

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

## **A G E N D A**

West Covina City Council Chambers, 1<sup>st</sup> Floor  
1444 West Garvey Avenue, West Covina, CA 91790

**THURSDAY, JANUARY 10, 2013  
4:00 p.m.**

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

### **AMERICANS WITH DISABILITIES ACT**

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

### **AGENDA MATERIAL**

Agenda material is available for review at the West Covina City Clerk's Office, Room 317 in City Hall, 1444 W. Garvey Avenue and at [www.westcovina.org](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 five (5) minutes per speaker. All speakers shall observe decorum and order as specified in the *Rules of Procedure of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency*.

ADJOURNED REGULAR MEETING

**AGENDA**

Thursday, January 10, 2013

4:00 p.m.

**I. CALL TO ORDER**

**A. Roll Call**

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

**B. Pledge of Allegiance**

**II. CHANGES TO THE AGENDA**

**III. PUBLIC COMMENT**

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

**IV. CONSENT CALENDAR**

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

**A. Approval of Minutes (receive and file)**

Regular meeting minutes of 08/23/2012

**B. Department of Finance Correspondence**

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

**ACTION ON CONSENT CALENDAR**

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

except \_\_\_\_\_

**V. BUSINESS ITEM(S)**

**A. Due Diligence Review**

Recommended Actions

It is recommended that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency take the following actions:

1. Adopt the following resolution:

RESOLUTION NO. OB-0021 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE ALL OTHER FUNDS DUE DILIGENCE REVIEW PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.6, SUBJECT TO CERTAIN ADJUSTMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

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

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

Recommended Action

Staff recommends that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency adopt the following resolution:

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

**VI. EXECUTIVE DIRECTOR/SUCCESSOR AGENCY REPORTS**

**VII. STUDY SESSION**

**VIII. BOARD MEMBERS' COMMENTS**

**IX. CLOSED SESSION**

**X. ADJOURNMENT**

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

Should any person have a question concerning any of the above agenda items prior to the meeting described herein, he or she may contact Christopher J. Chung, 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**

**MINUTES**

**Special Meeting - Thursday, August 3, 2012**

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

**I. CALL TO ORDER:**

Meeting was called to order at 4:01 p.m. by Chairperson Sutkin, followed by the Pledge of Allegiance.

**Roll Call** Chairperson Sutkin, Vice Chairperson Touhey  
Board Members Chavez (arrived at 4:25 p.m.), Coghlan, Gregoryk,  
Hertzberg, Lee

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

**II. CHANGES TO AGENDA** No changes to the agenda.

**III. PUBLIC COMMENT**

Philip Moreno, West Covina resident, expressed concerns with taxpayers being burdened with debt to build a golf course and provided documents to the Oversight Board to sustain his opposition to building a gold course.

Elsie Messman, West Covina resident, addressed the proposed golf course project and stated the project should be a ballot measure; addressed the stipends of West Covina Community Development Commission (CDC) members.

Board Member Touhey commented on the CDC stipends and bonds issued through the former redevelopment agency.

**IV. CONSENT CALENDAR**

No consent calendar item presented.

V. **BUSINESS ITEMS:**

A. **Oversight Board Legal Services**

Report presented by City Manager Pasmant who stated the West Covina Successor Agency approved the contract services at their August 21, 2012 meeting.

Motion by Hertzberg and seconded by Gregoryk to approve the following resolution:

RESOLUTION NO. OB-0012 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY APPROVING A RETAINER AGREEMENT WITH THE LAW FIRM OF HARPER & BURNS TO PROVIDE GENERAL COUNSEL SERVICES FOR THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY

Motion carried 6-0.

John Harper, of Harper & Burns, introduced himself and provided a brief background. Mr. Harper took a seat at the dais to represent the Oversight Board.

B. **Cooperative Agreement Between the City of West Covina (“City”) and Successor Agency to the West Covina Redevelopment Agency (“Successor Agency”) for Advance and Reimbursement of Administrative, Overhead and Other Expenses**

Report presented by Finance Director Bachman. Board engaged in discussion and concluded that the Cooperative Agreement should be held until after the ROPS discussion.

Chavez arrived at 4:35 p.m.

Motion by Touhey and seconded by Hertzberg to hold item over until after discussion of Item C, ROPS and Successor Agency Administrative Budget.

Motion carried 7-0.

C. **Consideration of the Schedule of Distribution of Future Tax Revenues (also Known as Recognized Obligation Payment Schedules “ROPS”) and Successor Agency Administrative Budget Covering the Period of January 1, 2013 through June 30, 2013**

Report presented by Finance Director Bachman. Bachman distributed a revised ROPS III schedule to the Board. Report provided a brief discussion of specific items listed on the ROPS.

Key items of discussion were as follows:

The Board reviewed and discussed the following items which are items denied by the Department of Finance on previous ROPS, and are being resubmitted for

reconsideration. Discussion ensued as to the need to resubmit the items in order to proceed with the meet and confer process with the Department of Finance.

Items 31 & 32 – *Anticipated/Existing Litigation*

Items 33 & 34 – *Anticipated/Existing Litigation*

Items 35 & 36 – *Anticipated/Existing Litigation related to Cal Trans*

Items 37 & 38 – *Anticipated/Existing Litigation, RDA property litigation at BKK landfill site*

Items 39 & 40 – *Successor Agency Legal Services (outside of administration budget fees)*

Items 41 thru 44 – *City Notes, Administration and CIP*

Finance Director Bachman provided a review of the following new line items submitted on the ROPS.

Item 18 – *Project Administrative Costs*

Item 19 – *AB 1484 Auditing Fees*

Item 20 – *Oversight Board Legal Services*

Item 21 – *Successor Agency Legal Services.*)

Bachman pointed out that Item 11 – *Repay County Loan, Deferred Tax Increment*, is being proposed to modify the interest rate down to the LAIF rate, current market rate for investments.

Motion Following discussion regarding Item 11, motion by Gregoryk and seconded by Sutkin to renegotiate County loan for lower interest rate. Motion carried 7-0.

Community Development Director Chung provided a brief background on the following items stating that no funding is recommended at this time because what needs to be done or not done to clean up the previous landfill site has not been fully determined yet.

Item 26 – *Sales Tax Reimbursement for CFD Sales Tax*

Item 27 – *Colf Course Agreement/Implementation Plan*

Chair Sutkin requested a summary of action already taken/fact sheet regarding the site.

Board Member Hertzberg returned to Item 11, to assure amount reflected in payment schedule (ROPS) is the amount due in the existing agreement.

Motion Motion by Gregoryk and seconded by Touhey to approve ROPS III.

Chair Sutkin inquired as to what Item 30 – *OPA-CFD admin and developer repayment* is to which Bachman responded.

Substitute Substitute motion by Hertzberg and seconded by Sutkin to remove for separate consideration Line Items 23, 24, 25, 26 and 41-44. Executive Director Pasmant stated that removing the Items from the ROPS interferes with the ability of the City of due process to meet & confer with the Department of State. Bachman

added that only Items 25 and 26 are items which were not agreed to within the first two years of the redevelopment agency.

Board Member Hertzberg then recommended removing Items 25 and 26 from the ROPS and to place them on an attachment sheet to be turned in with the ROPS with a footnote acknowledging the loans exist but are not on this ROPS for payment.

Amendment Motion by Hertzberg to amend substitute motion to only place Items 25 and 26 on attachment sheet and to submit with the ROPS acknowledging loans are outside two year window and will be on subsequent ROPS following due diligence process.

Amendment Motion by Touhey and seconded by Sutkin that Item 11 also be removed from ROPS and added to the attachment sheet with Items 25 and 26.

Following further discussion, Hertzberg withdrew both his substitute motion and amendment. Board Member Touhey and Chair Sutkin concurred to withdraw their amendment to motion and second.

Chair Sutkin requested the Board Secretary state the original motion.

Board Secretary Rush summarized the motion as follows:

“Motion by Gregoryk and seconded by Touhey to approve ROPS III as it is written.”

Action on original motion:

Motion carried 6-1 (Hertzberg no). Motion approved the following resolution:  
RESOLUTION NO. OB 0011 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY FOR THE WEST COVINA REDEVELOPMENT AGENCY APPROVING A SCHEDULE OF DISTRIBUTION OF FUTURE TAX REVENUES, ALSO KNOW AS THE RECOGNIZED OBLIGATION BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 FOR THE SIX-MONTH FISCAL PERIOD COMMENCING JANUARY 1, 2013 AND ENDING JUNE 30, 2013 AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

Continuation of Item V-B

**B. Cooperative Agreement Between the City of West Covina (“City”) and Successor Agency to the West Covina Redevelopment Agency (“Successor Agency”) for Advance and Reimbursement of Administrative, Overhead and Other Expenses**

Executive Director Pasmant recapped that this item provides for the City to be reimbursed for any expenses it advances to the Successor Agency consistent with the ROPS. Board Member Hertzberg requested a periodic report on funds advanced.

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



RESOLUTION NO. OB 0013 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE COOPERATIVE AGREEMENT FOR THE ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE COSTS, ENFORCEABLE OBLIGATIONS, AND PROJECT RELATED EXPENSES ENTERED INTO BY AND BETWEEN THE CITY OF THE WEST COVINA AND THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

Motion carried 7-0.

**D. Update on Caltrans Condemnation of Properties Owned by the Former Redevelopment Agency**

Community Development Director Chung presented an update of the Cal Trans condemnation of properties owned by the former redevelopment agency, as Cal Trans is attempting to acquire the property for the purpose of expanding the I-10 freeway. Chung stated that any private conversations with regards to negotiations and legal strategy are not included in the report. Chung's report highlighted the subject property locations.

Board Member Hertzberg requested comments from Cal Trans representatives (seated in the audience) regarding the project.

Representative from Cal Trans addressed the Route 10 HOV Project and condemnation acquisition process.

Board discussion ensued regarding the funding of the project, acquisition process, parties involved, current status of the negotiation process and subsequent legal implications of the project.

Board Member Touhey left the meeting at 6:40 p.m.

Cal Trans continued with their presentation of the project,

Following the Cal Trans presentation and further discussion, Chair Sutkin requested the Oversight Board send a letter to the Successor Agency to expeditiously proceed with negotiations with Cal Trans regarding the property acquisitions. All Board Members agreed except Board Member Lee. (Touhey was absent)

**E. Update on New Legislation – Assembly Bill 1585 (Perez)**

It was the consensus of the Board to receive and file the report.

**VI. EXECUTIVE DIRECTOR/SUCCESSOR AGENCY REPORTS**

Executive Director Pasmant stated an e-mail of Communications between the Successor Agency and the Department of Finance is before them on the dais for their review.

**VII. STUDY SESSION**

No items.

**VIII. BOARD MEMBER COMMENTS**

No comments offered.

**IX. CLOSED SESSION**

No items.

**X. ADJOURNMENT**

Meeting adjourned at 7:20 p.m.

Submitted by

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Susan Rush  
Oversight Board Secretary

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

**AGENDA REPORT**

Item No. IV - B

Date: January 10, 2013

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

**FROM:** Christopher J. Chung, Executive Director

**BY:** Thomas Bachman, Finance Director

**SUBJECT:** DEPARTMENT OF FINANCE CORRESPONDENCE

**RECOMMENDED ACTION:**

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


**DISCUSSION:**

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

1. 12-15-12 – DOF letter of final determination on LMIHF Due Diligence Review.
2. 12-17-12 – DOF letter regarding ROPS III funding adjustment.
3. 12-18-12 – Successor Agency letter to DOF regarding LMIHF DDR final determination.

Successor Agency staff will be prepared to discuss these correspondences with the board at the meeting.

Prepared By:

  
Thomas Bachman  
Finance Director

Attachments: Correspondence #1 -3 as noted above.



**DEPARTMENT OF  
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3708 ■ WWW.DDF.CA.GOV

December 15, 2012

Mr. Tom Bachman, Assistant City Manager  
City of West Covina  
1444 W. Garvey Avenue  
West Covina, CA 91790

Dear Mr. Bachman:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

This letter supersedes Finance's original Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) determination letter dated November 9, 2012. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of West Covina Successor Agency (Agency) submitted an oversight board approved LMIHF DDR to the California Department of Finance (Finance) on October 11, 2012. Finance issued a LMIHF DDR determination letter on November 9, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer Session was held on November 29, 2012.

Based on a review of additional or clarifying information provided to Finance during the Meet and Confer process, Finance is revising the adjustment made in our previous LMIHF DDR determination letter. Specifically, we are revising the adjustment in the amount of \$998,545 because it was previously unclear that these obligations were housing related. It is now our understanding that LMIHF funds spent between July 2011 and January 2012 are housing related. Therefore, the LMIHF balances available for distribution to the taxing entities will be revised by \$998,545.

