

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

MEETING DATE September 17, 2015

ITEM NO. 7

STAFF SOURCE John Michicoff, Interim Finance Director



ITEM TITLE Approve the Recognized Obligation Payment Schedule (ROPS 15-16B), covering January 1, 2016 through June 30, 2016 and direct it to be provided to California State Department of Finance for consideration and approval

STAFF RECOMMENDATION

That the Oversight Board of the Successor Agency to the Covina Redevelopment Agency adopt **Resolution No. 15-49** approving the Recognized Obligation Payment Schedule (ROPS 15-16B), covering January 1, 2016 through June 30, 2016 and direct it to be provided to the California State Department of Finance (DOF) for consideration and approval.

FISCAL IMPACT

In order for the Successor Agency to meet its financial obligations during this period, the ROPS (15-16B) must be approved by the Oversight Board of the Successor Agency to the Covina Redevelopment Agency and filed with the DOF by October 5, 2015.

BACKGROUND

Pursuant to Health and Safety Code (HSC) section 34177, every six months, the Oversight Board of the Successor Agency to the Covina Redevelopment Agency is required to submit a ROPS for the upcoming six-month period to the DOF for approval in order to obtain sufficient funds to meet authorized financial obligations of the Agency. Once the ROPS (15-16B) has been approved by the Oversight Board, it can be submitted to the DOF. The due date to file the ROPS (15-16B) with the DOF is on or before October 5, 2015. The ROPS (15-16B) was presented to and approved by the Successor Agency to the Covina Redevelopment Agency at its regularly scheduled meeting held on Tuesday September 15, 2015.

The ROPS (15-16B) schedule includes Redevelopment Property Tax Trust Fund (RPTTF) line items for debt service payments including, but not limited to, the debts listed below:

- 1997 Tax Allocation Bonds Series A
- 2004 Tax Allocation Bonds Series A and B-1
- 2013E Tax Allocation Revenue Refunding Bonds
- 2014E Tax Allocation Revenue Refunding Bonds
- US Bank Loan for Citrus Property Acquisition
- RJS Financial Property Lease

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CONCLUSION

In order for the Successor Agency to the Covina Redevelopment Agency to meet its financial obligations for outstanding debt and fiscal operations for January 1, 2016 through June 30, 2016, the ROPS (15-16B) must be approved by the Oversight Board before submitting it to the DOF. The deadline to file this ROPS with the DOF is October 5, 2015.

EXHIBITS

A – ROPS (15-16B) for January 1, 2016 through June 30, 2016.

Respectfully submitted

John Michicoff
Interim Finance Director

RESOLUTION NO. 15-49

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, 2016 TO JUNE 30, 2016

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, 2016, to June 30, 2016, to the Department of Finance, the State Controller, and the county auditor-controller no later than October 5, 2015; and

WHEREAS, the Successor Agency has prepared a ROPS covering the period January 1, 2016 through June 30, 2016, 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 5, 2015, 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 17th day of September.

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. 15-49 was adopted by the Oversight Board of the Successor Agency to the Covina Redevelopment Agency held this 17th day of September 2015, 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 15-16B) - Summary

Filed for the January 1, 2016 through June 30, 2016 Period

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

| | | <u>Six-Month Total</u> |
|--|---|------------------------|
| Current Period Requested Funding for Outstanding Debt or Obligation | | |
| Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding | | |
| A | Sources (B+C+D): | |
| B | Bond Proceeds Funding (ROPS Detail) | \$ 6,854,312 |
| C | Reserve Balance Funding (ROPS Detail) | 6,804,786 |
| D | Other Funding (ROPS Detail) | - |
| E | Enforceable Obligations Funded with RPTTF Funding (F+G): | |
| F | Non-Administrative Costs (ROPS Detail) | \$ 2,906,121 |
| G | Administrative Costs (ROPS Detail) | 2,781,121 |
| H | Total Current Period Enforceable Obligations (A+E): | \$ 9,760,433 |

| | | |
|---|--|--------------|
| Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding | | |
| I | Enforceable Obligations funded with RPTTF (E): | 2,906,121 |
| J | Less Prior Period Adjustment (Report of Prior Period Adjustments Column S) | (23,893) |
| K | Adjusted Current Period RPTTF Requested Funding (I-J) | \$ 2,882,228 |

| | | |
|---|---|-----------|
| County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding | | |
| L | Enforceable Obligations funded with RPTTF (E): | 2,906,121 |
| M | Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA) | - |
| N | Adjusted Current Period RPTTF Requested Funding (L-M) | 2,906,121 |

