OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY
AGENDA ITEM COMMENTARY

MEETING DATE: September 25, 2014 **ITEM NO.:** 8

STAFF SOURCE: Dilu de Alwis, Finance Director
Tricia Cole, Finance Manager

ITEM TITLE: Approve Recognized Obligation Payment Schedule (ROPS 14-15B) covering January 1, 2015 through June 30, 2015 and direct it to be provided to the Department of Finance for consideration and approval

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STAFF RECOMMENDATION
Oversight Board of the Successor Agency to the Covina Redevelopment Agency to adopt **Resolution No. 14-40** approving the Recognized Obligation Payment Schedule (ROPS 14-15B) covering January 1, 2015 through June 30, 2015 and direct it to be provided to Department of Finance for consideration and approval.

FISCAL IMPACT
State Department of Finance will provide the Agency funds necessary for the approved enforceable obligations to be paid each month.

BACKGROUND
The Recognized Obligation Payment Schedule ("ROPS") sets forth the enforceable obligations of the Agency. This ROPS covers the period of January 1, 2015 through June 30, 2015.

The current form, ROPS 14-15B, is requesting from the Redevelopment Property Tax Trust Fund (RPTTF) the amount of $2,290,218.

RELEVANCE TO THE STRATEGIC PLAN
Approving the ROPS 14-15B and the funding for current obligations the Agency is enhancing its financial stability, which is one of the Strategic Plan's three-year goals.

EXHIBITS
1. Resolution No. 14-40.

REVIEW TEAM ONLY
City Attorney: CP for William Priest **Finance Director:** _____

City Manager: _____ **Other:** _____

RESOLUTION NO. 14-40

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY APPROVING AND ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(l) FOR THE PERIOD JANUARY 1, 2015 TO JUNE 30, 2015

WHEREAS, pursuant to Health and Safety Code Section 34173(d), the City of Covina elected to serve as Successor Agency to the dissolved Covina Redevelopment Agency ("Successor Agency"), confirmed by Resolution No. 12-7041 adopted on January 11, 2012; and

WHEREAS, the Oversight Board is the Successor Agency's oversight board pursuant to Health and Safety Code Section 34179(a); and

WHEREAS, Health and Safety Code Section 34177(m), added by AB 1484 and effective June 27, 2012, requires that the Successor Agency submit an Oversight Board approved "recognized obligation payment schedule" ("ROPS") for the period January 1, 2015, to June 30, 2015, to the Department of Finance, the State Controller, and the county auditor-controller no later than October 2, 2014; and

WHEREAS, the Successor Agency has prepared a ROPS covering the period January 1, 2015, to June 30, 2015, and has submitted the ROPS to the Oversight Board for approval.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. CEQA Compliance. The approval of the ROPS through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 3. Approval of the ROPS. The Oversight Board hereby approves and adopts the ROPS, in substantially the form attached to this Resolution as Exhibit A, pursuant to Health and Safety Code Section 34177.

SECTION 4. Implementation. The Oversight Board hereby directs the Successor Agency to submit copies of the ROPS approved by the Oversight Board to the Los Angeles County Auditor-Controller, the State of California Controller and the State of California Department of Finance after the effective date of this Resolution and prior to October 2, 2014, and to post the ROPS on the Successor Agency's website.

SECTION 5. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 6. Certification. The City Clerk of the City of Covina, acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

SECTION 7. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED AND ADOPTED this 25th day of September, 2014.

_____
Kevin Stapleton
Oversight Board Chairperson

ATTEST:

_____
Cyndie Petersen
Oversight Board Secretary

CERTIFICATION

I, Cyndie Petersen, Secretary to the Oversight Board of the Successor Agency to the Covina Redevelopment Agency, hereby certify that Resolution No. 14-40 was adopted by the Oversight Board of the Successor Agency to the Covina Redevelopment Agency held this 25th day of September, 2014, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

_____
Cyndie Petersen
Oversight Board Secretary

EXHIBIT A

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

[Attached behind this page]