The oversight board resolution No. 0016 approving the DDR objected to the \$1,891,166 the licensed accountant stated was available for distribution to the affected taxing entities. During the Meet and Confer session, the Agency disputed the amount Finance determined to be available for distribution to affected taxing entities and asserts that the amount should be \$689,409. The oversight board adjustment is a result of a county auditor controller true up adjustment the Agency claims will cause a January through June 2013 Recognized Obligation Payment Schedule (ROPS) funding short fall. However, HSC section 34186 is intended to adjust for differences between estimated and actual expenditures from prior periods and should not contribute to current cash deficiencies. In addition, adjustments for pass through payments that are owed should not contribute to current cash deficiencies as prior property tax distributions were provided for these purposes.

The Agency's LMIHF balance available for distribution to the affected taxing entities has been revised to \$1,891,166 (see table below).

<b>LMIHF Balances Available For Distribution To Taxing Entities</b>	
Available Balance per DDR:	\$ 1,891,166
Finance Adjustments	
Add:	
Adjustment to the June 30, 2012 balance:	0
<b>Total LMIHF available to be distributed:</b>	<b>\$ 1,891,166</b>

This is Finance's final determination of the LMIHF balances available for distribution to the taxing entities. HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter and Finance's Housing Assets Transfer letter dated September 18, 2012 do not in any way eliminate the Controller's authority.

Mr. Tom Bachman  
December 15, 2012  
Page 3

Please direct inquiries to Kyle Le, Supervisor or Brian Dunham, Lead Analyst at  
(916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Denise Bates, Accounting Manager, City of West Covina  
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller  
California State Controller's Office



**DEPARTMENT OF  
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3708 ■ WWW.DOF.CA.GOV

December 17, 2012

Arlene Barrera, Division Chief  
Auditor-Controller Tax Division  
500 West Temple Street Room 484  
Los Angeles, CA 90012

Dear Ms. Barrera:

The California Department of Finance (Finance) has reviewed the adjustments proposed by the Los Angeles County Auditor-Controller's Office pursuant to Health and Safety Code section 34186 (a). As part of our review, Finance considered all supporting documentation provided by those Successor Agencies that disputed the adjustments calculated by your Office.

Pursuant to our review, Finance is authorizing the following reductions to the Redevelopment Property Tax Trust Fund monies provided to the identified Successor Agencies for the payment of Finance-approved Enforceable Obligations for the January 2013 through June 2013 Recognized Obligation Payment Schedule (ROPS III):

Successor Agency	Proposed Adjustment	Approved Adjustment
Alhambra	202,953	202,953
Arcadia	1,167,999	-
Artesia	254,336	-
Avalon	266,002	266,002
Azusa	316,564	316,564
Baldwin Park	830,428	830,428
Bell	132,098	132,098
Carson	4,940,343	4,940,343
Cerritos	1,565,786	1,565,786
Claremont	296,648	296,648
Commerce	2,623,648	2,623,648
Covina	462,097	-
Cudahy	335,407	335,407

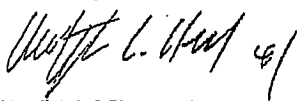
Culver City	11,559,393	11,559,393
Downey	100,000	100,000
Duarte	(32,186)	-
El Monte	(270,404)	-
Glendale	9,082,199	-
Glendora	1,355,902	1,355,902
Hawthorne	408,101	408,101
Industry Urban-	26,699	26,699
Inglewood	493,680	493,680
Irwindale	965,767	965,767
La Mirada	2,513,901	2,513,901
Lakewood	2,553,873	2,553,873
Lawndale	950,052	950,052
Long Beach	12,581,880	12,581,880
Los Angeles City	21,967,236	21,967,236
Lynwood	1,315,249	-
Montebello	3,304,303	3,304,303
Monterey Park	222,919	222,919
Norwalk	201,608	-
Paramount	809,295	809,295
Pasadena	11,181,893	11,181,893
Pico Rivera	33,249	-
Rancho Palos Verdes	83,186	-
Redondo Beach	485,022	485,022
Rosemead	20	20
San Dimas	33,207	33,207
San Fernando City	1,575,571	1,575,571



Santa Clarita	168,755	-
Santa Monica	7,511,352	7,511,352
Sierra Madre	262,154	262,154
Signal Hill	328,035	328,035
South El Monte	342,600	342,600
South Gate	48,162	48,162
Temple City	134,664	134,664
Torrance	48,000	48,000
Vernon	65,332	65,332
West Covina	1,453,446	1,453,446

Thank you for your attention to this matter. Please contact Chris Hill, Principal Program Budget Analyst, at (916) 445-1546 if you should have any questions or concerns.

Sincerely,



STEVE SZALAY  
Local Government Consultant



December 18, 2012

VIA EMAIL < Redevelopment Administration@dof.ca.gov >

California State Department of Finance  
Local Government Unit  
915 L Street  
Sacramento, CA 95814

Re: Payment Pursuant to Health & Safety Code Section 34179.6(f)

Dear Department of Finance:

The Successor Agency (the "Successor Agency") to the former West Covina Community Development Commission ("CDC") is in receipt of the Department of Finance's ("Finance") December 15, 2012, final determination letter pertaining to the "due diligence review" of the former CDC's Low and Moderate Income Housing Fund ("LMIHF"). (Health & Safety Code §§ 34179.5, 34179.6; Attachment A [Finance's Determination Letter, dated December 15, 2012].)

After completing the November 29, 2012 meet-and-confer session with the Successor Agency concerning Finance's initial determination that \$2,889,701 was available for allocation to the taxing entities, Finance has concluded that \$1,891,166 of the former CDC's LMIHF must be remitted by the Successor Agency.

Please be advised that, while the Successor Agency acknowledges the \$998,535 adjustment made by Finance, it continues to dispute Finance's final determination of amounts available for allocation to taxing entities on a number of grounds, including, but not limited to, the following:

- Finance has miscalculated the amount available for allocation to the taxing entities, resulting in a short fall of revenues available to fund enforceable obligations. Specifically, the Successor Agency has two expenditures from its LMIHF balance for payment obligations that accrued during the payment period concluding on June 30, 2012, but that would be paid after June 30, 2012, upon receipt of notice of final amounts due: (1) the Successor Agency paid \$497,980 to the county auditor-controller in satisfaction of the "true up" payment required by Section 34183.5; and (2) the Successor Agency is obligated to pay \$456,808 for outstanding pass-through payments to other taxing entities based on tax increment received for the period November 2011 through January 2012. In sum, though these expenditures were made during the July 1, 2012, through December 31, 2012 payment period, the payments were made in satisfaction of obligations accruing during the preceding payment periods. Finance's failure to account for the value of these expenditures in calculating amounts available for allocation to the taxing entities results in an equivalent funding shortfall for future payment periods.

- The Successor Agency disputes the constitutionality and legality of Health & Safety Code Sections 34177(d) and 34179.6(f), in that they require remittance of property taxes allocated to redevelopment agencies in violation of applicable Constitutional provisions.

Given that the Successor Agency has only five (5) working days in which to submit the identified amounts to the county auditor-controller before it and the City of West Covina are subject to numerous "remedies" for nonpayment (see Health & Safety Code Section 34179.6(h)), the Successor Agency intends to submit the required payment under protest, and without prejudice to the Successor Agency's right to recover such amount and interest thereon in the event future litigation ultimately determines, *inter alia*: (1) that Finance's interpretation and/or application Health & Safety Code Sections 34179.5 and 34179.6 is unlawful or otherwise invalid; and/or (2) that Health & Safety Code Sections 34177(d) and 34179.6(f) are unconstitutional, unlawful, or otherwise invalid.

Thank you for your attention to this matter.

Very truly yours,



Tom Bachman  
Assistant City Manager/Finance Director

cc: West Covina Oversight Board  
County Administrative Officer  
County Auditor-Controller

Attachment "A" – Finance's Determination Letter, dated December 15, 2012

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

**AGENDA REPORT**

Item No. V - A

Date: January 10, 2013

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

**FROM:** Christopher J. Chung, Executive Director

**BY:** Thomas Bachman, Finance Director

**SUBJECT:** DUE DILIGENCE REVIEW

**RECOMMENDED ACTION:**

It is recommended that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency:

1. Approve RESOLUTION OB-0021, A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE ALL OTHER FUNDS DUE DILIGENCE REVIEW PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.6, SUBJECT TO CERTAIN ADJUSTMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.
2. Authorize the Successor Agency to adjust the amount of the shortfall available for disbursement to affected taxing agencies as determined by the independent auditors by \$1,324,174 down to a shortfall of \$1,083,989.
3. Authorize the Executive Director to submit the Due Diligence Review with the adjustments to the Department of Finance and the County Auditor-Controller on behalf of the Oversight Board.

**DISCUSSION:**

Pursuant to AB 1484 (Health and Safety Code Section 34179.5), each successor agency must employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities. There were to be two separate reviews conducted under this legislation, one to determine the balances of the Low and Moderate Income Housing Fund (the "LMIHF") and another for all other funds of the successor agency.

Each review must determine the net balance and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities as of June 30, 2012 (the

"Due Diligence Review"). In summary, such amount is determined by determining the total value of assets and cash and cash equivalents in the LMIHF, and subtracting the following ("Restricted Assets"): (1) restricted funds, (2) assets that are not cash or cash equivalents, (3) amounts that are legally or contractually dedicated or restricted for the funding of an enforceable obligation, and (4) amounts that are needed to satisfy obligations that will be put on the Recognized Obligation Payment Schedule ("ROPS") for the current fiscal year. The Due Diligence Review documents the Restricted Assets and provides the respective amounts, sources and purposes for which the Restricted Assets should be retained.

The Successor Agency has previously conducted the LMIHF review and submitted it to the State Department of Finance ("DOF"). Health and Safety Code Section 34179.6 requires each successor agency by December 15, 2012 to provide to the oversight board, the county auditor-controller, the State Controller, and the DOF the results of the all other funds Due Diligence Review ("DDR-2") and specifically the amount of cash and cash equivalents determined to be available for allocation to the taxing entities. These requirements have been previously met. The Oversight Board also convened a public comment session on December 6, 2012 to take any public comment on this item.

Following the public comment session, the Oversight Board must review, approve, and transmit the Due Diligence Review to the state department of finance ("DOF") and the county auditor-controller by January 15, 2013. The oversight board may adjust any amount provided in the review to reflect additional information and analysis. The review and approval must occur in public sessions.

Section 34179.6 empowers the oversight board to authorize a successor agency to retain the Restricted Assets. The DOF must complete its review of the Due Diligence Review no later than April 1, 2013, and must notify the oversight board and the successor agency of its decision to overturn any decision of the oversight board to authorize a successor agency to retain Restricted Assets. The DOF must provide the oversight board and the successor agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the oversight board. The successor agency then has the option to meet and confer with DOF to discuss any modifications.

By April 20, 2013, the county auditor-controller must provide DOF a report specifying the amount submitted by each successor agency from the DDR-2, and specifically noting any successor agency that failed to remit the fully required amount. Upon full payment of the amounts determined in the Due Diligence Review and the subsequent review conducted for all other funds and accounts, payment of the "surplus" tax revenues due on July 12, 2012, and any unpaid or underpaid pass through payments owed for fiscal year 2011-12, DOF will issue to the successor agency a finding of completion of the requirements of Section 34179.6.