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
 /s/_____
 Signature

 Title
 Date

Covina Recognized Obligation Payment Schedule (ROPS 1s-16B) - ROPS Detail
January 1, 2016 through June 30, 2016
(Report Amounts in Whole Dollars)

| A | B | C | D | E | F | G | H | I | J | K | L | M | | N | O | P |
|--------|---|----------------------|-----------------------------------|-------------------------------------|--|---|--------------|--------------------------------------|---------|---------------|-----------------|---|-------------|--------------|------------|-----------------|
| | | | | | | | | | | | | Funding Source | Other Funds | | | |
| 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 | Non-Redevelopment Property Tax Trust Fund (Non-RPTTF) | Other Funds | Non-Admin | Admin | Six-Month Total |
| 5 | 2004 Tax Allocation Bonds Series B | Revenue Bonds | 11/1/2004 | 12/1/2023 | Bank of New York | Bond issue to fund housing projects | 1 | \$ 49,396,720 | N | \$ 6,804,766 | \$ - | \$ - | \$ 49,526 | \$ 2,781,121 | \$ 125,000 | \$ 9,760,433 |
| 7 | Fiscal Agent Fees | Fees | 7/1/1997 | 12/1/2023 | Bank of New York | Fiscal agent fees to maintain bond funds | 1&2 | 20,000 | N | | | | | 67,797 | | 67,797 |
| 8 | Continuing Disclosure | Fees | 7/1/1997 | 12/1/2023 | HDL | Required calculations to comply with bond covenants | 1&2 | 60,000 | N | | | | | 7,500 | | 7,500 |
| 9 | Arbitrage Calculations | Fees | 7/1/1997 | 12/1/2023 | Willdan | Required calculations to comply with federal law | 1&2 | 25,000 | N | | | | | 2,500 | | 2,500 |
| 10 | Note Payable 626 S Citrus Avenue | Third-Party Loans | 7/1/1995 | 8/1/2015 | US Bank | Property purchased for redevelopment | 1 | - | Y | | | | | | | - |
| 12 | Lease Payable RJS Financia | Third-Party Loans | 4/1/2010 | 6/30/2017 | RJS Financial | Property lease | 1 | 897,120 | N | | | | | 299,040 | | 299,040 |
| 13 | Employee Obligations | Unfunded Liabilities | 9/1/1965 | 6/30/2024 | City of Covina | Retiree Obligations | 1 | 2,977,000 | N | | | | | 25,000 | | 25,000 |
| 14 | Transitional House | Miscellaneous | 2/1/2005 | 6/30/2024 | CCLA | Low-moderate transitional housing | 1&2 | 173,000 | N | 27,000 | | | | | | 27,000 |
| 16 | Transitional House | Project Management | 2/1/2005 | 6/30/2024 | City of Covina | Direct program administration | 1&2 | 144,000 | N | 18,000 | | | | | | 18,000 |
| 17 | Housing Development | Miscellaneous | 11/1/2004 | 6/30/2024 | Property Owner/Developer | Affordable Housing Development | 1&2 | 293,041 | N | 600,041 | | | | | | 600,041 |
| 22 | Maintenance of Agency owned property | Property Maintenance | 1/1/2011 | 6/30/2024 | United Fencing/Sewer Service/Insurance | Maintain assets under AB1X 26 | 1&2 | 45,000 | N | | | | | 7,500 | | 7,500 |