Recognized Obligation Payment Schedule (ROPS 14-15B) - Summary

Filed for the January 1, 2015 through June 30, 2015 Period

Name of Successor Agency: Covina

Name of County: Los Angeles

Current Period Requested Funding for Outstanding Debt or Obligation		Six-Month Total
A	**Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):**	**$ 6,844,582**
B	Bond Proceeds Funding (ROPS Detail)	6,795,952
C	Reserve Balance Funding (ROPS Detail)	-
D	Other Funding (ROPS Detail)	48,630
E	**Enforceable Obligations Funded with RPTTF Funding (F+G):**	**$ 2,290,218**
F	Non-Administrative Costs (ROPS Detail)	2,184,564
G	Administrative Costs (ROPS Detail)	105,654
H	**Current Period Enforceable Obligations (A+E):**	**$ 9,134,800**

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
I	Enforceable Obligations funded with RPTTF (E):	2,290,218
J	Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(223,735)
K	**Adjusted Current Period RPTTF Requested Funding (I-J)**	**$ 2,066,483**

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
L	Enforceable Obligations funded with RPTTF (E):	2,290,218
M	Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N	**Adjusted Current Period RPTTF Requested Funding (L-M)**	**2,290,218**

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Name Title

/s/

Signature Date

Recognized Obligation Payment Schedule (ROPS 14-15B) - ROPS Detail
January 1, 2015 through June 30, 2015
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
										Funding Source					
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total
								$ 40,608,573		$ 6,795,952	$ -	$ 48,630	$ 2,184,564	$ 105,854	$ 9,134,800
1	1997 Tax Allocation Bonds Series A	Revenue Bonds	7/1/1997	12/1/2022	Bank of New York	Bond issue to fund non-housing	2	1,182,056	N				26,322		26,322
4	2004 Tax Allocation Bonds Series A	Revenue Bonds Issued On or Before 12/31/10	11/1/2004	12/1/2023	Bank of New York	Bond issue to fund non-housing projects	1	8,773,826	N			48,630	1,364,393		1,413,023
5	2004 Tax Allocation Bonds Series B-1	Revenue Bonds Issued On or Before 12/31/10	11/1/2004	12/1/2023	Bank of New York	Bond issue to fund housing projects	1	3,571,640	N				74,509		74,509
7	Fiscal Agent Fees	Fees	7/1/1997	12/1/2023	Bank of New York	Fiscal agent fees to maintain bond funds	1&2	77,500	N				5,000		5,000
8	Continuing Disclosure	Fees	7/1/1997	12/1/2023	HDL	Required calculations to comply with bond covenants	1&2	63,000	N				7,200		7,200
9	Arbitrage Calculations	Fees	7/1/1997	12/1/2023	Wildan	Required calculations to comply with federal law	1&2	25,000	N				-		-
10	Note Payable 626 S Citrus Avenue	Third-Party Loans	7/19/1995	8/1/2015	US Bank	Property purchased for redevelopment	1	94,270	N				72,009		72,009
11	Lease Payable 611 S Citrus Avenue	Third-Party Loans	6/30/2003	5/30/2022	Al-Sal Oil	Property lease	1	759,880	N				52,841		52,841
12	Lease Payable RJS Financial	Third-Party Loans	4/1/2010	6/30/2017	RJS Financial	Property lease	1	1,495,200	N				299,040		299,040
13	Employee Obligations	Unfunded Liabilities	9/1/1965	6/30/2024	City of Covina	Retiree Obligations	1	320,000	N				20,000		20,000
14	Transitional House	Miscellaneous	2/1/2005	6/30/2024	CCLA	Low-moderate transitional housing	1&2	270,000	N	27,000					27,000
16	Transitional House	Project Management Costs	2/1/2005	6/30/2024	City of Covina	Direct program administration	1&2	180,000	N	18,000					18,000
17	Housing Development	Miscellaneous	11/1/2004	6/30/2024	Property Owner/Developer	Affordable Housing Development	1&2	605,143	N	605,143					605,143
18	Personnel Payments	Admin Costs	1/1/2011	6/30/2024	City of Covina	Salaries and benefits payments for agency employees		8,000,000	N					87,000	87,000
19	Auditing Payments	Admin Costs	1/1/2011	6/30/2024	MGO	Audit services for required reports		200,000	N					5,000	5,000
20	Administration Payments	Admin Costs	1/1/2011	6/30/2024	City of Covina	Office space and support personnel		250,000	N					7,500	7,500
21	Legal Payments	Legal	1/1/2011	6/30/2024	BBK	legal services for successor agency issues	1&2	250,000	N					6,154	6,154
22	Maintenance of Agency owned property	Property Maintenance	1/1/2011	6/30/2024	Andy Gump/United Fencing	Maintain assets under AB1X 26	1&2	100,000	N				10,000		10,000
															-
															-
															-
															-
31	Bond Project	Improvement/Infrastructure	2/1/2002	6/30/2024	Property Owner/Developer	Bond Proceeds project	1	1,003,356	N	1,003,356					1,003,356
32	Bond Project	Improvement/Infrastructure	11/1/2004	6/30/2024	Property Owner/Developer	Bond Proceeds project	1	5,142,453	N	5,142,453					5,142,453
34	Tax Allocation Revenue Refunding Bonds Series 2013E	Bonds Issued After 12/31/10	12/18/2013	12/1/2023	US Bank	Refunding bond issue of non-housing projects		1,572,500	N				250,250		250,250
35	Tax Allocation Revenue Refunding Bonds Series 2013E	Fees	12/18/2023	12/1/2023	US Bank	Fiscal agent fees to maintain bond funds		27,000	N				3,000		3,000
															-
37									N						-
38									N						-
39									N						-
40									N						-
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61									N						-

