



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

MEETING DATE: September 24, 2013

ITEM NO.: 6

STAFF SOURCE: Dilu de Alwis, Finance Director 
Debbie Pacheco, Sr. Management Analyst 

ITEM TITLE: Approve Recognized Obligation Payment Schedule (ROPS 13-14B) covering January 1, 2014 through June 30, 2014 and direct it to be provided to the Department of Finance for consideration and approval

STAFF RECOMMENDATION

Oversight Board of the Successor Agency to the Covina Redevelopment Agency to adopt **Resolution 13-27** approving the Recognized Obligation Payment Schedule (ROPS 13-14B) covering January 1, 2014 through June 30, 2014 and direct it to be provided to Department of Finance for consideration and approval.

FISCAL IMPACT

Once the successor agency adopts the ROPS 13-14B and it is approved by the Oversight Committee and the State Department of Finance, then fiscal impact will be the Agency funds necessary for the 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, 2014 through June 30, 2014.

The current form, ROPS 13-14B, is requesting from the Redevelopment Property Tax Trust Fund (RPTTF) the amount of \$2,529,697.

RELEVANCE TO THE STRATEGIC PLAN

Approving the ROPS 13-14B 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. ROPS 13-14B for January 1, 2014 through June 30, 2014.

REVIEW TEAM ONLY

City Attorney: _____ **Finance Director:**  _____

City Manager:  _____ **Other:** _____

RESOLUTION NO. 13-27

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(I) FOR THE PERIOD JANUARY 1, 2014 TO JUNE 30, 2014

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, 2014, to June 30, 2014, to the Department of Finance, the State Controller, and the county auditor-controller no later than October 1, 2013; and

WHEREAS, the Successor Agency has prepared a ROPS covering the period January 1, 2014, to June 30, 2014, 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 1, 2013, 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 24th day of September, 2013

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. 13-27 was adopted by the Oversight Board of the Successor Agency to the Covina Redevelopment Agency held this 24th day of September, 2013, 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 13-14B) - Summary

Filed for the January 1, 2014 through June 30, 2014 Period

Name of Successor Agency: Covina
 Name of County: Los Angeles

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding	\$ 6,018,126
A Sources (B+C+D):	
B Bond Proceeds Funding (ROPS Detail)	6,018,126
C Reserve Balance Funding (ROPS Detail)	-
D Other Funding (ROPS Detail)	-
E Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 2,529,697
F Non-Administrative Costs (ROPS Detail)	2,404,697
G Administrative Costs (ROPS Detail)	125,000
H Current Period Enforceable Obligations (A+E):	\$ 8,547,823
Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
I Enforceable Obligations funded with RPTTF (E):	2,529,697
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column U)	-
K Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 2,529,697
County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
L Enforceable Obligations funded with RPTTF (E):	2,529,697
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AB)	-
N Adjusted Current Period RPTTF Requested Funding (L-M)	2,529,697

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.

/s/	
Name	Title
Signature	Date

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Fund Balances
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177(i), Redevelopment Property Tax Trust Fund (RPPTF) 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.

A	B	C	D	E	F	G		H	I	J	K
						Other	RPPTF				
		Fund Sources									
		Bond Proceeds		Reserve Balance		RPPTF balances retained for bond reserves		Other		RPPTF	
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Review balances retained for approved enforceable obligations	RPPTF balances retained for bond reserves	Rent, Grants, Interest, Etc.	Non-Admin	Admin	Total	Comments	
ROPS III Actuals (01/01/13 - 6/30/13)											
Beginning Available Fund Balance (Actual 07/01/13)											
1	Note that for the RPPTF, 1 + 2 should tie to columns L and Q in the Report of Prior Period Adjustments (PPAs)	8,455,552				315,909	(296,993)	(173,611)	\$	8,300,857	
2	Revenue/Income (Actual 06/30/13) Note that the RPPTF amounts should tie to the ROPS III distributions from the County Auditor-Controller	29,305				391,866	972,173	250,000	\$	1,643,344	
3	Expenditures for ROPS III Enforceable Obligations (Actual 06/30/13) Note that for the RPPTF, 3 + 4 should tie to columns N and S in the Report of PPAs	316,938					931,554	111,321	\$	1,359,813	
4	Retention of Available Fund Balance (Actual 06/30/13) Note that the Non-Admin RPPTF amount should only include the retention of reserves for debt service approved in ROPS III	8,167,919							\$	8,167,919	
5	ROPS III RPPTF Prior Period Adjustment Note that the net Non-Admin and Admin RPPTF amounts should tie to columns O and T in the Report of PPAs.				No entry required				\$		
6	Ending Actual Available Fund Balance (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ 707,775	\$ (256,374)	\$ (34,932)	\$	416,469	
ROPS 13-14A Estimate (07/01/13 - 12/31/13)											
Beginning Available Fund Balance (Actual 07/01/13) (C, D, E, G, and I = 4 + 6, F = H4 + F6, and H = 5 + 8)											
7	Revenue/Income (Estimate 12/31/13) Note that the RPPTF amounts should tie to the ROPS 13-14A distributions from the County Auditor-Controller	\$ 8,167,919	\$ -	\$ -	\$ -	\$ 707,775	\$ (256,374)	\$ (34,932)	\$	8,584,388	
8	Expenditures for 13-14A Enforceable Obligations (Estimate 12/31/13)	25,000				350,000	3,599,435	125,000	\$	4,099,435	
9	Retention of Available Fund Balance (Estimate 12/31/13) Note that the RPPTF amounts may include the retention of reserves for debt service approved in ROPS 13-14A	45,000					3,620,374	125,000	\$	3,790,374	
10	Ending Estimated Available Fund Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ -	\$ -	\$ 1,067,775	\$ (277,313)	\$ (34,932)	\$	745,530	