| 23 | Housing Set Aside Deferral 1995 | SERAFERAF | 6/1/1995 | 6/30/2024 | Covina Housing Authority | Repayment to housing fund | 1&2 | 280,678 | N | | | | | | | |
| 24 | SERAF loan from Housing 2010 | SERAFERAF | 2/16/2010 | 6/30/2024 | Covina Housing Authority | Repayment to housing fund | 1&2 | 2,178,030 | N | | | | | | | |
| 25 | SERAF loan from Housing 2011 | SERAFERAF | 2/16/2010 | 6/30/2024 | Covina Housing Authority | Repayment to housing fund | 1&2 | 522,960 | N | | | | | 74,709 | | 74,709 |
| 30 | City Loan | City/County Loans | 6/15/2010 | 6/30/2024 | City of Covina | Operating Loan | 1&2 | 2,535,673 | N | | | | 49,526 | 50,403 | | 99,929 |
| 31 | Project | Improvement/Infrastr | 2/1/2002 | 6/30/2024 | Property Owner/Developer | Bond Proceeds project | 1 | 1,003,673 | N | 1,003,673 | | | | | | 1,003,673 |
| 32 | Bond Project | Improvement/Infrastr | 11/1/2004 | 6/30/2024 | Property Owner/Developer | Bond Proceeds project | 1 | 5,156,072 | N | 5,156,072 | | | | | | 5,156,072 |
| 34 | Tax Allocation Revenue Refunding Bonds Series 2013E | Bonds Issued After | 12/18/2013 | 12/1/2023 | US Bank | Refunding bond issue of non-housing projects | 1&2 | 14,370,250 | N | | | | | 244,250 | | 244,250 |
| 35 | Tax Allocation Revenue Refunding Bonds Series 2013E | Fees | 12/18/2023 | 12/1/2023 | US Bank | Fiscal agent fees to maintain bond funds | 1&2 | 26,000 | N | | | | | 1,200 | | 1,200 |
| 37 | Tax Allocation Revenue Refunding Bonds Series 2014A | Bonds Issued After | 12/23/2014 | 12/15/2023 | Bank of New York | Refunding bond issue of non-housing projects | 1&2 | 5,626,350 | N | | | | | 120,475 | | 120,475 |
| 38 | Tax Allocation Revenue Refunding Bonds Series 2014A | Fees | 12/23/2014 | 12/15/2023 | Bank of New York | Fiscal agent fees to maintain bond funds | 1&2 | 26,000 | N | | | | | 1,200 | | 1,200 |
| 39 | Administration | Admin Costs | 1/1/2011 | 6/30/2024 | City of Covina | Administration | 1&2 | 7,875,000 | N | | | | | | | |
| 40 | 2004 Tax Allocation Bonds Series B | Reserves | 11/1/2004 | 12/1/2023 | Bank of New York | Bond issue to fund housing projects | 1 | 327,797 | N | | | | | 327,797 | | 327,797 |
| 41 | Tax Allocation Revenue Refunding Bonds Series 2013E | Reserves | 12/18/2013 | 12/1/2023 | US Bank | Refunding bond issue of non-housing projects | 1&2 | 544,250 | N | | | | | 544,250 | | 544,250 |
| 42 | Tax Allocation Revenue Refunding Bonds Series 2014A | Reserves | 12/23/2014 | 12/15/2023 | Bank of New York | Refunding bond issue of non-housing projects | 1&2 | 855,000 | N | | | | | 855,000 | | 855,000 |
| 43 | | | | | | | | | N | | | | | | | |
| 44 | | | | | | | | | N | | | | | | | |
| 45 | | | | | | | | | N | | | | | | | |
| 46 | | | | | | | | | N | | | | | | | |
| 47 | | | | | | | | | N | | | | | | | |
| 48 | | | | | | | | | N | | | | | | | |