The accounting firm of White Nelson Diehl Evans was approved by the County Auditor-Controller and retained by the Successor Agency to conduct the DDR-2 and the report is attached as Attachment No. 1. Schedule 10 of the DDR-2 indicates that total non-housing assets of the Successor Agency are \$74,629,700. This amount includes not only the cash and receivables transferred from the former redevelopment agency, but also cash and investments of the Plaza Community Facilities District, bond reserve accounts, and RPTTF cash provided to the Successor Agency to fund ROPS II. Amounts transferred to the City for loan repayments between January 1, 2011 and January 31, 2012 are added to the total asset amount. These loan

repayments were paid via existing loan repayment schedules between the former redevelopment agency and the City and made prior to the dissolution of the redevelopment agency and the passage of AB 1484, which established the requirement to add these amounts back. Amounts deducted from the total asset amount include assets that are non-cash equivalents, assets legally restricted for debt payments, balances that are legally restricted for funding of enforceable obligations, balances that are needed to satisfy ROPS for the 2012-13 fiscal year, and amounts paid to the County Auditor-Controller as directed by DOF. These additions and deductions as shown on Schedule 10 in the report are summarized below:

Total Assets held by Successor Agency on June 30, 2012	\$ 74,629,700
Less assets legally restricted by debt covenants	( 18,228,790)
Less assets that are not cash equivalents	( 56,692,249)
Less balances legally restricted for enforceable obligations	( 680,368)
Less balances needed to satisfy 2012-13 ROPS	( 13,144,007)
Less True-up payment made to County Auditor-Controller	( 497,980)
Add loan repayments made to City	<u>12,205,531</u>
Amount/(shortfall) to be remitted to affected taxing entities	\$ (2,408,163)

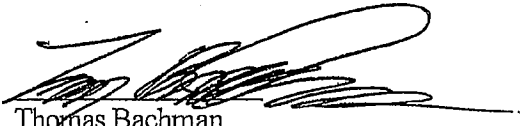
The additions and deductions are itemized in the various schedules in the attached report and referenced on Schedule 10 in the report. Schedule 10, which shows the net amount available to be distributed to affected taxing entities, shows there is a deficit amount of \$2,408,163.

Subsequent to the completion of DDR-2 and following the completion of the meet and confer process on the previously completed Housing Fund DDR, DOF ruled in favor of the City and reversed its preliminary determination to disallow \$998,545 of housing fund expenditures and add that amount back to the amount owed under that review. That amount was included in the \$13,144,007 amount on Schedule 9 that was determined as needed to be retained to satisfy 2012-13 ROPS. Additionally, the ROPS 1 reconciliation amount of \$1,779,075, also shown on Schedule 9 was adjusted by DOF down to \$1,453,446. Because of these two changes that occurred after completion of the DDR-2, the total amount on Schedule 9 that is needed to be retained to satisfy 2012-13 ROPS is reduced from \$13,144,007 to \$11,819,833. The shortfall is therefore reduced to \$1,083,989. Because a shortfall still exists, there is no amount available to be distributed to the taxing entities. The revised Schedule 10 of the DDR-2 is shown below.

Total Assets held by Successor Agency on June 30, 2012	\$ 74,629,700
Less assets legally restricted by debt covenants	( 18,228,790)
Less assets that are not cash equivalents	( 56,692,249)
Less balances legally restricted for enforceable obligations	( 680,368)
Less balances needed to satisfy 2012-13 ROPS	( 11,819,833)
Less True-up payment made to County Auditor-Controller	( 497,980)
Add loan repayments made to City	<u>12,205,531</u>
Amount/(shortfall) to be remitted to affected taxing entities	\$ (1,083,989)

Because a shortfall (negative balance) still exists, there is no amount available to remit to the affected taxing entities.

Prepared By:

A handwritten signature in black ink, appearing to read 'Thomas Bachman', written over a horizontal line.

Thomas Bachman  
Finance Director

**Attachment:**

- Attachment No. 1 – Due Diligence Review Report
- Attachment No. 2 – Resolution

## ATTACHMENT NO. 2

### RESOLUTION NO. OB - 0021

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY ACKNOWLEDGING THE RECEIPT OF THE DUE DILIGENCE REVIEW OF ALL OTHER FUNDS CONDUCTED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5

A. Health and Safety Code Section 34179.5 requires the Successor Agency to employ a licensed accountant, approved by the county auditor-controller, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities.

B. Health and Safety Code Section 34179.6 requires the Successor Agency to submit the results of the review conducted pursuant to Section 34179.5 for all other funds and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities (the "Due Diligence Review") to the Successor Agency's Oversight Board (the "Oversight Board") for the Oversight Board's review and approval.

C. The Successor Agency engaged a licensed accounting firm, White Nelson Diehl Evans, LLP, to prepare the Due Diligence Review after receiving approval from the Los Angeles County Auditor-Controller.

D. On December 6, 2012, the Oversight Board convened a public comment session, as required by Health and Safety Code Section 34179.6 (b), at least five (5) business days prior to the meeting to consider approval of the Due Diligence Review.

E. Pursuant to Health and Safety Code Section 34179.6(c), the Oversight Board is authorized to make certain adjustments to the Due Diligence Review to reflect the additional information and analysis, approve the adjusted Due Diligence Review, and authorize the Successor Agency to retain the assets and funds, if any, identified pursuant to subparagraphs (B) to (E), inclusive, of paragraph (5) of subdivision (c) of Section of 34179.5, as documented in the Due Diligence Review.

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency, as follows:

**SECTION 1.** The foregoing recitals are incorporated into this Resolution by this reference and constitute a material part of this Resolution.

**SECTION 2.** The Oversight Board of the City of West Covina hereby approves the Due Diligence Review of All Other Funds pursuant to Health and Safety Code Section 34179.6, subject to the following adjustments:

A. Adjust the Due Diligence Review to adjust the total amount necessary for retention to fund enforceable obligations by \$1,324,174 to \$11,819,833 (amount listed in on Schedule 9 of the White Nelson Diehl Evans Report) pursuant to Health and Safety Code Section 34179.6 (c).



**SECTION 3.** The Oversight Board hereby approves the resulting amount of a shortfall of \$1,083,989 (negative balance) that is available for distribution to the taxing entities.

**SECTION 4.** The Chairperson, or presiding officer, is hereby authorized to affix his or her signature to the Resolution signifying its adoption by the Oversight Board and the Oversight Board Secretary, or her duly appointed deputy, is directed to attest thereto.

**SECTION 5.** The Successor Agency Staff is authorized and directed to transmit this Resolution and written notice and supporting documentation regarding the actions taken by this Resolution, and specifically the determination of the amount of cash and cash equivalents in all other funds of the former redevelopment agency that are available for distribution to taxing entities, to the Department of Finance and the County Auditor-Controller on behalf of the Oversight Board.

**SECTION 6.** The Oversight Board Secretary shall certify to the approval and adoption of this Resolution, and it shall thereupon take effect and be in full force.

**APPROVED AND ADOPTED** this 10th day of January, 2013.

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Carrie Sutkin, Chairperson  
Oversight Board to the Successor Agency  
of the West Covina Redevelopment Agency

ATTEST

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Susan Rush, Secretary  
Oversight Board to the Successor Agency  
of the West Covina Redevelopment Agency

I, SUSAN RUSH, SECRETARY TO OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY, HEREBY CERTIFY that the foregoing resolution was duly adopted by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a special meeting held on the 23<sup>rd</sup> day of August, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Susan Rush, Secretary  
Oversight Board to the Successor Agency  
of the West Covina Redevelopment Agency

**SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY**

Independent Accountants' Report on Applying Agreed-Upon Procedures  
On the West Covina Redevelopment Agency's  
And  
The Successor Agency to the West Covina Redevelopment Agency's  
All Other Funds

Pursuant to California Health and Safety Code Section 34179.5

**SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS**

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- Schedule 1 - Listing of Assets Transferred to Successor Agency  
as of February 1, 2012
  - Schedule 2 - Transfers to the City of West Covina
  - Schedule 3 - Transfers to the West Covina Housing Authority
  - Schedule 4 - Reconciliation of Financial Transactions for the Periods Ended  
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  - Schedule 5 - Listing of Assets as of June 30, 2012
  - Schedule 6 - Unspent Bond Proceeds
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- Exhibit 1 - 1996 Bond Documents
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  - Exhibit 4 - Department of Finance Letter of Determination



**Independent Accountants' Report on Applying  
Agreed-Upon Procedures Related to All Other Funds**

Oversight Board of the Successor Agency  
to the West Covina Redevelopment Agency  
West Covina, California

We have performed the minimum required agreed-upon procedures (AUP) enumerated in Attachment A, which were agreed to by the California Department of Finance, the California State Controller's Office, the Los Angeles County Auditor-Controller, and the Successor Agency to the West Covina Redevelopment Agency (Successor Agency), (collectively, the Specified Parties), solely to assist you in meeting the statutory requirements of Health and Safety Code Section 34179.5 related to all other funds except for the Low and Moderate Income Housing Fund (All Other Funds) of the former West Covina Redevelopment Agency and the Successor Agency. Management of the Successor Agency is responsible for meeting the statutory requirements of Health and Safety Code Section 34179.5 related to All Other Funds. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures as set forth in Attachment A. Attachment A also identifies the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on whether the Successor Agency has met the statutory requirements of Health and Safety Code Section 34179.5 related to All Other Funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Oversight Board and management of the Successor Agency to the West Covina Redevelopment Agency, the California Department of Finance, the California State Controller's Office, and the Los Angeles County Auditor-Controller, and is not intended to be, and should not be, used by anyone other than these specified parties.

*White Nelson Diehl Evans LLP*  
Irvine, California  
December 3, 2012

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO ALL OTHER FUNDS

1. **Procedure:**

Obtain from the Successor Agency a listing of all assets that were transferred from All Other Funds of the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

**Finding:**

We agreed the amounts listed on Schedule 1 to the Successor Agency's accounting records without exceptions. The former redevelopment agency transferred \$72,509,945 in assets from All Other Funds to the Successor Agency as detailed in Schedule 1.

2A. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the former redevelopment agency to the city that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

**Finding:**

The former redevelopment agency transferred assets from All Other Funds as shown in Schedule 2 to the City of West Covina.

2B. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the Successor Agency to the city that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

**Finding:**

This procedure is not applicable as the Successor Agency did not make any transfers other than payments for goods and services to the City of West Covina from All Other Funds during the period from February 1, 2012 through June 30, 2012.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO ALL OTHER FUNDS

**2C. Procedure:**

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

**Finding:**

Schedule 2 shows the details of the legal documents or other legal requirements that formed the basis for the obligation that required the transfer. The transfers reported for the period January 1, 2011 through January 30, 2012 relate to legal agreements between the City of West Covina and the West Covina Redevelopment Agency. The identified legal agreements were not entered into within the first two years of the date of the creation of the West Covina Redevelopment Agency except the Funding Agreement dated February 28, 1972. Pursuant to Health and Safety Code Section 34171(d)(2), these legal agreements are not considered to be enforceable obligations and therefore, have been added back to the balance available for allocation to affected taxing agencies shown on Schedule 10.

**3A. Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

**Finding:**

This procedure is not applicable as the former redevelopment agency did not make any transfers to other public agencies or private parties other than payments for goods and services from All Other Funds during the period from January 1, 2011 through January 31, 2012.

**3B. Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from All Other Funds of the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and described in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO ALL OTHER FUNDS

**3B. Finding:**

The Successor Agency transferred assets from All Other Funds as shown in Schedule 3 to the West Covina Housing Authority. The transfers were for repayment of SERAF loans that were transferred to the housing successor (West Covina Housing Authority) on February 1, 2012. These amounts were reported on ROPS 1, Lines 8 and 9, and were approved by the Department of Finance. These payments were made after the Department of Finance's approval and before the passage of AB 1484. Health and Safety Code Section 34176(e)(6)(B), which was added with the passage of AB 1484, states that such loan repayments shall not be made prior to the fiscal year 2013-2014 and the maximum annual repayment beginning in the fiscal year 2013-2014 is limited by statutory formula.

**3C. Procedure:**

For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required the transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

**Finding:**

Schedule 3 shows the details for the enforceable obligation or other legal requirement supporting the transfers.

**4. Procedure:**

Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency for the fiscal periods ended June 30, 2010, June 30, 2011, January 31, 2012 and June 30, 2012. Ascertain that for each period presented, the total of revenues, expenditures and transfers account fully for the changes in equity from the previous fiscal period. Compare amounts for the fiscal period ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period. Compare the amounts for the other fiscal periods presented to the account balances in the accounting records or other supporting schedules.

**Finding:**

A reconciliation of the financial transactions of the Redevelopment Agency and the Successor Agency for the fiscal periods ended June 30, 2010, June 30, 2011, January 31, 2012 and June 30, 2012 is presented in Schedule 4.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO ALL OTHER FUNDS

5. **Procedure:**

Obtain from the Successor Agency a listing of all assets from All Other Funds as of June 30, 2012. Agree the assets on the listing to the accounting records of the Successor Agency.

**Finding:**

As of June 30, 2012, the Successor Agency's total assets related to All Other Funds of the former redevelopment agency amounted to \$74,629,700 as shown in Schedule 5.

6. **Procedure:**

Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that were restricted for the following purposes:

- unspent bond proceeds,
- grant proceeds and program income restricted by third parties, and
- other assets with legal restrictions.

6A. **Procedure - Unspent Bond Proceeds:**

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain the legal document that sets forth the restriction pertaining to these balances.