Recognized Obligation Payment Schedule (ROPS) 13-14B - ROPS Detail
January 1, 2014 through June 30, 2014
 (Report Amounts in Whole Dollars)

Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Funding Source				Six-Month Total	
										Bond Proceeds	Reserve Balances (Non-RPTTF)	Other Funds	Non-Admin		Admin
1	1987 Tax Allocation Bonds Series A	Revenue Bonds	7/1/1987	12/1/2022	Bank of New York	Bond issues to fund non-housing projects		\$ 6,781,270	N	\$ 6,018,128	\$ -	\$ -	\$ 2,404,697	\$ 128,000	\$ 8,547,823
2	1987 Tax Allocation Bonds Series B	Revenue Bonds	7/1/1987	12/1/2022	Bank of New York	Bond issues to fund non-housing projects		2,915,175	N				56,044		\$ 56,044
3	2002 Tax Allocation Bonds Series A	Revenue Bonds	2/1/2002	12/1/2023	Bank of New York	Bond issues to fund non-housing projects		17,575,289	N				44,224		\$ 44,224
4	2004 Tax Allocation Bonds Series A	Revenue Bonds	11/1/2004	12/1/2023	Bank of New York	Bond issues to fund non-housing projects		12,785,696	N				206,423		\$ 206,423
5	2004 Tax Allocation Bonds Series B-1	Revenue Bonds	11/1/2004	12/1/2023	Bank of New York	Bond issues to fund housing projects		4,277,114	N				80,055		\$ 80,055
6	2004 Tax Allocation Bonds Series B-2	Revenue Bonds	11/1/2004	12/1/2011	Bank of New York	Bond issues to fund non-housing projects		-	Y				-		\$ -
7	Fiscal Agent Fees	Fees	7/1/1987	12/1/2023	Bank of New York	Fiscal agent fees to maintain bond funds		75,000	N				7,500		\$ 7,500
8	Contributing Disclosure	Fees	7/1/1987	12/1/2023	HXL	Required calculators to comply with bond covenants		63,000	N				6,300		\$ 6,300
9	Advantage Calculations	Fees	7/1/1987	12/1/2023	Widman	Required calculators to comply with federal law		25,000	N				-		\$ -
10	Note Payable 628 S. Citrus Avenue	Third-Party Loans	7/18/1995	8/1/2015	US Bank	Property purchased for redevelopment		296,529	N				72,157		\$ 72,157
11	Lease Payable 611 S. Citrus Avenue	Third-Party Loans	6/28/2003	8/30/2022	ASB Oil	Property lease		905,090	N				193,600		\$ 193,600
12	Lease Payable R/S Financial	Third-Party Loans	4/1/2010	8/30/2017	R/S Financial	Property lease		23,923,020	N				299,040		\$ 299,040
13	Employer Obligations	Mutual Fund Liabilities	8/1/1995	8/30/2024	City of Covina	Retiree Obligations		1,170,000	N				39,000		\$ 39,000
14	Transitional Housing	Miscellaneous	2/1/2005	8/30/2024	City of Covina	Low/moderate transitional housing		270,000	N				27,000		\$ 27,000
15	DEPAP	Miscellaneous	7/1/92/01	8/30/2024	Property Owners	Downpayment assistance program		180,000	N				18,000		\$ 18,000
16	Transitional Housing	Project Management	2/1/2005	8/30/2024	City of Covina	Direct program administration		-	N				18,000		\$ 18,000
17	Housing Development	Miscellaneous	11/1/2004	8/30/2024	Property Owner/Developer	Attributable Housing Development		1,280,540	N				107,843		\$ 107,843
18	Personal Payments	Admin Costs	1/1/2011	8/30/2024	City of Covina	Salaries and benefits payments for agency employees		8,000,000	N				7,500		\$ 7,500
19	Auditing Expenses	Admin Costs	1/1/2011	8/30/2024	MCO	Audit services for required reports		-	N				8,507		\$ 8,507
20	Administrative Expenses	Admin Costs	1/1/2011	8/30/2024	City of Covina	Office space and support personnel		-	N				1,150		\$ 1,150
21	Legal Expenses	Legal	1/1/2011	8/30/2024	BBK	Legal services for successor agency issues		-	N				1,150		\$ 1,150
22	Maintenance of Agency owned property	Property	1/1/2011	8/30/2024	Andy Gump/United Fencing	Maintain assets under AB1X 26		100,000	N				10,000		\$ 10,000
23	Housing Set Aside Deferral 1995	SENA/FRMF	8/1/1995	8/30/2024	Covina Housing Authority	Repayment to housing fund		327,458	N				46,780		\$ 46,780
24	SENA Loan from Housing 2010	SENA/FRMF	2/18/2010	8/30/2015	Covina Housing Authority	Repayment to housing fund		2,540,091	N				362,871		\$ 362,871
25	SENA Loan from Housing 2011	SENA/FRMF	12/18/2010	8/30/2018	Covina Housing Authority	Repayment to housing fund		522,960	N				74,709		\$ 74,709
26	Feral Covenants	Fees	10/10/2002	12/31/2097	City of Covina	Monitor attributable housing compliance		-	Y				-		\$ -
27	Feral Covenants	Fees	8/3/2007	12/31/2097	City of Covina	Monitor attributable housing compliance		-	Y				-		\$ -
28	Hemage Plaza	Improvement/Infrastr	3/24/2011	8/30/2024	MG Enterprises	Park Construction		-	Y				-		\$ -
29	Housing successor employees	Miscellaneous	2/1/2012	8/30/2024	City of Covina	Salaries and benefits payments for housing employees		-	Y				-		\$ -
30	City Loan	City/County Loans	8/1/52/2010	8/30/2024	City of Covina	Operating Loan		2,654,430	N				378,351		\$ 378,351
31	Bond Project	Improvement/Infrastr	2/1/2002	8/30/2024	Property Owner/Developer	Bond Proceeds project		978,460	N				978,460		\$ 978,460
32	Bond Project	Improvement/Infrastr	11/1/2004	8/30/2024	Property Owner/Developer	Bond Proceeds project		4,994,666	N				4,994,666		\$ 4,994,666
32	Prior Unpaid Obligation	Prior Period RPTTF Shortfall	8/1/2012	8/30/2024	Successor Agency	ROPS II Approved \$3,513,668; received \$3,012,797		500,871	N				500,871		\$ 500,871