Recognized Obligation Payment Schedule (ROPS 14-15B) - Report of Cash Balances

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf.

A	B	C	D	E	F	G	H	I
		Fund Sources						
		Bond Proceeds		Reserve Balance		Other	RPTTF	
	Cash Balance Information by ROPS Period	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments
ROPS 13-14B Actuals (01/01/14 - 06/30/14)								
1	**Beginning Available Cash Balance (Actual 01/01/14)**	8,143,785				819,067	-	
2	**Revenue/Income (Actual 06/30/14)** RPTTF amounts should tie to the ROPS 13-14B distribution from the County Auditor-Controller during January 2014	600,242	802,651			358,486	1,628,367	(Col. D)During bond refunding, $802,651 was used from existing bond reserve cash accounts to fund new bond reserve.
3	**Expenditures for ROPS 13-14B Enforceable Obligations (Actual 06/30/14)** RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q	1,828,595					1,425,105	(Col. C)During bond refunding, $1,799,783 was used from existing bond reserve cash accounts to fund new bond.
4	**Retention of Available Cash Balance (Actual 06/30/14)** RPTTF amount retained should only include the amounts distributed for debt service reserve(s) approved in ROPS 13-14B	6,915,432	802,651			1,177,553		(Col G)Approval received on 14-15A ROPS to remit to trustee in order to comply with Section 4.02 of the Indenture of Trust which says that the Agency must have the annual debt service amount available.
5	**ROPS 13-14B RPTTF Prior Period Adjustment** RPTTF amount should tie to the self-reported ROPS 13-14B PPA in the Report of PPA, Column S	No entry required					223,735	
6	**Ending Actual Available Cash Balance** **C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)**	**(0)**	**-**	**-**	**-**	**-**	**(20,473)**	
ROPS 14-15A Estimate (07/01/14 - 12/31/14)								
7	**Beginning Available Cash Balance (Actual 07/01/14)** **(C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)**	**6,915,432**	**802,651**	**-**	**-**	**1,177,553**	**203,262**	
8	**Revenue/Income (Estimate 12/31/14)** RPTTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014					300,000	3,938,967	
9	**Expenditures for ROPS 14-15A Enforceable Obligations (Estimate 12/31/14)**					1,428,923	3,938,967	(Col G)Approval received on 14-15A ROPS to remit to trustee in order to comply with Section 4.02 of the Indenture of Trust which says that the Agency must have the annual debt service amount available.
10	**Retention of Available Cash Balance (Estimate 12/31/14)** RPTTF amount retained should only include the amount distributed for debt service reserve(s) approved in ROPS 14-15A					48,630		(Col G)Amount requested to be retained is to be remitted to trustee in order to comply with Section 4.02 of the Indenture of Trust which says that the Agency must have the annual debt service amount available.
11	**Ending Estimated Available Cash Balance (7 + 8 - 9 -10)**	**6,915,432**	**802,651**	**-**	**-**	**-**	**203,262**	

Recognized Obligation Payment Schedule (ROPS 14-15B) - Report of Prior Period Adjustments
Reported for the ROPS 13-14B (January 1, 2014 through June 30, 2014) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
(Report Amounts in Whole Dollars)