**Finding:**

As of June 30, 2012, the Successor Agency had \$6,023,259 in unspent bond proceeds as detailed in Schedule 6. The unspent bond proceeds are held by US Bank Trust for the reserve requirements on the 2002 Tax Allocation Revenue Refunding Bonds and the 1996 Special Tax Bonds. The bond documents restrict the use of these reserve funds for payment of bond debt service requirements.

6B. **Procedure - Grant Proceeds and Program Income Restricted by Third Parties:**

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation. Obtain a copy of the grant agreement that sets forth the restriction pertaining to these balances.



SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO ALL OTHER FUNDS

6B. **Finding:**

This procedure is not applicable as the Successor Agency's assets related to All Other Funds of the former redevelopment agency did not have grant proceeds and program income restricted by third parties as of June 30, 2012.

6C. **Procedure - Other Assets Considered to be Legally Restricted:**

Obtain the Successor Agency's computation of the restricted balances and trace individual components of this computation to related account balances in the accounting records or other supporting documentation. We obtained the legal document that sets forth the restriction pertaining to these balances.

**Finding:**

The Successor Agency believes that the funds that were added back to the balance available for allocation to affected taxing agencies on Schedule 10 for assets transferred to the City as identified in Schedule 2 are restricted. AB 1484 clarified that if the Successor Agency completes all actions required pursuant to Health and Safety Code Section 34179.7, the Department of Finance (DOF) must issue a Finding of Completions. Funds in the amount of \$12,205,531 are restricted pending the issuance of the Finding of Completion by the DOF. Upon issuance of the Finding of Completion by DOF, the funds would be disbursed to the City in compliance with the promissory notes and Section 34191.4. See Exhibit 3 for Successor Agency's legal opinion on this matter.

7. **Procedure:**

Obtain from the Successor Agency a listing of assets of All Other Funds of the former redevelopment agency as of June 30, 2012 that are not liquid or otherwise available for distribution and ascertain if the values are listed at either purchase cost or market value as recently estimated by the Successor Agency. For assets listed at purchased cost, trace the amount to a previously audited financial statement or other accounting records of the Successor Agency and note any differences. For any differences noted, inspect evidence of asset disposal subsequent to January 31, 2012 and ascertain that the proceeds were deposited into the Successor Agency's trust fund. For assets listed at recently estimated market value, inspect evidence supporting the value and note the methodology used.

**Finding:**

As of June 30, 2012, the Successor Agency's total assets related to All Other Funds of the former redevelopment agency that are not liquid amounted to \$56,692,249 as shown in Schedule 7. The amounts have been recorded at cost on the general ledger of the Successor Agency.

## SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

### ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS RELATED TO ALL OTHER FUNDS

#### 8A. Procedure:

If the Successor Agency identified that existing asset balances were needed to be retained to satisfy enforceable obligations, obtain an itemized schedule of asset balances (resources) as of June 30, 2012 that were dedicated or restricted for the funding of enforceable obligations. Compare the information on the schedule to the legal documents that formed the basis for the dedication or restriction of the resource balance in question. Compare all current balances which needed to be retained to satisfy enforceable obligations to the amounts reported in the accounting records of the Successor Agency or to an alternative computation. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule (ROPS) approved by the California Department of Finance. If applicable, identify any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

#### Finding:

As of June 30, 2012, the Successor Agency identified that existing asset balances were needed to be retained to satisfy enforceable obligations totaling \$680,368 as detailed in Schedule 8. These enforceable obligations were reported on ROPS 1 and have been incurred but not paid as of June 30, 2012. Payments of these obligations are scheduled after June 30, 2012. These enforceable obligations were not listed on the approved ROPS for the periods July 1, 2012 to December 31, 2012 (ROPS 2) and January 1, 2013 to June 30, 2013 (ROPS 3). Therefore, the Successor Agency believes that \$680,368 of existing asset balances need to be retained to satisfy these enforceable obligations.

#### 8B. Procedure:

If the Successor Agency identified that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that include a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements. Compare the enforceable obligations to those that were approved by the California Department of Finance for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012. Compare the forecasted annual spending requirements to the legal document supporting the enforceable obligation and obtain the Successor Agency's assumptions relating to the forecasted annual spending requirements. Obtain the Successor Agency's assumptions for the forecasted annual revenues. Disclose the major assumptions for the forecasted annual spending requirements and the forecasted annual revenues in this AUP report.

#### Finding:

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO ALL OTHER FUNDS

8C. **Procedure:**

If the Successor Agency identified that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain a schedule demonstrating this insufficiency. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement. Obtain the assumptions for the forecasted property tax revenues and other general purpose revenues and disclose them in this AUP report.

**Finding:**

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under this procedure.

8D. **Procedure:**

If Procedures 8A, 8B and 8C were performed, calculate the amount of unrestricted balances necessary for retention in order to meet enforceable obligations. Combine the amount identified as currently restricted balances and the forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations. Reduce the total resources available by the amount of forecasted annual spending requirements. Include the calculation in this AUP report.

**Finding:**

The unrestricted balances necessary for retention to meet enforceable obligations are detailed in Schedule 8. The Successor Agency does not expect any revenues to pay for these enforceable obligations.

9. **Procedure:**

If the Successor Agency identified that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should identify (a) any dollar amount of existing cash that was needed to satisfy the obligation, and (b) the Successor Agency's explanation as to why the Successor Agency believes that such balances were needed to satisfy the obligation. Include this schedule as an attachment to this AUP report.

9. **Finding:**

The Successor Agency has identified \$13,144,007 in cash balances be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 to June 30, 2013 as shown in Schedule 9.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS  
RELATED TO ALL OTHER FUNDS

10. **Procedure:**

Present a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Agencies. Amounts included in the calculation should agree to the results of the procedures performed above. Agree any deductions for amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance to evidence of payment.

**Finding:**

The schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Agencies is shown in Schedule 7. The computation shows that All Other Funds of the Successor Agency has a deficit of \$(2,408,163) and there are no amounts to be remitted to the County for disbursement to affected taxing agencies.

11. **Procedure:**

Obtain a representation letter from management of the Successor Agency acknowledging their responsibility for the data provided and the data presented in the report or in any schedules or exhibits to the report. Included in the representations is an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in this AUP report and its related schedules or exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

**Finding:**

No exceptions were noted as a result of this Procedure.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF ASSETS TRANSFERRED TO SUCCESSOR AGENCY

As of February 1, 2012

ASSETS	Total as of <u>February 1, 2012</u>
Cash and investments	\$ 7,863,313
Cash and investments with trustee (bond reserves)	6,018,260
Receivables:	
Accounts	894
Taxes	237,600
Interest	3,713
Assessments	35,870,000
Notes	14,671,967
Allowance for uncollectible notes	(14,671,967)
Land held for resale	<u>67,040</u>
 SUBTOTAL ASSETS (MODIFIED ACCRUAL)	 50,060,820
 Capital assets, net of accumulated depreciation	 <u>22,449,125</u>
 TOTAL ASSETS	 <u>\$ 72,509,945</u>

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

TRANSFERS TO THE CITY OF WEST COVINA

FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 2012:

Date of Transfer	Description of Transfer	Purpose of Transfer	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Transfer
1/31/2011	Repayment of loan	Payment of interest on note payable to the City of West Covina General Fund	\$ 8,333	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated June 15, 2010.
1/31/2011	Repayment of loan	Payment of interest on note payable to the City of West Covina General Fund	2,083	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated June 15, 2010.
1/31/2011	Repayment of loan	Payment of interest on note payable to the City of West Covina General Fund	2,500	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
1/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	20,833	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
1/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,666	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
2/28/2011	Repayment of loan	Payment of interest on note payable to the City of West Covina General Fund	8,333	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated June 15, 2010.
2/28/2011	Repayment of loan	Payment of interest on note payable to the City of West Covina General Fund	2,083	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated June 15, 2010.
2/28/2011	Repayment of loan	Payment of interest on note payable to the City of West Covina General Fund	2,500	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
2/28/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	20,833	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
2/28/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,667	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
3/10/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	2,002,688	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated June 15, 2010.
3/10/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	500,672	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated June 15, 2010.
3/31/2011	Repayment of loan	Payment of interest on note payable to the City of West Covina General Fund	1,210	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
3/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	10,083	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
3/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,666	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

TRANSFERS TO THE CITY OF WEST COVINA

FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 2012:

Date of Transfer	Description of Transfer	Purpose of Transfer	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Transfer
4/30/2011	Repayment of loan	Payment of interest on note payable to the City of West Covina General Fund	\$ 3,750	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
4/30/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	31,250	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
4/30/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,667	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
5/31/2011	Repayment of loan	Payment of interest on note payable to the City of West Covina General Fund	3,750	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
5/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	31,250	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
5/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,667	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
6/21/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	602,625	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
6/30/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	31,250	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
6/30/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,666	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
6/30/2011	Sales tax reimbursement	Payment of principal and interest on note payable to the City of West Covina General Fund	1,216,145	Sales tax reimbursement agreement between the City of West Covina and West Covina Redevelopment Agency dated July 25, 2005
7/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	31,250	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
7/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,667	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
8/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	31,250	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
8/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,666	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
9/30/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	31,250	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

TRANSFERS TO THE CITY OF WEST COVINA

FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 31, 2012:

Date of Transfer	Description of Transfer	Purpose of Transfer	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Transfer
9/30/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	\$ 191,667	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
10/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	31,250	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
10/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,666	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
11/30/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	31,250	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
11/30/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,667	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
12/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	31,250	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
12/31/2011	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,667	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
1/31/2012	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	5,024,194	Promissory note between the City of West Covina and West Covina Redevelopment Agency dated May 2, 2000.
1/31/2012	Repayment of loan	Payment of principal and interest on note payable to the City of West Covina General Fund	191,667	Funding agreement between the City of West Covina and West Covina Redevelopment Agency dated February 28, 1972.
<b>TOTAL TRANSFERS</b>			<u>\$ 12,205,531</u>	
<b>AMOUNT ADDED BACK TO BALANCE AVAILABLE FOR ALLOCATION TO AFFECTED TAXING AGENCIES</b>			<u>\$ 12,205,531 (A)</u>	

**NOTE:**

(A) Pursuant to Health and Safety Code Section 34171(d)(2), the legal agreements between the City of West Covina and the West Covina Redevelopment Agency that support these transfers are not considered to be enforceable obligations since they were not entered into within the first two years of the date of the creation of the West Covina Redevelopment Agency except for the Funding Agreement dated February 28, 1972.



SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

TRANSFERS TO THE WEST COVINA HOUSING AUTHORITY

FOR THE PERIOD FEBRUARY 1, 2012 THROUGH JUNE 30, 2012:

Date of Transfer	Description of Transfer	Purpose of Transfer	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Transfer
6/5/2012	Repayment of loan	Repayment of SERAF loan to the housing successor (West Covina Housing Authority)	\$ 1,632,327	Reported on ROPS 1, line 8 Approved by Department of Finance
6/5/2012	Repayment of loan	Repayment of SERAF loan to the housing successor (West Covina Housing Authority)	266,595	Reported on ROPS 1, line 9 Approved by Department of Finance

**NOTE:**

These SERAF loan repayments were reported on ROPS 1 and approved by the California Department of Finance. The above payments were made after the Department of Finance's approval and before the passage of AB 1484. Health and Safety Code Section 34176(e)(6)(B), which as added with the passage of AB 1484, states that such loan repayments shall not be made prior to the fiscal year 2013-2014 and the maximum annual repayment beginning in fiscal year 2013-2014 is limited by statutory formula.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

RECONCILIATION OF FINANCIAL TRANSACTIONS FOR THE PERIODS ENDED  
 JUNE 30, 2010, JUNE 30, 2011, JANUARY 31, 2012 AND JUNE 30, 2012