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

MEETING DATE: September 24, 2013

ITEM NO.: 7

STAFF SOURCE: Dilu de Alwis, Finance Director 
Debbie Pacheco, Sr. Management Analyst

ITEM TITLE: Approve repayment schedule for Supplemental Educational Revenue Augmentation Fund (SERAF), Set-aside deferral and City loans

STAFF RECOMMENDATION

Oversight Board of the Successor Agency to the Covina Redevelopment Agency (SACRA) to adopt **Resolution 13-28** finding the loan indebtedness of SACRA to the Low Mod Housing Asset Fund and loan indebtedness of SACRA to the City of Covina is an enforceable obligation, finding that the loans were for legitimate redevelopment purposes, and approving the repayment schedule for the loans.

FISCAL IMPACT

The repayment of loans will increase the amount of available funding to the Low Mod Housing Asset Fund and the General Fund of the City.

BACKGROUND

On June 27, 2012, the State legislature passed a budget trailer bill that clarified and amended certain portions of ABX 26. The trailer bill, among other things, provides certain benefits to successor agencies that have made specified payments and have received a finding of completion from the DOF. A successor agency is eligible to receive a finding of completion upon making three payments: the July 2012 “true-up” payment, the Housing Due Diligence Review (“DDR”) payment and the Other Funds and Accounts DDR payment. SACRA has made all three payments totaling \$13.7 million and received its finding of completion on April 18, 2013.