ROPS 13-14B Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 13-14B (January through June 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 14-15B (January through June 2015) period will be offset by the SA's self-reported ROPS 13-14B prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
		Non-RPTTF Expenditures						RPTTF Expenditures											
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin					Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 14-15B Requested RPTTF)	
Item #	Project Name / Debt Obligation	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 13-14B distributed + all other available as of 01/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 13-14B distributed + all other available as of 01/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)	SA Comments
		$ 6,018,126	$ 26,812	$ -	$ -	$ -	$ -	$ 1,543,986	$ 1,503,367	$ 1,503,367	$ 1,280,762	$ 223,735	$ 125,000	$ 125,000	$ 125,000	$ 144,343	$ -	$ 223,735	
1	1997 Tax Allocation Bonds	-		-		-		28,772	28,772	28,772	28,772	-						-	
2	1997 Tax Allocation Bonds	-		-		-		56,044	56,044	56,044	-	56,044						56,044	Refunded with 2013 Series E bond.
3	2002 Tax Allocation Bonds Series A	-		-		-		44,224	44,224	44,224	-	44,224						44,224	Refunded with 2013 Series E bond.
4	2004 Tax Allocation Bonds Series A	-		-		-		206,423	206,423	206,423	206,423	-						-	
5	2004 Tax Allocation Bonds Series B-1	-		-		-		80,055	80,055	80,055	80,055	-						-	
6	2004 Tax Allocation Bonds Series B-2	-		-		-		-		-	-	-						-	
7	Fiscal Agent Fees	-		-		-		7,500	7,500	7,500	4,493	3,007						3,007	
8	Continuing Disclosure	-		-		-		6,300	6,300	6,300	6,930	-						-	
9	Arbitrage Calculations	-		-		-		-		-	500	-						-	
10	Note Payable 626 S Citrus Avenue	-		-		-		72,157	72,157	72,157	72,123	34						34	
11	Lease Payable 611 S Citrus Avenue	-		-		-		193,600	193,600	193,600	193,600	-						-	
12	Lease Payable RJS Financial	-		-		-		299,040	258,421	258,421	158,281	100,140						100,140	
13	Employee Obligations	-		-		-		39,000	39,000	39,000	18,817	20,183						20,183	
14	Transitional House	27,000	10,812	-		-		-		-		-						-	
15	DPAP	-		-		-		-		-		-						-	
16	Transitional House	18,000	18,000	-		-		-		-		-						-	
17	Housing Development	-		-		-		-		-		-						-	
18	Personnel Payments	-		-		-		-		-		-						-	
19	Auditing Payments	-		-		-		-		-		-						-	
20	Administration Payments	-		-		-		-		-		-						-	
21	Legal Payments	-		-		-		-		-		-						-	
22	Maintenance of Agency owned property	-		-		-		10,000	10,000	10,000	9,897	103						103	
23	Housing Set Aside Deferral 1995	-		-		-		-		-		-						-	
24	SERAF loan from Housing 2010	-		-		-		-		-		-						-	
25	SERAF loan from Housing 2011	-		-		-		-		-		-						-	
26	Rental Covenants	-		-		-		-		-		-						-	
27	For Sale Covenants	-		-		-		-		-		-						-	
28	Heritage Plaza	-		-		-		-		-		-						-	
29	Housing successor employee obligations	-		-		-		-		-		-						-	
30	City Loan	-		-		-		-		-		-						-	
31	Bond Project	978,460	-	-		-		-		-		-						-	
32	Bond Project	4,994,666	-	-		-		-		-		-						-	
33	Prior Unpaid Obligation	-		-		-		500,871	500,871	500,871	500,871	-						-	Amount remitted to Trustee. Approval received on 13-14B ROPS to remit to trustee in order to comply with Section 4.02 of the Indenture of Trust which says that the Agency must have the annual debt service amount available.

Recognized Obligation Payment Schedule (ROPS 14-15B) - Notes

January 1, 2015 through June 30, 2015

Item #	Notes/Comments
2,3 of PPA	Bonds outstanding for issues 1997B, 2002A were refunded with 2013 Series A bond.
33 of PPA	Amount remitted to Trustee. Approval received on 13-14B ROPS to remit to trustee in order to comply with Section 4.02 of the Indenture of Trust which says that the Agency must have the annual debt service amount available.
4	Additional amount of $1,200,469 needed to remit to trustee in order to comply with Section 4.02 of the Indenture of Trust which says that the Agency must have the annual debt service amount available.