	(a) Redevelopment Agency 12 Months Ended 6/30/2010	(b) Redevelopment Agency 12 Months Ended 6/30/2011	(c) Redevelopment Agency 7 Months Ended 1/31/2012	(c) Successor Agency 5 Months Ended 6/30/2012
<b>Assets (modified accrual basis)</b>				
Cash and investments	\$ 22,100,140	\$ 19,451,226	\$ 9,967,638	\$ 12,994,293
Cash and investments with trustee	7,370,604	7,380,240	7,387,741	7,395,355
Accounts receivable	8,645	73,078	894	-
Assessments receivable	37,355,000	35,870,000	35,870,000	34,290,000
Taxes receivable	1,133,638	1,531,222	237,600	794,031
Interest receivable	34,166	22,443	3,713	4,940
Loans receivable, net of allowance for doubtful accounts	23,093,486	27,008,123	27,906,526	-
Prepaid items	209,547	199,159	185,694	5,480
Land held for resale	211,860	67,040	67,040	67,040
Interfund receivables	6,554,308	7,873,577	7,873,577	-
Due from the City of West Covina	77,050	-	-	48,558
<b>Total Assets</b>	<b>\$ 98,148,444</b>	<b>\$ 99,476,108</b>	<b>\$ 89,500,423</b>	<b>\$ 55,599,697</b>
<b>Liabilities (modified accrual basis)</b>				
Accounts payable	\$ 305,397	\$ 283,518	\$ 264,116	\$ 1,058,658
Accrued liabilities	48,159	416,165	706,559	3,864,383
Pass-through payable	1,017,606	1,272,662	-	-
Deposits payable	409,631	414,631	-	-
Interfund liabilities	6,554,308	7,873,577	7,873,577	-
Due to the City of West Covina	833,045	1,899,511	-	-
Due to West Covina Housing Authority	-	-	-	7,873,577
Deferred revenue	60,434,803	62,878,123	63,776,526	34,290,000
<b>Total Liabilities</b>	<b>69,602,949</b>	<b>75,038,187</b>	<b>72,620,778</b>	<b>47,086,618</b>
<b>Equity</b>	<b>28,545,496</b>	<b>24,437,922</b>	<b>16,879,645</b>	<b>8,513,079</b>
<b>Total Liabilities and Equity</b>	<b>\$ 98,148,445</b>	<b>\$ 99,476,109</b>	<b>\$ 89,500,423</b>	<b>\$ 55,599,697</b>
<b>Total Revenues</b>	<b>\$ 24,659,567</b>	<b>\$ 25,545,962</b>	<b>\$ 11,665,473</b>	<b>\$ 8,468,756</b>
<b>Total Expenditures</b>	<b>(31,189,499)</b>	<b>(29,653,536)</b>	<b>(19,223,750)</b>	<b>(8,647,779)</b>
<b>Total Other Financing Sources (Uses)</b>	<b>1,744,340</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Transfers to West Covina Housing Authority</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,187,543)</b>
<b>Net change in equity</b>	<b>(4,785,592)</b>	<b>(4,107,574)</b>	<b>(7,558,277)</b>	<b>(8,366,566)</b>
<b>Beginning Equity</b>	<b>33,331,088</b>	<b>28,545,496</b>	<b>24,437,922</b>	<b>16,879,645</b>
<b>Ending Equity</b>	<b>\$ 28,545,496</b>	<b>\$ 24,437,922</b>	<b>\$ 16,879,645</b>	<b>\$ 8,513,079</b>
<b>Other Information (show year end balances for all three years presented):</b>				
<b>Capital assets as of end of year</b>	<b>\$ 23,105,656</b>	<b>\$ 22,823,386</b>	<b>\$ 22,449,123</b>	<b>\$ 22,293,265</b>
<b>Long-term debt as of end of year</b>	<b>\$ 130,755,646</b>	<b>\$ 127,821,542</b>	<b>\$ 121,131,220</b>	<b>\$ 122,325,716</b>

(a) Agreed amounts to State Controller's Report and audited financial statements.

(b) Agreed amounts to audited financial statements.

(c) Agreed amounts to accounting records.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

## LISTING OF ASSETS

As of June 30, 2012

## ASSETS

Cash and investments	\$ 11,103,127
Cash and investments with trustee (bond reserves)	6,023,259
Receivables	
Taxes	794,031
Interest	4,940
Assessments	34,290,000
Notes	14,671,967
Allowance for uncollectible notes	(14,671,967)
Due from City of West Covina	48,558
Prepaid items	5,480
Land held for resale	<u>67,040</u>
 SUBTOTAL ASSETS (MODIFIED ACCRUAL)	 52,336,435
 Capital assets, net of accumulated depreciation	 <u>22,293,265</u>
 TOTAL ASSETS	 <u><u>\$ 74,629,700</u></u>

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

UNSPENT BOND PROCEEDS

	1996 Special Tax Bonds	2002 Revenue Refunding Bonds	Total
<b>Par Amount of Bonds</b>	\$ 51,220,000	\$ 12,200,000	\$ 63,420,000
Less: Original Issue Discount	(1,007,070)	(153,417)	(1,160,487)
Less: Underwriter's Discount	-	(152,500)	(152,500)
Add: Transfer from Refunded Bonds Funds and Accounts	4,410,000	2,194,229	6,604,229
<b>Bond Proceeds</b>	<u>54,622,930</u>	<u>14,088,312</u>	<u>68,711,242</u>
<b>Per Bond Transcripts</b>			
Less: Deposit to Cost of Issuance Fund	(1,078,891)	(335,350)	(1,414,241)
Less: Deposit to Reserve Fund	(5,002,670)	(996,532)	(5,999,202)
Less: Deposit to Refunding Bond Escrow	(48,541,369)	(12,756,430)	(61,297,799)
<b>Net Bond Funds</b>	<u>-</u>	<u>-</u>	<u>-</u>
Actual Current Balance ( <i>including interest and reserve funds</i> )	<u>\$ 5,002,670</u>	<u>\$ 1,020,589</u>	<u>\$ 6,023,259</u>

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

LISTING OF NONLIQUID ASSETS

As of June 30, 2012

ASSETS	Basis for Determining Value	Balance at June 30, 2012
Fair market value change in cash and investments	Fair Market Value	\$ 36,464
Prepaid costs	Cost	5,480
Assessments receivable	Estimate (B)	34,290,000
Notes receivables	Estimate (C)	14,671,967
Allowance for uncollectible notes	Estimate (C)	(14,671,967)
Land held for resale	Cost	67,040
Capital assets, net of accumulated depreciation	Net Book Value (D)	<u>22,293,265</u>
		<u>\$ 56,692,249</u>

NOTES:

- (A) The change in fair value of cash and investments was made at June 30, 2012. This is an accounting entry and the asset is not available for distribution.
- (B) Amount is based on total estimated lease payments over the term of the agreement.
- (C) Amount is based on damages, attorney fees and costs awarded to the former redevelopment agency under a foreclosure judgment in Superior Court. This amount is the result of a positive verdict in litigation against Hassan Imports Partnership and various related entities, stemming from breach of contract of various agreements. The Successor Agency is pursuing collection in federal bankruptcy court. The developer also filed an appeal of the judgment. Accordingly, the Successor Agency has setup an allowance equal to the amount of the note.
- (D) Net Book Value equals actual and estimated historical costs less estimated allowance for accumulated depreciation.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

CALCULATION OF UNRESTRICTED ASSET BALANCE FOR RETENTION

June 30, 2012

<u>Vendor/Payee</u>	<u>Purpose of Transactions</u>	<u>Amount</u>	<u>Enforceable Obligation/Other Legal Requirement Supporting Retention</u>
Wells Fargo Bank	Bond Trustee fees	\$ 14,896	Reported on ROPS 1, Line 1
Various	Pass-through payments	625,492	Reported on ROPS 1, Line 16
US Bank	Arbitrage liability	39,980	Bond documents
		<u>\$ 680,368</u>	

These enforceable obligations were reported on ROPS 1 and have been incurred but not paid as of June 30, 2012. Payments of these obligations are scheduled after June 30, 2012. These enforceable obligations were not listed on the approved ROPS for the periods July 1, 2012 to December 31, 2012 (ROPS 2) and January 1, 2013 to June 30, 2013 (ROPS 3). Therefore Successor Agency believes that \$680,368 of existing asset balances need to be retained to satisfy these enforceable obligations.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SCHEDULE OF CASH BALANCES FOR RETENTION TO MEET  
 ENFORCEABLE OBLIGATIONS IN FISCAL YEAR 2012-2013

Payee	Purpose of Transactions	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Retention
Cash balances needed to be retained for the funding of future enforceable obligations:			
US Bank	Scheduled debt service payment on 1999 tax allocation bonds	\$ 135,000	Bond documents Reported on ROPS 2, line 1
US Bank	Trustee fees	4,700	Reported on ROPS 2, line 1
Standard and Poor's	Rating agency fees	3,400	Reported on ROPS 2, line 1
Wells Fargo Bank	Bond fees	28,500	Reported on ROPS 2, line 1
US Bank	Scheduled debt service payment on 2002 tax allocation bonds	777,736	Bond documents Reported on ROPS 2, line 2
US Bank	Trustee fees	5,000	Reported on ROPS 2, line 2
US Bank	Scheduled debt service payment on 1996 Community Facilities District Refunding Bonds	2,798,700	Bond documents Reported on ROPS 2, line 3
Bank of New York	Scheduled debt service payment on 2002 tax allocation bonds	425,000	Bond documents Reported on ROPS 2, line 4
Bank of New York	Trustee fees	8,040	Reported on ROPS 2, line 4
Wells Fargo Bank	Bond fees	29,700	Reported on ROPS 2, line 4
City of West Covina	Lease payments on 2006 Lease Revenue Bonds	563,490	Bond documents Reported on ROPS 2, line 5
US Bank	Scheduled debt service payment on 1998 housing set aside bonds	327,229	Bond documents Reported on ROPS 2, line 6
US Bank	Trustee fees	3,500	Reported on ROPS 2, line 6
US Bank	Scheduled debt service payment on 2001 housing set aside bonds	588,217	Bond documents Reported on ROPS 2, line 7
US Bank	Trustee fees	3,500	Reported on ROPS 2, line 7
West Covina Housing Authority	Repayment of 2010 SERAF loan	816,164	Loan agreement Reported on ROPS 2, line 8
West Covina Housing Authority	Repayment of 2011 SERAF loan	133,298	Loan agreement Reported on ROPS 2, line 9
Gateway Crescent LLC	Developer agreement payment	135,000	Owner participation agreement Reported on ROPS 2, line 10

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
 AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

SCHEDULE OF CASH BALANCES FOR RETENTION TO MEET  
 ENFORCEABLE OBLIGATIONS IN FISCAL YEAR 2012-2013

Payee	Purpose of Transactions	Amount	Enforceable Obligation/ Other Legal Requirement Supporting Retention
Westfield and City of West Covina	Developer agreement payments	\$ 1,016,938	Owner participation agreement Reported on ROPS 2, line 11 (Actual amount based on available funds as of June 30, 2012)
City of West Covina	Reimbursement to Coasted Sage and Scrub Community Facilities District	37,419	Reported on ROPS 2, line 13
County of Los Angeles	Repayment of county loan	1,350,000	Loan agreement Reported on ROPS 2, line 16
City of West Covina	Administrative Allowance	250,000	Administrative Cost Allowance Reported on ROPS 2, line 18
Department of Finance	Low and Moderate Income Housing Fund Due Diligence Review Determination Letter Adjustment	998,545	See Exhibit 4 for copy of Department of Finance's Determination Letter Dated November 9, 2012
Various	(A)	925,856	(A)
Various	(B)	1,779,075	(B)
		<u>\$ 13,144,007</u>	

(A) The Los Angeles County did not receive the Department of Finance's approved ROPS II (for period July 1, 2012 to December 31, 2012) until after the June 1, 2012 payment for ROPS II was made. This resulted to an overpayment to the Successor Agency of \$925,856. The County notified that this will be adjusted accordingly in the January 2, 2013 distribution. This amount needs to be retained to enable the Successor Agency to pay enforceable obligations on ROPS for the period January 1, 2013 through June 30, 2013.

(B) Amount that will be deducted from the anticipated RPTTF funding for the ROPS for period January 1, 2013 through June 30, 2013. This is equal to the amount approved on ROPS for period January 1, 2012 through June 30, 2012 not expended during the six-month period. This amount needs to be retained to enable the Successor Agency to pay enforceable obligations on ROPS for period January 1, 2013 through June 30, 2013.



SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY  
AGREED-UPON PROCEDURES RELATED TO ALL OTHER FUNDS

## SUMMARY OF BALANCE AVAILABLE FOR ALLOCATION TO AFFECTED TAXING AGENCIES

As of June 30, 2012

Total amount of assets held by the Successor Agency as of June 30, 2012 - (Procedure 5)	\$ 74,629,700
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments - (Procedure 6)	(18,228,790)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (Procedure 7)	(56,692,249)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (Procedure 8)	(680,368)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year - (Procedure 9)	(13,144,007)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	(497,980)
Add the amount of any assets transferred to the City for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist - (Procedures 2 and 3)	<u>12,205,531</u>
Amount to be remitted to County for disbursement to affected taxing agencies	<u>\$ (2,408,163)</u>

**EXHIBIT 1**

**1996 BOND DOCUMENTS**

NEW ISSUE — BOOK-ENTRY ONLY

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*In the opinion of Rutan & Tucker, L.L.P., Costa Mesa, California, Bond Counsel, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal individual and corporate alternative minimum taxes, although it is included in certain income and earnings in computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "CONCLUDING INFORMATION — Tax Matters" herein.*

\$51,220,000

REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA  
COMMUNITY FACILITIES DISTRICT NO. 1989-1 (FASHION PLAZA)  
1996 SPECIAL TAX REFUNDING BONDS

Dated: August 1, 1996

Due: September 1, as shown on the inside front cover hereof

The Bonds are being issued to refund the Refunded Bonds (defined herein), which were issued to finance public parking facilities, street and other improvements (the "Public Improvements") located in or adjacent to the Redevelopment Agency of the City of West Covina Community Facilities District No. 1989-1 (Fashion Plaza) (the "District"). The Public Improvements were constructed in conjunction with the renovation and expansion of the West Covina Fashion Plaza/The Plaza at West Covina (the "Shopping Center") that was undertaken pursuant to the Owner Participation Agreement dated June 26, 1989 (as amended, the "OPA") between the Agency and CenterMark Properties of West Covina, Inc. (the "Developer"), as successor in interest to Sylvan S. Shulman Co./West Covina Associates. The District is located in the West Covina Redevelopment Project Area (the "West Covina Redevelopment Project Area") of the Redevelopment Agency of the City of West Covina (the "Agency").

Issuance of the Bonds is authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California), a resolution adopted by the Governing Board of the Agency (the "Board") acting as the legislative body of the District, and a Fiscal Agent Agreement dated as of July 1, 1996 (the "Fiscal Agent Agreement"), by and between the Agency and First Trust of California, National Association (the "Fiscal Agent") approved by resolution of the Board on behalf of the District and the Agency. The Bonds are payable from and secured by (i) Special Tax Revenues (as defined herein) derived from an annual Special Tax (as defined herein) to be levied on and collected from owners of property located within the District, (ii) certain Other Revenues (as defined herein) payable by the Agency and derived from certain activities within the Shopping Center, (iii) from certain other funds pledged under the Fiscal Agent Agreement, and (iv) funds held in the Reserve Fund. Except for the Other Revenues and funds pledged pursuant to the Fiscal Agent Agreement, no funds or properties of the Agency shall be pledged to, or otherwise be liable for, the principal of, premium (if any) and interest on the Bonds.

Pursuant to the terms of an Advancing Facility Agreement, dated as of July 1, 1996, by and among the Agency, the District, the Fiscal Agent and Bankers Trust Company (the "Liquidity Provider"), the Liquidity Provider has agreed to advance monies to the Fiscal Agent for deposit in the Bond Fund for the payment of principal, interest or a premium on the Bonds in the event amounts in the Bond Fund and the Reserve Fund are insufficient to make payments when due thereon, unless the Liquidity Provider deems such an advance to be a Nonrecoverable Advance (as defined herein). See "SECURITY FOR THE BONDS — Advancing Facility Agreement" herein.

The Bonds are being issued as fully registered bonds, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Interest on the Bonds is payable on March 1 and September 1 (each, an "Interest Payment Date"), commencing September 1, 1996. The Bonds will be issued only in book-entry form in denominations of \$5,000 or any integral multiple thereof. Principal of and interest and redemption premium, if any, on the Bonds will be payable by DTC through the DTC participants. See "THE BONDS — Book-Entry Only System" herein. Purchasers of the Bonds will not receive physical delivery of the Bonds purchased by them.

The Bonds are subject to mandatory redemption as provided herein. See "THE BONDS — Mandatory Redemption From Prepayments," and "— Mandatory Sinking Payment Redemption" herein.

THE FAITH AND CREDIT OF THE DISTRICT, THE AGENCY, THE CITY OF WEST COVINA, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS NOT PLEDGED TO THE PAYMENT OF THE BONDS. NO TAXES OR OTHER AMOUNTS, OTHER THAN THE REVENUES AND CERTAIN FUNDS HELD UNDER THE FISCAL AGENT AGREEMENT, AS DESCRIBED HEREIN, ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL, OR SPECIAL OBLIGATIONS OF THE AGENCY NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED BY THE DISTRICT OR THE AGENCY IN THE REVENUE FUND AS MORE FULLY DESCRIBED HEREIN.

See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of the risk factors that should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds.

*The following firm, serving as financial advisor to the Agency, has assisted in the structuring of this issue:*

PROJECT FINANCE ASSOCIATES

*The Bonds are offered when, as and if issued, and accepted by the Underwriters, subject to the approval as to their legality by Rutan & Tucker, L.L.P., Costa Mesa, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Fulbright & Jaworski L.L.P., Los Angeles, California and for the Agency by Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery on or about August 7, 1996.*

Smith Barney Inc.

Saybrook Capital Corp.

Dated: July 23, 1996.

MATURITY SCHEDULE

\$9,980,000 Serial Bonds

<u>Maturity September 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity September 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
1996	\$1,785,000	4.000%	4.000%	2002	\$ 805,000	5.000%	5.200%
1997	635,000	4.250	4.250	2003	855,000	5.000	5.300
1998	685,000	4.500	4.500	2004	905,000	5.100	5.400
1999	745,000	4.750	4.750	2005	1,005,000	5.125	5.500
2000	700,000	5.000	5.000	2006	1,105,000	5.250	5.600
2001	755,000	5.000	5.100				

\$ 3,885,000, 5.750% Term Bonds due September 1, 2009, Yield 6.000%  
 \$17,585,000, 6.000% Term Bonds due September 1, 2017, Yield 6.150%  
 \$19,770,000, 6.000% Term Bonds due September 1, 2022, Yield 6.200%  
 (Plus accrued interest)

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## OFFICIAL STATEMENT

\$51,220,000

### REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA COMMUNITY FACILITIES DISTRICT NO. 1989-1 (FASHION PLAZA) 1996 SPECIAL TAX REFUNDING BONDS

#### INTRODUCTION

This Official Statement, including the cover page and the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the Redevelopment Agency of the City of West Covina (the "Agency") for and on behalf of Community Facilities District No. 1989-1 (Fashion Plaza) (the "District") of \$51,220,000 aggregate principal amount of its 1996 Special Tax Refunding Bonds (the "Bonds").

Definitions of certain terms used in this Official Statement are set forth in APPENDIX A - "Summary of the Fiscal Agent Agreement" hereto. This Official Statement contains brief descriptions of, among other things, the Bonds, the Shopping Center, Security for the Bonds, Special Risk Factors, the District, the Agency, the Developer, and other information together with summaries of certain provisions of the Bonds, the Advancing Facility Agreement and the Fiscal Agent Agreement. Such descriptions and information do not purport to be comprehensive or definitive. All such descriptions are qualified in their entirety by reference to such documents, copies of which are available for inspection at the office of the Agency at West Covina City Hall, 1444 West Garvey Avenue South, West Covina, California 91793.

#### Authorization; Use of Proceeds

The Bonds will be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing at Section 53311, *et seq.*, of the California Government Code (the "Mello-Roos Community Facilities Act of 1982"), and a Fiscal Agent Agreement dated as of August 1, 1996 (the "Fiscal Agent Agreement"), executed by the Agency acting for and on behalf of the District in its capacity as the legislative body of the District, First Trust of California, National Association, as fiscal agent (the "Fiscal Agent") and the Agency, as pledgor of certain Other Revenues (as defined below). The proceeds of the Bonds will be used primarily to refund all of the Agency's currently outstanding Community Facilities District No. 1989-1 (Fashion Plaza) 1989 Special Tax Bonds (the "Refunded Bonds"). See "PLAN OF REFUNDING" herein. The remainder of the proceeds of the Bonds will be used to fund the Reserve Requirement (as defined herein) for the Bonds, and to pay costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS." The Refunded Bonds were issued to finance the acquisition and construction of certain public parking and other public improvements (the "Public Improvements") which were acquired and constructed in conjunction with the renovation and expansion of the West Covina Fashion Plaza/The Plaza at West Covina (the "Shopping Center"). The renovation and expansion have been completed. The construction of the Public Improvements is expected to be completed by August, 1996; approximately \$500,000 of the proceeds of the Refunded Bonds remain to be expended for that purpose. The renovation and expansion took place pursuant to the Owner Participation Agreement dated June 26, 1989 (the "OPA") between the Agency and Centermark Properties of West Covina, Inc. (the "Developer"), as successor in interest to Sylvan S. Shulman Co./West Covina Associates, a Delaware limited partnership. See "THE SHOPPING CENTER" herein.

## The Mello-Roos Community Facilities Act of 1982, the District and the Shopping Center

The Mello-Roos Community Facilities Act of 1982 was enacted by the California Legislature to provide an alternate method of funding certain public capital facilities and services. Once duly established, a community facilities district is a legally constituted governmental entity within defined boundaries, with the legislative body of the local agency acting on its behalf. Subject to approval by a two-thirds vote of the voting qualified electors of the community facilities district and compliance with provisions of the Mello-Roos Community Facilities Act of 1982, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Mello-Roos Community Facilities Act of 1982, the Governing Board of the Agency (the "Agency Board") adopted a resolution stating its intent to establish the District, to authorize the levy of special taxes (the "Special Taxes" or the "Special Tax") on land within the boundaries of the District, and to have the District issue the Refunded Bonds. Following a public hearing conducted pursuant to the Mello-Roos Community Facilities Act of 1982, the Agency Board adopted a resolution establishing the District (the "Resolution of Formation") and calling a special election to submit to the qualified electors of the District the propositions authorizing a levy of the Special Taxes and the incurring of bonded indebtedness. On August 21, 1989, at an election held pursuant to the Mello-Roos Community Facilities Act of 1982, the landowners who comprised the qualified electors of the District authorized the District to incur bonded indebtedness and approved the levy of Special Taxes pursuant to the Rate and Method of Apportionment of Special Taxes (the "Rate and Method"), which Special Taxes will be levied to pay the principal of, and interest on, the authorized bonded indebtedness. See "TAX AND REVENUE ANALYSIS - Rate and Method of Apportionment of Special Tax" herein.

The District consists of approximately 29.373 gross acres of land within the West Covina Redevelopment Project Area (the "West Covina Redevelopment Project Area") of the Agency. Of the 29.373 gross acres of the District, 22.174 acres are owned by the Developer, and the remainder is owned by six entities, including the Agency. See "THE DISTRICT - Property Ownership" herein. The District is developed with approximately 694,183 square feet of Building Area (as defined in the Rate and Method; see APPENDIX B - "Rate and Method of Apportionment of Special Tax" hereto) of the Shopping Center. The District boundaries encompass a portion of the Shopping Center. The Shopping Center consists of a two-level enclosed regional mall of approximately 1,092,643 square feet of retail space, and satellite buildings of approximately 109,400 square feet of retail space, which are not connected to the enclosed mall buildings. The Shopping Center is anchored by Macy's, Robinsons-May, J.C. Penney and Sears department stores. The District includes the Robinsons-May store, but does not include the other three anchor department stores. Federated Department Stores, parent company to the Bullock's chain, has announced its intent to convert all of the Bullock's stores to Macy's stores beginning in March, 1996. The Macy's store in the Shopping Center was converted from a Bullock's store on May 1, 1996. As a part of the Federated Department Stores' acquisition of the Broadway chain, an agreement has been reached with Sears wherein Sears will acquire certain former Broadway stores and convert them to Sears stores. Sears completed its acquisition of the former Broadway store at the Shopping Center in March, 1996, and plans to reopen the facility as a fully remodeled Sears store by November, 1996. See "THE SHOPPING CENTER" herein.