One of the benefits of receiving a finding of completion is that the law now recognizes loans from redevelopment agencies to sponsoring cities as enforceable obligations, subject to Oversight Board approval. Per H&S code Section 34191.4, in order for a loan to be recognized, the oversight board must approve the loan and make a finding that the loan was for legitimate redevelopment purposes. Other restrictions apply: (1) the interest rate is limited to the rate earned by funds in the Local Agency Investment Fund (LAIF), (2) there must be a defined repayment schedule over a “reasonable” term of years, (3) loan repayments may not be made until FY 2013-14, (4) the maximum repayment amount each year is limited to one-half of the increase in RPTTF distributed to taxing entities from the FY 2012-13 base year to the repayment year, and (5) 20% of any repayments must be set aside for affordable housing.

On May 10, 2010, the Covina Redevelopment Agency (Agency) borrowed the sum of two million five hundred forty thousand and ninety-one dollars (\$2,540,091) from the Low-Mod

Income Housing Fund (LMIH) in order to satisfy its SERAF payment obligation (SERAF 2010). On May 5, 2011, an additional amount of five hundred twenty-two thousand nine hundred and sixty dollars (\$522,960) was borrowed by the Agency from LMIH in order to meet the SERAF obligation for the same year (SERAF 2011). The total due for SERAF loans is \$3,063,051.

In the late 1980's and early 1990's, the required twenty percent (20%) of housing set aside for the LMIH fund was deferred. In 1995, the total amount of the deferral was \$1,142,218. At that time annual amounts were set up to repay this deferral. At the time of dissolution, the remaining balance of this deferral was three hundred twenty-seven thousand four hundred and fifty-eight dollars \$327,458 (1995 Deferral).

On June 15, 2010, Resolutions 10-6853 and 10-628 were approved authorizing loans to the Agency from the City of Covina in the amount of \$2,490,000 (City Loan). The loan was given to the Agency on September 8, 2010. The purpose of this loan was to fund ongoing project costs as well as establish sufficient debt to secure the Agency's tax increment. This loan was repaid in two installments, \$1,312,401 on March 10, 2011 and \$1,342,029 on July 28, 2011, amounts include interest. During the California State Controller's Asset Transfer Review audit, report dated August 2013, this transaction was identified as a Finding subject to H&S code section 34167.5 and will be requested to be returned to SACRA. In recalculating the interest amount allowed to be charged for this loan, the total principal and interest currently due is \$2,591,711.

If SACRA uses a seven (7) year repayment term for the above loans, it is estimated that there will be sufficient Real Property Tax Trust Funds (RPTTF) available.


	FY 2012-13 Base Year	FY 2013-14 Estimate
Gross RPTTF	7,661,273	9,980,230
County Admin & Pass Through	(1,220,087)	(1,504,344)
Available RPTTF	6,441,186	8,475,886
ROPS	(4,234,970)	(5,414,360)
Residual	2,206,216	3,061,526
One-Half Available RPTTF Increment		1,017,350
Loan Repayment		
SERAF 2010		362,871
SERAF 2011		74,709
1995 Deferral		46,780
City Loan		370,245
Subtotal Loan Payments		854,605
Residual available for distribution		2,206,921

RELEVANCE TO THE STRATEGIC PLAN

Approving the loan repayment schedule helps to enhance the City's financial stability, which is one of the Strategic Plan's three-year goals.

EXHIBITS

A. Resolution 13-28

REVIEW TEAM ONLY	
City Attorney: _____	Finance Director: _____ 
City Manager: <u>R. Anthony Angelo</u>	Other: _____

RESOLUTION NO. 13-28

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY FINDING THAT THE LOAN INDEBTEDNESS OF THE SUCCESSOR AGENCY IS AN ENFORCEABLE OBLIGATION, FINDING THAT THE LOAN INDEBTEDNESS WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES AND APPROVING THE REPAYMENT SCHEDULE OF THE LOANS

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 (SACRA), confirmed by Resolution No. 12-7041 adopted on January 11, 2012; and

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

WHEREAS, Health and Safety Code Section 34191.4(b) requires that the oversight board make a finding that the loan was for legitimate redevelopment purposes; and

WHEREAS, prior to its dissolution, the Covina Redevelopment Agency (Agency) became obligated under the California Redevelopment Law (Health and Safety Code Section 33000, et.seq.) (CRL) to make specified payments into the local Supplemental Education Revenue Augmentation Fund (SERAF); and

WHEREAS, the CRL permitted the Agency to borrow from the Agency's Low and Moderate Income Housing Fund (LMIH) if necessary to satisfy the Agency's SERAF payment obligations; and

