUTURE TAX REVENUES (ALSO KNOWN AS RECOGNIZED OBLIGATION PAYMENT SCHEDULES "ROPS") COVERING THE PERIOD OF JULY 1, 2012 THROUGH DECEMBER 31, 2012.**

To provide a summary of the items listed in the July 1, 2012 through December 31, 2012 Schedule of Distribution of Future Tax Revenues (also known as the Recognized Obligation Payment Schedules "ROPS").

Recommended Action

It is recommended that the Oversight Board receive and file the report.

**VI. STUDY SESSION**

No Items

**VII. BOARD MEMBERS' COMMENTS**

**VIII. CLOSED SESSION**

No Items

**IX. 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 8:00am 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, Community Development Commission, either in person at the Community Development Commission Department at the 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**

**AGENDA REPORT**

Item No. V - A

Date: May 3, 2012

---

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

**FROM:** Andrew G. Pasmant, City Manager/Executive Director

**BY:** Christopher J. Chung, Successor Agency Staff Member

**SUBJECT: REVIEW OF THE SCHEDULE OF DISTRIBUTION OF FUTURE TAX REVENUES (ALSO KNOWN AS RECOGNIZED OBLIGATION PAYMENT SCHEDULES "ROPS") COVERING THE PERIOD OF JULY 1, 2012 THROUGH DECEMBER 31, 2012.**

**RECOMMENDATION:**

It is recommended that the Oversight Board receive and file the report.

**PURPOSE:**

To provide a summary of the items listed in the July 1, 2012 through December 31, 2012 Schedule of Distribution of Future Tax Revenues (also known as the Recognized Obligation Payment Schedules "ROPS").

**DISCUSSION:**

On April 19, 2012, the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency approved the ROPS covering the period of July 1, 2012 through December 31, 2012 and requested staff to prepare a summary of the items listed within the ROPS for July 1, 2012 through December 31, 2012.

The Board requested staff to develop a "standard template" to list an executive summary and relevant information for each item listed in the ROPS. Specifically, the Board requested the dates of agreements, parties, resolutions, amounts and an indication of whether the parties met their obligations under the agreements.

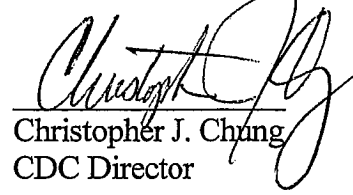
Staff has prepared a standard template which is attached as Attachment No. 1. All parties to the agreements with the City and former redevelopment agency have met their obligations to date.

Prepared By:



Thomas Bachman  
Finance Director/Assistant City Manager

Reviewed and Approved:



Christopher J. Chung  
CDC Director

**Attachment:**

Attachment No. 1 – Standard Template of ROPS July 1, 2012 to December 31, 2012

# ATTACHMENT NO. 1

West Covina Community Development Commission  
Merged/Citywide Redevelopment Project Areas