Covina Recognized Obligation Payment Schedule (ROPS 15-16B) - 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 [Cash Balance Tips Sheet](#)

| A | B | C | D | E | F | G | H | I | | | | | | |
|---|---|--|--|------------------------------|---------------------|------------|-----------|------|---|--|-----------------|--|-------|-------|
| | | | | | | | | | Fund Sources | | | | | |
| | | | | | | | | | Bond Proceeds | | Reserve Balance | | Other | RPTTF |
| 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 | | | | | | | | | |
| Cash Balance Information by ROPS Period | | | | | | | | | | | | | | |
| ROPS 14-15B Actuals (01/01/15 - 06/30/15) | | | | | | | | | | | | | | |
| 1 | Beginning Available Cash Balance (Actual 01/01/15) | 7,104,491 | 9,335,411 | | | 452,837 | 307,834 | | | | | | | |
| 2 | Revenue/Income (Actual 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015 | 8 | 20 | | | 377,333 | 1,973,653 | | | | | | | |
| 3 | Expenditures for ROPS 14-15B Enforceable Obligations (Actual 06/30/15) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q | 20,195 | 7,523,385 | | | | 951,709 | | | | | | | |
| 4 | Retention of Available Cash Balance (Actual 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s) | 7,084,304 | 1,812,046 | | | 830,170 | 1,261,775 | | | | | | | |
| 5 | ROPS 14-15B RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15B PPA in the Report of PPA, Column S | | | No entry required | | | | | | | | | | |
| 6 | Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 44,110 | | | | | |
| ROPS 15-16A Estimate (07/01/15 - 12/31/15) | | | | | | | | | | | | | | |
| 7 | Beginning Available Cash Balance (Actual 07/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6) | \$ 7,084,304 | \$ 1,812,046 | \$ - | \$ 1,261,775 | \$ 830,170 | \$ 68,003 | | | | | | | |
| 8 | Revenue/Income (Estimate 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015 | | | | | | 80,890 | | | | | | | |
| 9 | Expenditures for ROPS 15-16A Enforceable Obligations (Estimate 12/31/15) | 7,084,304 | 1,812,025 | | 1,261,775 | 780,644 | 125,000 | | Column G excludes items 25 and 30; request moved to ROPS 15-16B | | | | | |
| 10 | Retention of Available Cash Balance (Estimate 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s) | | 21 | | | | | | | | | | | |
| 11 | Ending Estimated Available Cash Balance (7 + 8 - 9 - 10) | \$ - | \$ - | \$ - | \$ - | \$ 49,526 | \$ 23,893 | | Col G applied to 15-16B ROPS request Col M | | | | | |

Covina Recognized Obligation Payment Schedule (ROPS 15-16B) - Report of Prior Period Adjustments
 Reported for the ROPS 14-15B (January 1, 2015 through June 30, 2015) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS 14-15B 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 14-15B (January through June 2015) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16B (January through June 2016) period will be offset by the SA's self-reported ROPS 14-15B 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 |
| Item # | Project Name / Debt Obligation | Bond Proceeds | | Reserve Balance | | Other Funds | | Non-Admin | | | Admin | | | Net SA Non-Admin and Admin PPA (Amount Used to Offset for the ROPS Requested RPTTF) | | | | | | |
| | | Authorized | Actual | Authorized | Actual | Authorized | Actual | Available RPTTF (ROPS 14-15B distributed + all other available as of 07/17/15) | Net Lesser of Authorized / Available | Difference (If K is less than L, the difference is zero) | Authorized | Available RPTTF (ROPS 14-15B distributed + all other available as of 07/17/15) | Net Lesser of Authorized / Available | Difference (If total actual exceeds total authorized, the total difference is zero) | Net Difference (W/R) | SA Comments | | | | |
| 36 | Tax Allocation Revenue Refunding Bonds Series 2015E | \$ 6,795,852 | \$ 20,195 | \$ - | \$ - | \$ 48,830 | \$ - | \$ 2,131,723 | \$ 3,000 | \$ 2,131,723 | \$ 3,000 | \$ 2,107,830 | \$ 2,000 | \$ 23,893 | \$ 1,000 | \$ 105,654 | \$ 105,654 | \$ - | \$ 23,893 | |
| 36 | Housing Entry Administrative Cost Allowance | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | \$ 1,000 | |