## Security and Sources of Payment for the Bonds

The Bonds are secured by Revenues, which consist of (i) the proceeds of the Special Taxes received by the Agency, including any scheduled payments and any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of Special Taxes to the amount of said lien and interest and penalties thereon (collectively, "Special Tax Revenues"); and (ii) the Sales Tax Revenues, Tax Increment Revenues, Park and Ride Revenues and Advances (all as defined herein), net of the Agency Withhold Amount (collectively, the "Other Revenues"). The "Agency Withhold Amount" is defined, on an annual basis, as the sum of (1) one-half of the amount by which (i) net debt service on the Refunded Bonds (taking into account interest earned on the Refunded Bond Reserve Fund and the application to debt service at final maturity of the balance of the Refunded Bond Reserve Fund), had they remained outstanding, exceeds (ii) net debt service on the Bonds (taking into account the fees payable to the Liquidity Provider, the interest earned on the Reserve Fund (less any rebate amount payable to the federal government in connection therewith) and the application to debt service at final maturity of the balance of the Reserve Fund), plus (2) in Fiscal Years 2002-03 through 2009-10 only, \$200,000. The Agency Withhold Amount is subject to reduction from time to time in an amount equal to the Agency Withhold Amount Adjustment, defined as an amount equal to the lesser of (i) Agency's Share of Savings, or (ii) the Tax Increment Revenues not deposited into the Revenue Fund by reason of the Agency's incurrence of obligations senior or equal in right of payment to the pledge of Tax Increment Revenues pursuant to the Fiscal Agent Agreement, in no event to exceed the Agency's Share of Savings for such year. The Agency Share of Savings is equal to one half of Net Debt Service Savings, as such term is defined in the Agreement Re: Debt Service Savings and Sales Tax Guarantee by and between the Agency and the Developer, dated June 27, 1996 (the "Sharing Agreement"). See "APPENDIX A - SUMMARY OF THE FISCAL AGENT AGREEMENT - Definitions Set Forth in the Sharing Agreement" and "SECURITY FOR THE BONDS - Other Revenues" herein. The Special Tax is payable with respect to a portion of the property located within the District only. The Sales Tax Revenues and the Tax Increment Revenues are calculated based on the entire Shopping Center. The Special Tax will be levied in each year to the extent that certain estimated amounts of Other Revenues and certain other monies provided for in the proceedings are not sufficient to pay all of the principal and interest due on the Bonds. See "TAX AND REVENUE ANALYSIS - Rate and Method of Apportionment of Special Tax" herein. The availability of the Other Revenues is subject to certain prior claims and other limitations thereon. See "SECURITY FOR THE BONDS - Other Revenues" herein.

All of the Bonds will be secured on a parity with each other pursuant to the terms of the Fiscal Agent Agreement and, subject to the limitations therein, by the Revenues, by all monies in the Bond Fund and the Reserve Fund, and by certain monies in the Revenue Fund created pursuant to the terms of the Fiscal Agent Agreement. Special Taxes levied by the District will be included on the regular property tax bills sent to the record owners of property within the District. The District has covenanted for the benefit of owners of the Bonds (the "Bondowners") that, under certain circumstances described herein, the District will commence judicial foreclosure proceedings with respect to delinquent Special Taxes on property within the District and will diligently pursue such proceedings to completion. See "SECURITY FOR THE BONDS - Special Tax Revenues" and "- Proceeds of Foreclosure Sales" herein.

As additional security for the Bonds, a Reserve Fund will be established out of the proceeds of the sale of the Bonds in an amount initially equal to \$5,002,670.40 (the "Reserve Requirement"). The Reserve Requirement is subject to reduction as a result of the reduction of the outstanding principal amount of Bonds due to mandatory redemption (other than mandatory sinking fund redemption) as provided in the Fiscal Agent Agreement. If the amount in the Reserve Fund is less than the Reserve Requirement, then the District has

covenanted to restore the amounts in the Reserve Fund to the Reserve Requirement, to the extent sufficient Special Taxes and Other Revenues are available. The monies in the Reserve Fund will be used only for the payment of principal of, including mandatory sinking fund payments and interest on, the Bonds if monies in the Bond Fund are insufficient therefor and in certain instances, the redemption or defeasance of the Bonds.

Pursuant to the terms of an Advancing Facility Agreement dated as of August 1, 1996 (the "Advancing Facility Agreement"), by and among the Agency, the Fiscal Agent, the District acting through the governing board of the Agency, and Bankers Trust Company (the "Liquidity Provider"), the Liquidity Provider has agreed to advance monies to the Fiscal Agent for deposit in the Bond Fund for the payment of principal, interest or premium on the Bonds in the event amounts in the Bond Fund and the Reserve Fund are insufficient to make payments when due thereon (the "Advances"), unless the Liquidity Provider deems such an Advance to be a Nonrecoverable Advance (as defined herein), in which case no Advance is required to be made. See "SECURITY FOR THE BONDS - Advancing Facility Agreement" herein.

The faith and credit of the District, the Agency, the City of West Covina, the State of California (the "State") or any political subdivision thereof, is not pledged to the payment of the Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. Except for the Other Revenues, no other revenues are pledged to the payment of the Bonds. The Bonds are not general or special obligations of the Agency nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District and the Agency in the Revenue Fund as more fully described herein.

See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for discussion of the special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds.

The fees of Bond Counsel, Underwriters' Counsel, Financial Advisor and the Fiscal Agent are contingent upon the issuance and delivery of the Bonds.

The owner of most of the Shopping Center is the Developer, CenterMark Properties of West Covina, Inc., a wholly-owned subsidiary of CenterMark Properties, Inc. ("CenterMark"). CenterMark is currently owned as follows: 53.3% by Westfield America Trust ("WAT"), an Australian public trust managed by an affiliate of Westfield Holdings Limited, an Australian public company ("WHL"), 18.6% by affiliates of WHL, 13.9% by GGP Limited Partnership ("GGP"), an affiliate of General Growth Properties Inc., a public real estate investment trust, 1.5% by Whitehall Street Real Estate Limited Partnership III ("Whitehall") and other investment funds organized and managed by Goldman, Sachs & Co., and 12.7% by other investors. WAT has agreed to acquire, in January, 1997, an additional 13.9% interest in CenterMark, at which time all of GGP's interest in CenterMark will be repurchased.

## THE BONDS

### Description of the Bonds

The Bonds when initially issued will be registered in the name of Cede & Co., as registered owner and nominee of DTC. So long as DTC, or its nominee Cede & Co., is the registered owner of all of the Bonds, all payments of principal of, interest and premium, if any, on the Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants and to the beneficial owners of the Bonds will be the responsibility of DTC. See "THE BONDS - Book-Entry Only System."

The Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the cover page of this Official Statement. The Bonds will be issued in denominations of \$5,000 each or any integral multiple thereof. The Fiscal Agent will maintain at its principal corporate trust office (the "Principal Office") books for the registration, exchange and transfer of the Bonds. See "THE BONDS - Registration of Exchange or Transfer" herein.

Interest on the Bonds other than at maturity or upon earlier redemption thereof will be payable semiannually on March 1 and September 1 of each year, commencing September 1, 1996 (each, an "Interest Payment Date"), by check mailed on each Interest Payment Date by first class mail to the registered owners whose names and addresses appear on the registration books of the Fiscal Agent as of the close of business on the fifteenth calendar day or the month preceding each Interest Payment Date (a "Record Date"), or by wire transfer to an account in the United States made on such Interest Payment Date upon written instructions of any owner of \$1,000,000 or more in aggregate principal amount of Bonds. Principal of and premium, if any, on the Bonds is payable in lawful money of the United States at maturity or redemption upon presentation and surrender thereof at the Principal Office of the Fiscal Agent.

The Bonds will be dated August 1, 1996 (the "Bond Date") and will bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on an Interest Payment Date in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Bond Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

#### No Optional Redemption

The Bonds are not subject to optional redemption.

#### Mandatory Redemption From Prepayments

All Bonds are subject to redemption prior to their stated maturities on any Interest Payment Date, in part, from Special Tax Revenues constituting prepayments of Special Taxes received during the six calendar month period ending sixty days prior to each such Interest Payment Date, in part, at a redemption price equal to 103% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

Concurrently with the mandatory redemption of Bonds from prepayments, the Reserve Requirement shall thereafter be equal to the lesser of the three amounts set forth in the definition of Reserve Requirement and the excess shall be applied as a credit toward the prepayment of Special Taxes by transfer to the Bond Fund.

#### Mandatory Sinking Payment Redemption

The Term Bonds maturing on September 1, 2009 are subject to mandatory sinking payment redemption in part on September 1, 2007, and on each September 1, thereafter to maturity, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Term Bonds Due September 1, 2009

<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount</u> <u>To Be Redeemed</u>
2007	\$1,200,000
2008	1,295,000
2009	1,390,000

\*Final maturity.

The Term Bonds maturing on September 1, 2017 are subject to mandatory sinking payment redemption in part on September 1, 2010, and on each September 1, thereafter to maturity, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Term Bonds Due September 1, 2017

<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount</u> <u>To Be Redeemed</u>	<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount</u> <u>To Be Redeemed</u>
2010	\$1,485,000	2014	\$2,340,000
2011	1,580,000	2015	2,515,000
2012	1,770,000	2016	2,790,000
2013	2,055,000	2017*	3,050,000

\*Final maturity.

The Term Bonds maturing on September 1, 2022 are subject to mandatory sinking payment redemption in part on September 1, 2018, and on each September 1, thereafter to maturity, by lot, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Term Bonds Due September 1, 2022

<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount</u> <u>To Be Redeemed</u>
2018	\$3,305,000
2019	3,555,000
2020	3,795,000
2021	4,125,000
2022*	4,990,000

\*Final maturity.

In lieu of mandatory sinking payment redemption, moneys in the Bond Fund may be used by the Fiscal Agent to purchase outstanding Bonds, as provided in the Fiscal Agent Agreement, at a price not in excess of the principal amount thereof, plus accrued interest.

#### Selection of Bonds for Redemption

Whenever less than all of the Bonds or any given portion thereof are to be redeemed (except pursuant to mandatory sinking payment redemption), the Fiscal Agent will select the Bonds to be redeemed from all Bonds or such given portion thereof not previously called for redemption, pro rata among maturities and by lot within a maturity in any manner which the Fiscal Agent deems appropriate and fair. Upon surrender of Bonds redeemed in part only, the Agency will execute and the Fiscal Agent will authenticate and deliver to the registered Owner, at the expense of the Agency, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

#### Notice of Redemption

The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent. Such a mailing, however, is not a condition precedent to redemption and failure to mail or to receive any notice, or any defect therein, does not affect the validity of the proceedings for the redemption of Bonds.

Mailed or published notices: (1) will state the redemption date and the redemption price and, (2) if less than all of the then Outstanding Bonds are to be called for redemption, designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed or will state that all Bonds between two stated Bond numbers, both inclusive, are being redeemed or that all of the Bonds of one or more maturities have been called for redemption, (3) will state as to any Bond called in part the principal amount thereof to be redeemed, (4) will require that the Bonds be surrendered at the Principal Office of the Fiscal Agent for redemption at the redemption price, and (5) will state that further interest on Bonds will not accrue from and after the redemption date.

#### Registration of Exchange or Transfer

The Bonds may be transferred or exchanged by the Owner or his duly authorized attorney upon presentation and surrender of the Bonds at the Principal Office of the Fiscal Agent. The Fiscal Agent, however, will not be required to register the transfer or exchange of any Bond (i) fifteen days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond that has been selected for redemption. The Fiscal Agent will collect from the Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer. The Fiscal Agent will deliver a new Bond or Bonds in an equivalent aggregate principal amount of authorized Bond denominations of the same maturity.

#### Mutilated, Lost, Destroyed or Stolen Bonds

If any Bond shall become mutilated, the Agency will execute and the Fiscal Agent will authenticate and deliver a new Bond or Bonds in replacement thereof in the same aggregate principal amount of the same interest rate and of the same maturity. In the case of a lost,

stolen or destroyed Bond, the Fiscal Agent may require satisfactory indemnification prior to authenticating a new Bond. The Agency and the Fiscal Agent may charge the owners of the Bonds for reasonable fees and expenses in connection with replacing mutilated, lost, or destroyed Bonds.

### Book-Entry Only System

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered bond will be issued for the Bonds, in the initial aggregate principal amount of such maturity, and will be deposited with DTC or its authorized agent.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing authority" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities bonds. Direct Participants include securities brokers and dealers, banks, trust companies, clearing authorities, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Transfers of Bonds under the DTC system must be made by or through Direct Participants, which will receive credit for the Bonds on DTC's records. The ownership interest of each actual owner of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in the beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on a payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Agency or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Agency cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

Bonds (the "Replacement Bonds") may be executed and delivered directly to owners of the Bonds other than DTC, or its nominee, but only in the event that (a) DTC determines not to continue to act as securities depository for the Bonds; or, (b) the Agency has advised DTC that it does not wish DTC to continue as securities depository; or, (c) the Agency has determined that interests of the Beneficial Owners might be adversely affected if the book-entry system of transfer is continued. Upon occurrence of any of the foregoing events the Agency may attempt to locate another qualified securities depository. If the Agency does not obtain another qualified securities depository to replace DTC, the Agency will have delivered Replacement Bonds, in certificate form. Principal and interest represented by the Replacement Bonds will be payable by check mailed to each owner of such Replacement Bond at the address of such owner as it appears in the register maintained by the Fiscal Agent. The interest represented by the Bonds will be payable on the respective Bond Payment Dates by check mailed by the Fiscal Agent to the Owner thereof.