WHEREAS, on May 10, 2010, the Agency borrowed the sum of two million five hundred forty thousand and ninety-one dollars (\$2,540,091) (SERAF 2010) from the LMIH in order to satisfy its SERAF payment obligation; and

WHEREAS, on May 5, 2011, the Agency borrowed the sum of five hundred twenty-two thousand nine hundred and sixty dollars (\$522,960) (SERAF 2011) from the LMIH in order to satisfy its SERAF payment obligation; and

WHEREAS, in the 1980's and 1990's, the required twenty percent (20%) of housing set-aside for Low and Moderate Housing was deferred. At the time of dissolution, the remaining loan balance was three hundred twenty-seven thousand four hundred and fifty-eight dollars (\$327,458) (1995 Deferral); and

WHEREAS, on September 8, 2010, the Agency borrowed the sum of two million four hundred ninety thousand dollars (\$2,490,000) (City Loan) from the City of Covina (City) in order to continue to operate; and

WHEREAS, the CRL obligated the Agency to repay the SERAF Loan, but this obligation was not satisfied at the time of the Agency's dissolution and, accordingly, the SACRA must arrange for the repayment of the SERAF Loan; and

WHEREAS, CRL Section 34176(e)(6) provides that the Agency's SERAF Loan repayment obligation is a housing asset belonging to the housing successor entity, or the Covina Housing Authority, which assumed the former Agency's housing assets and functions under CRL Section 34176; and

WHEREAS, the Covina Housing Authority elected to act as the Housing Successor for the former Agency; and

WHEREAS, CRL Section 34176(e)(6)(B) provides that, commencing in fiscal year 2013/14, SACRA may start repaying the SERAF Loan with funds from the Redevelopment Property Tax Trust Fund (RPTTF) administered by the Los Angeles County Auditor-Controller (Auditor-Controller), subject to prior approval by the Oversight Board in accord with CRL Section 34171(d); and

WHEREAS, under CRL Section 34171(d)(1)(G), the Agency's SERAF Loan repayment obligation is an enforceable obligation and, as such, it may be included on the Recognized Obligation Payment Schedules (ROPS) prepared by SACRA under CRL Section 34177; and

WHEREAS, the amount of any loan payment which may be included on a ROPS is limited to an amount equal to: one-half of the increase between the amount distributed by the Auditor-Controller to taxing entities pursuant to paragraph (4) of CRL Section 34183(a) in the then-current fiscal year and the amount distributed to taxing entities pursuant to that same paragraph in the 2012-13 base fiscal year; and

WHEREAS, SACRA has established a loan repayment schedule for amortizing this debt consistent with the requirements set forth in Health and Safety Code Section 34191.4(b) of seven (7) years; and

WHEREAS, CRL Section 34176(e)(6)(A) requires that all SERAF Loan Repayment Installments be paid to the Housing Successor and used for purposes consistent with the CRL's affordable housing requirements.

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 repayment schedule 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. Enforceable Obligation. The Oversight Board hereby finds (1) that the Agency borrowed money from LMIH for required SERAF payment obligations and set-aside deferrals and the Agency borrowed money from the City for operations; (2) that the obligation to repay those funds in the principal amount of \$5,982,220 was loan indebtedness of the former Covina Redevelopment Agency; (3) that the obligation to repay such indebtedness with interest is an enforceable obligation of SACRA to the Covina Housing Authority under CRL 34176(d) and the City under CRL 34191.4(b); (4) that these funds were used for legitimate redevelopment purposes for the reasons set forth above and in the Agenda Item Commentary accompanying this Resolution; and (5) that the loan repayment schedule adopted by SACRA conforms to the requirements set forth in CRL 34176(d) and 34191.4(b) as to the repayment of loan indebtedness principal and interest based on the reasons set forth in the Agenda Item Commentary accompanying this Resolution.

SECTION 4. Approval of Repayment Schedule. The Oversight Board hereby approves the request by SACRA to recognize such loan indebtedness as an enforceable obligation of SACRA under CRL 34176(d) and CRL 34191.4(b), and approves the loan repayment schedule agreed to by SACRA, based on the reasons and analysis set forth above and in the Agenda Item Commentary accompanying this Resolution.

SECTION 5. Implementation. The Oversight Board hereby directs SACRA to submit copies of the Resolution 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.

SECTION 6. 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 7. 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 8. 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 24th day of September, 2013

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. 13-28 was adopted by the Oversight Board of the Successor Agency to the Covina Redevelopment Agency held this 24th day of September, 2013, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Cyndie Petersen
Oversight Board Secretary