## RECOGNIZED OBLIGATION PAYMENT SCHEDULE Executive Summary

	Project Name / Debt Obligation	Executive Summary
1)	1999 Tax Allocation Bonds \$5,834,083	\$3,945,000 in bonds approved per WC PFA Resolution #11 and RDA Resolution #545 dated July 20, 1999, issued under an Indenture of Trust dated November 1, 1999 between WC PFA and US Bank to finance acquisition and improvements of real property and public improvements within the Redevelopment Project Area. Debt service secured by tax increment revenues. Final Maturity June 2030.
2)	2002 Tax Allocation Bonds \$12,148,846	\$12,200,000 in bonds approved per RDA Resolution #559 dated May 7, 2002, issued under an Indenture of Trust dated June 1, 2002 between WC RDA and US Bank to refinance 1993 bonds issued to finance redevelopment activities in the Central Business District and the Eastland Redevelopment Project. Debt service secured by tax increment revenues. Final Maturity Sept. 2025.
3)	1996 CFD Refunding Bonds \$47,486,100	\$51,220,000 in bonds approved per RDA Resolution #491 dated February 20, 1996, issued per a Fiscal Agent Agreement dated July 1, 1996 between the WC RDA and First Trust of California to refinance 1989 bonds issued to finance public parking facilities, street and other improvements in the Fashion Plaza Community Facilities District (CFD). Debt service secured by annual special tax levy, incremental property taxes, and incremental sales taxes generated within the CFD. Final maturity Sept. 2022. (see related items 11, 12 and 23)
4)	1988 Lease Revenue Refunding Bonds \$4,425,771	\$7,750,000 in bonds approved per City Resolution #8202 and RDA Resolution #384 dated June 27, 1988, issued under an Indenture of Trust dated August 1, 1988 between the WC RDA and US Bank to refinance bonds issued to finance land acquisition and construction of parking facilities at the Lakes office and commercial project. Debt service secured by lease and sublease revenues from the City and developer. Final maturity August 2018. (see related item 10)
5)	2006 Lease Revenue Bonds Debt Service \$29,682,759	\$18,005,000 in bonds backed by a reimbursement agreement between the City and the CDC approved per City Resolution #2006-60 and WC CDC Resolution #585 dated June 29, 2006, issued under an Indenture of Trust dated September 19, 2006 between the WC PFA and US Bank to finance construction of West Covina Sportsplex project. Debt service secured by tax increment revenues. Final maturity June 2036.
6)	1998 Housing Set Aside Bonds \$6,064,824	\$6,145,000 in bonds approved per RDA Resolution #516 dated March 17, 1998, issued under an Indenture of Trust dated April 1, 1998 between WC RDA and US Bank to finance the construction of a Low/Mod Income housing project. Debt service secured by tax increment revenues. Final Maturity Sept. 2025.
7)	2001 Housing Set Aside Bonds \$11,367,563	\$11,275,000 in bonds approved per RDA Resolution #557 dated November 20, 2001, issued under an Indenture of Trust dated December 1, 2001 between WC RDA and US Bank to finance Low/Mod Income housing projects. Debt service secured by tax increment revenues. Final Maturity Sept. 2030.
8)	SERAF 2010 Housing Loan \$6,529,308	\$6,529,308 loan from the Low-Moderate Housing Fund approved per CDC Resolution #605 dated February 16, 2010 to make the 2009-10 fiscal year deposit into the Supplemental Educational Revenue Augmentation Fund "SERAF" as mandated by Assembly bill ABX4-26. Loan must be repaid not later than June 30, 2015.
9)	SERAF 2011 Housing Loan \$1,344,977	\$1,344,269 loan from the Low-Moderate Housing Fund approved per CDC Resolution #610 dated January 18, 2011 to make the 2010-11 fiscal year deposit into the Supplemental Educational Revenue Augmentation Fund "SERAF" as mandated by Assembly bill ABX4-26. Loan must be repaid not later than June 30, 2016.
10)	DDA - The Lakes \$1,575,000	Pursuant to the Restated Disposition and Development Agreement dated June 26, 1987 and Implementation of Amended and Restated Construction, Operation and Reciprocal Easement Agreement dated June 17, 1997 between Watt Investment Properties, Inc., West Covina Lakes Associates, Edwards Theatres Circuit, Inc., the City of West Covina, and the Redevelopment Agency of the City of West Covina ("RDA") recorded on August 7, 1997 as instrument 97-1213649, the RDA is obligated to pay the owner of the Lakes Office parcels 28% of the operating costs of the Lakes parking structures. Operating costs include all of the owner's obligations to make principal and interest payments and other ongoing bond cost payments; and all ordinary and usual expenses in owning and maintaining the parking structures including repairs, capital expenditures, taxes, insurance, lighting and landscaping and security. Bonds mature in 2018. Remainder of the obligation remains in effect through 2038, with automatic 10-year extensions thereafter. (see related item 4)

11)	OPA - CFD \$93,836,711	Repayment to the developer of special tax levies in excess of the Minimum Special Tax ("developer advances") per an OPA between the RDA and Sylvan S. Shulman Co./West Covina Associates dated June 26, 1989. Interest on developer advances accrues compound interest at 10%. Repayment of developer advances can only be made when the total of special tax, property taxes and sales taxes that are deposited into the repayment fund in any year exceed the debt service on the 1996 CFD bonds. This obligation expires in 2022. (see related items 3, 12 and 23)
12)	CFD Tax Increment Pledge \$15,810,088	Pledge of incremental property tax revenues generated at Westfield mall for debt service payments on the 1989/1996 CFD bonds pursuant to an OPA between the RDA and Sylvan S. Shulman Co./West Covina Associates dated June 26, 1989. Final maturity September 2022. (see related items 3, 11 and 23)
13)	CSS - CFD \$4,730,011	Payments assessed on CDC owned property in the Costal Sage and Scrub ("CSS") Community Facilities District ("CFD") established per City Resolution #2004-83 dated October 19, 2004, which levies annual assessments on the properties within the district to restore and maintain habitat areas, and to maintain landscaping and lighting in the district.
14)	SB2557 Admin \$9,172,048	Fees paid to the County of Los Angeles to administer the property tax system.
15)	Passthru \$334,189,418	Contractual reimbursements and statutory allocations of tax increment revenues pursuant to state law and various agreements with other taxing entities. (AB 26 does not define passthroughs)
16)	Repay County Loan \$8,270,187	Repayment of \$9,626,620 of tax increment allocations deferred by Los Angeles County during the first 20 years of the Eastland Amendment Plan (BKK Landfill site). This deferral converts to a loan and accrues interest at 7% on the outstanding balance. Repayment to the County began in 2010/11 and comes from a pledge of tax increment from the project area. Final maturity is dependent on amount of tax increment generated by the project area.
17)	Non personnel operation cost \$16,520,339	Contractual services, supplies and overhead costs to be incurred in administering and winding down the affairs of the former redevelopment agency per the administrative budget and to be funded with the administrative allowance.
18)	Employee Costs \$27,106,793	Staffing costs to perform duties necessary to administer and wind down the affairs of the former redevelopment agency per the administrative budget and to be funded with the administrative allowance.
19)	Anticipated/Existing Litigation \$3,256,341	Future legal costs to be incurred in matters relating to former redevelopment assets including: Judgments in favor of the City and CDC from various Hassen Imports Partnerships et al, Property sales/eminent domain proceedings of CDC property at the Westfield mall and Lakes Office development, and slope failure litigation on CDC property at the former BKK landfill site.
20)	City Note - Administration \$18,305,904	Per City Resolution #4424 dated August 9, 1971 ( <b>the same date the Redevelopment Agency was created</b> ), the City established a Community Redevelopment Agency Administrative Fund to fund administrative expenses and overhead of the RDA. On February 28, 1972, both the City and RDA approved a Funding Agreement which provided that the City would deposit funds into the Community Redevelopment Agency Administrative Fund for use in defraying administrative expenses and overhead costs of the RDA. The Agreement provided that such deposits from the City to the RDA shall constitute a loan from the City to the RDA and not a grant, with repayment to be prescribed by the City Council from funds available to the RDA. Advances and repayments were made as funding became available until July 14, 1986, at which time the City (Reso #7226) and the RDA (Reso #344) set repayment schedule to begin on July 1, 1991. On December 10, 1990, the repayment schedule was modified and consolidated with the Revolving Loan (item #23 below). Payments began on July 1, 1991 and are continuing per the repayment schedule that was since modified in 2008, with final maturity in 2025.
21)	City Note - CIP \$3,344,501	The City Funding Agreement approved on February 28, 1972 (item #21 above) was amended in 1976 to include capital projects. City Reso #7226 and RDA Reso #344 dated July 14, 1986 established a payment schedule of this loan beginning on July 1, 1991. On December 10, 1990, the repayment schedule was modified and consolidated with the Revolving Loan (item #23 below). Payments began on July 1, 1991 and are continuing per the repayment schedule that was since modified in 2008, with a final maturity in 2025.
22)	City Note Revolving \$7,761,905	On December 16, 1985 City (Reso #7135) and RDA (Reso #) entered into a Revolving Loan Agreement for \$815,500 for the purchase of properties in the CBD Project Area (Fashion Plaza). On May 12, 1986, City (Reso #7180) and RDA (Reso #) approved an additional appropriation of \$3 million in the Revolving Loan. Repayment of the \$3,815,500 was scheduled to commence on July 1, 1990. On December 10, 1990, the repayment schedule was modified and consolidated with the Administrative Loan (items 21 and 22 above). Payments began on July 1, 1991 and are continuing per the repayment schedule that was since modified in 2008, with a final maturity in 2025.
23)	Sales Tax Reimbursement \$22,758,124	Agreement approved per RDA Resolution #582 and City Resolution #2005-50 dated July 25, 2005 which obligated the RDA to reimburse the City advances of past and future sales tax revenues generated at the mall that were pledged and used to pay debt service on the 1996 CFD bonds. Agreement expires with the final maturity of the bonds in 2025. (see related items 3, 11 and 12)

24) Golf Course Agreement  
\$45,000,000

The CWC has been pursuing the development of a public municipal golf course at the former BKK site for the past 10 years. The municipal golf course "Site" is comprised of 131 acres of vacant land owned by the former RDA, approximately 2 acres on City open space and 84 acres of the top deck of the class III landfill licensed from BKK. Currently, a golf course use is the only land use allowed by federal and state regulatory agencies pursuant to a 2000 Final Closure Plan and Environmental Impact Report (EIR) and other related agreements.

The BKK landfill is comprised of a 145-acre Class I (Hazardous) landfill and 175-acre Class III (municipal waste) landfill that has been plaguing the CWC and its residents for more than 50 years. Following a Federal Environmental Protection Agency (EPA) and California Department of Toxic Substance Control (DTSC) order for BKK to close the landfills and mitigate contamination, BKK completed a Final Closure Plan and EIR in 2000 detailing how the Class III landfill was to be closed, monitored and maintained in the future. The Final Closure Plan included the development of the golf course as a means to enable BKK to grade, cap, and provide various mitigation measures as required under the Final Closure Plan and Final EIR.

An Environmental Restriction Covenant and Agreement dated April 17, 2001 prohibited residential, hospitals, schools, day care, permanently occupied human habitation or park or playgrounds.

On July 2, 2002, the CWC and RDA approved development of the West Covina Sportsplex (a master planned development), which included the development of a publicly-owned municipal golf course at the former BKK landfill site. On this date, the RDA approved by RDA Resolution # 560 approving a Purchase and Sale Agreement with BKK to purchase 131 acres for a municipal golf course; a License Agreement with BKK to license 84 acres of the top deck of the landfill for the development of 9 holes of the golf course; and a Prospective Purchase Agreement (PPA) with EPA and DTSC. In addition, The City declared the intention to reimburse certain expenditures from proposed tax-exempt financing (City Resolution # 2002-83).

Under the Purchase and Sale Agreement, the RDA purchased 131 acres specifically for the development of a public municipal golf course, subject to various statutory and regulatory requirements, including closure and post closure plans in accordance with California and Federal Law (Final Closure and Post-Closure Plans approved by Federal EPA, DTSC, CIWMB and California Regional Water Quality Control Board and the City of West Covina Local Enforcement Agency). The RDA agreed to license 84 acres from BKK for the development of a public municipal golf course and is obligated to maintain and operate all landscaping and improvements made on top of the License Area when the golf course is developed.

Under two (2) separate PPA's (which is also referred to as Agreement and Covenant Not To Sue the City of West Covina) with EPA and DTSC, it specifies that the City is purchasing property that contemplates the development of a municipal golf course and that in essence, EPA and DTSC agree not to sue the City (or successor governmental agency) if it complies with the Final Workplan (i.e. approved Final Closure Plan in response to EPA's and DTSC's order to close and mitigate contamination).

On September 17, 2002, the RDA retained Rossetti architects and Schmidt-Curley to design and develop construction documents for the West Covina Municipal Golf Course.

The golf course site is subject to a May 23, 2003 Habitat Mitigation and Monitoring Plan (HMMP) and a June 5, 2003 Biological Opinion from US Fish and Wildlife and California Fish and Game conserving 24 acres of Coastal Sage Scrub (CSS) Habitat, replanting of 23 acres of CSS Habitat and 1.2 acres of marsh land, and cultivating, growing and planting 95 oak trees and 2,968 black walnut trees on site as part of the development of the golf course. In addition, the RDA is required to hire a biologist and monitor growth and survival rate of CSS habitat and replace as needed. Although the disturbance of CSS habitat has occurred, the obligation to replace habitat, marsh area and trees has not been completed.

On November 3, 2003, The CWC approved the municipal golf course land use and entitlements (PC Resolution # 03-4893, certifying the Supplemental EIR; PC Resolution # 03-4894 approval of General Plan Amendment No. 03-04; PC Resolution # 03-4895 approval of Zone Change No. 03-06; PC Resolution # 03-4896 approving tentative Parcel Map No. 60193; PC Resolution No. 03-4897 approval of West Covina Sportsplex Master Plan; and PC Resolution # 03-4898 approving Conditional Use Permit No. 503, Revision No. 1).

On November 18, 2003, the City Council approved the golf course land use and entitlements (City Resolution # 2003-108 certifying the Supplemental EIR; City Resolution # 2003-109 approving the General Plan Amendment; City Resolution # 2003-111 approving the West Covina Sportsplex Master Plan; and Ordinance # 2107 approving Zone Change No. 03-06).



In June 1, 2004, the City Council approved the award of bid of \$7.7 million for rough grading, storm drains and utility relocation for phase 1 of the Sportsplex project.

On June 15, 2004, the West Covina Public Finance Authority (Joint Powers of City and Agency) approved Resolution No. 18, jointly authorizing the issuance of \$13.5 million Lease Revenue Bonds, 2004 Series A (Golf Course Project) to pay for grading and infrastructure cost of the municipal golf course. Under the Indenture Agreement, the Authority covenanted that use any Gross Proceeds will not be use to cause interest of bond to become taxable or become a "private activity bond" (Section 141 of the Code and that Tax Regulations). Revenues from the golf course were intended to pay for the Lease Revenue Bonds.

On June 21, 2011, the CWC and RDA reaffirmed their commitment via an Implementation Agreement between the CWC and RDA to develop the golf course at the Sportsplex site.

\$	736,519,601.00	
	Grand total - All Pages	