#### **Additional Bonds**

No additional special tax bonds may be issued under the Resolution of Issuance and the Fiscal Agent Agreement. However, the Agency has reserved the right to issue bonds secured by a pledge of Tax Increment Revenues that is senior to or on a parity with the pledge of Tax Increment Revenues to the payment of debt service on the Bonds; provided that the Agency must first make a good faith determination, based on the report of an independent financial

consultant, that any additional senior or equal claim incurred by the Agency will not reduce the amount of Tax Increment Revenues that would have been deposited in the Revenue Fund under the Fiscal Agent Agreement absent such additional obligation of the Agency. In the event the Agency incurs such additional obligations with a lien on the Tax Increment Revenues senior or equal to that of the Bonds, and is unable therefore to deposit into the Revenue Fund all or any portion of the Tax Increment Revenues as required by the Fiscal Agent Agreement, the Agency Withhold Amount for such Fiscal Year shall be reduced in an amount equal to the Agency Withhold Amount Adjustment, up to an amount equal to the lesser of (1) the Tax Increment Revenues not deposited as required by the Fiscal Agent Agreement by reason of payments on such additional senior or equal lien obligations or (2) the Savings. See "SECURITY FOR THE BONDS - Other Revenues -- (ii) Tax Increment Revenues."

#### Discharge of Fiscal Agent Agreement

The Agency may pay and discharge the indebtedness on all or any portion of Bonds outstanding in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, and interest and any premium on, all or any portion of Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the Fiscal Agent Agreement, is fully sufficient to pay all or any portion of the Bonds Outstanding, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Fiscal Agent, in trust, Federal Securities in such amount as the Agency shall determine as confirmed by an independent certified public accountant will, together with the interest to accrue thereon and, in the case of a discharge of all the Outstanding Bonds, moneys then on deposit in the funds and accounts provided for in the Fiscal Agent Agreement, be fully sufficient to pay and discharge the indebtedness on all or any portion of the Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Upon such payment, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Revenues and other funds provided for in the Fiscal Agent Agreement and all other obligations of the Agency under the Fiscal Agent Agreement with respect to all or such defeased portion of the Bonds Outstanding will cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon.

#### PLAN OF REFUNDING

A portion of the proceeds of the Bonds will be deposited into the Escrow Fund for the purpose of refunding all of the Refunded Bonds, which are currently outstanding in the amount of \$44,480,000. The amounts held in the Escrow Fund will bear interest in such amounts and will be scheduled to mature at such times so that sufficient moneys will be available in the Escrow Fund to redeem the Refunded Bonds on the redemption date. The mathematical accuracy of certain computations relating to the adequacy of the amounts held in the Escrow Fund will be verified at the time of the delivery of the Bonds by Ernst & Young



LLP, Tucson, Arizona (the "Verification Agent"). See "CONCLUDING INFORMATION - Verification" herein.

### SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of funds from the Bonds (excluding accrued interest):

#### SOURCES AND USES OF FUNDS

Sources of Funds:

Principal Amount .....	\$51,220,000
Less Original Issue Discount .....	1,007,070
Transfer from Refunded Bonds funds and accounts .....	<u>4,410,000</u>
Total Sources .....	\$54,622,930

Uses of Funds:

Escrow Fund .....	\$48,541,369
Reserve Fund(1) .....	5,002,670
Costs of Issuance Fund(2) .....	<u>1,078,891</u>
Total Uses .....	\$54,622,930

(1) The initial Reserve Requirement will be deposited in the Reserve Fund upon Bond issuance.

(2) Costs of Issuance include Underwriters' discount, attorneys' fees, certain fees of the Liquidity Facility Provider, rating agency fees, and other costs of issuing the Bonds.

### DEBT SERVICE SCHEDULE

The following table presents the debt service schedule for the Bonds, assuming no redemptions other than mandatory sinking payment redemptions are made. Maximum annual debt service occurs in 2022, the year of final maturity of the Bonds.

**EXHIBIT 2**

**2002 BOND DOCUMENTS**

NEW ISSUE  
BOOK-ENTRY ONLY

RATING  
Standard & Poor's: AAA  
Moody's: Aaa

(See "CONCLUDING INFORMATION - Ratings on the Bonds" herein)

*In the opinion of Fulbright & Jaworski L.L.P., Los Angeles, California, Bond Counsel, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the tax covenant described herein, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986, as amended, from the gross income of the owners thereof for federal income tax purposes and is not an item of preference for purposes of the federal alternative minimum tax. See "LEGAL MATTERS - Tax Matters" herein.*

LOS ANGELES COUNTY

STATE OF CALIFORNIA

**\$12,200,000**

**REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA  
TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2002**

Dated: Date of Delivery

Due: September 1, As Shown Below.

The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "BONDHOLDERS' RISKS" herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

Interest on the Bonds is payable commencing on March 1, 2003, and semiannually thereafter on September 1 and March 1 of each year until maturity or earlier optional redemption. See "THE BONDS - General Provisions" and "THE BONDS - Redemption" herein.

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Bonds.



**MATURITY SCHEDULE**

**\$5,605,000 Serial Bonds**

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>	<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>
2003	\$ 85,000	1.75%	1.80%	2010	\$520,000	3.80%	3.95%
2004	205,000	2.10	2.20	2011	540,000	3.90	4.00
2005	210,000	2.50	2.50	2012	560,000	4.00	4.10
2006	215,000	2.75	2.90	2013	580,000	4.125	4.25
2007	470,000	3.00	3.10	2014	605,000	4.25	4.35
2008	485,000	3.40	3.55	2015	630,000	4.30	4.45
2009	500,000	3.60	3.70				

**\$6,595,000 5.10% Term Bonds due September 1, 2025 Price 98.388%**

The Bonds are payable solely from Tax Revenues of the Redevelopment Agency of the City of West Covina (the "Agency") as described herein and certain other funds held under the Indenture (see "SOURCES OF PAYMENT FOR THE BONDS," "BONDHOLDERS' RISKS" and "DEBT STRUCTURE" herein). It is anticipated that the Bonds will be available for delivery in New York, New York, on or about June 13, 2002 for deposit with The Depository Trust Company (see "THE BONDS - General Provisions - Book-Entry Only System" herein). The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Fulbright & Jaworski L.L.P., Los Angeles, California, Bond Counsel. Certain legal matters will be passed on for the Agency by Alvarez-Glasman & Colvin, West Covina, California, acting as counsel to the Agency and by Fulbright & Jaworski L.L.P., Los Angeles, California, as Disclosure Counsel.

*The date of the Official Statement is June 4, 2002*

**WULFF, HANSEN & CO.**

Established 1931

INVESTMENT BANKERS

No dealer, broker, salesperson or other person has been authorized by the Agency or the Financial Advisor to give any information or to make any representations in connection with the offer or sale of the Bonds described herein, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale or to any person to whom it is unlawful to make such offer, solicitation or sale.

In connection with the offering of the Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

#### **CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements," within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. In this respect, such forward-looking statements are generally identified by the use of words "estimate," "project," "plan," "budget," "anticipate," "expect," "intend," or "believe" or the negative thereof or other variations thereon or comparable terminology.

The achievement of certain results or other expectations contained in such forward-looking statements involves known or unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be significantly different than those expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, uncertainties relating to economic conditions, the effect of changes in the amounts and timing of receipt of revenues, the availability and sufficiency of Tax Incremental Revenues and/or Tax Revenues, change in circumstances adversely affecting the projected use of proceeds, and risks involving pertinent court decisions. The Agency does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based change. Potential investors are cautioned that such statements are only predictions and that actual events or results may differ materially. In evaluating such statements, potential investors should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by such forward-looking statements.

**REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA  
WEST COVINA, CALIFORNIA**

**AGENCY GOVERNING BOARD AND CITY COUNCIL**

Michael R. Touhey, *Chairman and Mayor*  
Steve Herfert, *Vice Chairman and Mayor Pro Tem*  
Michael Miller, *Boardmember and Councilmember*  
Shelley Sanderson, *Boardmember and Councilmember*  
Benjamin S. Wong, *Boardmember and Councilmember*

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**CITY AND AGENCY STAFF**

Andrew G. Pasmant, *Executive Director and City Manager*  
Artie Fields, *Assistant City Manager*  
Thomas E. Bachman, *Finance Director*  
Christopher J. Chung, *Redevelopment Director*  
Mike Lee, *Redevelopment Manager*  
Dennis Swink, *Controller*  
Janet M. Berry, *Agency Secretary and City Clerk*  
Marian Smithson, *City Treasurer*  
Arnold M. Alvarez-Glasman, *Agency General Counsel*

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**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Fulbright & Jaworski L.L.P.  
Los Angeles, California

**Financial Advisor**

Harrell & Company Advisors, LLC  
Orange, California

**Underwriter**

John C. Fitzgerald & Associates  
A division of Wulff, Hansen & Co.  
Los Angeles, California

**Fiscal Consultant**

HdL Coren & Cone  
Diamond Bar, California

**Trustee and Escrow Bank**

U.S. Bank, N.A.  
Los Angeles, California

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# OFFICIAL STATEMENT

\$12,200,000

## REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2002

This Official Statement which includes the cover page and appendices (the "Official Statement") is provided to furnish certain information concerning the sale of the Redevelopment Agency of the City of West Covina Tax Allocation Revenue Refunding Bonds, Series 2002 (the "Bonds"), in the aggregate principal amount of \$12,200,000.

### INTRODUCTION

*This Introduction contains only a brief description of this issue and does not purport to be complete. The Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision (see "BONDHOLDERS' RISKS" herein).*

#### The Issuer

**The Agency.** The Redevelopment Agency of the City of West Covina (the "Agency") is a public body, corporate and politic, existing under and by virtue of the Community Redevelopment Law of the State, constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State (the "Law"). The Agency was activated by the City Council of the City of West Covina in 1971. The City Council, at the same time, declared itself to be the members of the Agency and appointed the City Administrator to be the Agency's Executive Director (see "THE AGENCY" herein).

**The City.** The City of West Covina was incorporated in 1923 as a general law city. The City encompasses approximately 17 square miles within the San Gabriel Valley and is located in the northeast portion of the County of Los Angeles, 19 miles east of downtown Los Angeles (see "APPENDIX B - THE CITY OF WEST COVINA INFORMATION STATEMENT" herein).

#### Security and Sources of Repayment

**The Bonds.** The Bonds are issued and secured under an Indenture of Trust dated as of June 1, 2002 (the "Indenture"), by and between the Agency and U.S. Bank, N.A., as trustee (the "Trustee") (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" herein).

The Agency has pledged "Tax Revenues" for the repayment of the Bonds. "Tax Revenues" are defined in the Indenture to mean, for each Fiscal Year, the taxes (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Law in connection with the merged West Covina Redevelopment Project (the "Redevelopment Project") (referred to herein as "Tax Increment Revenues"), excluding (i) amounts if any, received by the Agency pursuant to Section 16111 of the California Government Code; (ii) amounts deposited by the Agency in the Low and Moderate Income Housing Fund pursuant to Section 33334.2 or 33334.6 of the Law; and (iii) amounts payable to entities other than the Agency under and pursuant to the Tax Sharing Agreements or otherwise required to be paid pursuant to Section 33607.5 or 33607.7 of the Law; as provided in the Redevelopment Plan. See "THE AGENCY - Low and Moderate Income Housing," "DEBT STRUCTURE," "APPENDIX G - FISCAL CONSULTANT'S REPORT" and "BONDHOLDERS' RISKS" herein).



**The Redevelopment Project.** A redevelopment plan for the Agency's Central Business District Redevelopment Project was adopted in 1971 and a redevelopment plan for the Agency's Eastland Redevelopment Project was adopted in 1975. The Redevelopment Project was created in December 1993 by amending and merging the Agency's Central Business District Redevelopment Project (referred to as the "Central Business District Subarea" herein) and the Eastland Redevelopment Project (referred to as the "Eastland Subarea" herein). At the same time, the Agency added new territory (referred to as the "1993 Project Amendment Subarea" herein). As amended, the Redevelopment Project encompasses 1,921 acres throughout the City. See "THE REDEVELOPMENT PROJECT" herein.

**The Bonds are limited obligations of the Agency. The Bonds do not constitute a debt or liability of the City of West Covina, the County of Los Angeles, the State of California or of any political subdivision thereof, other than the Agency. The Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of West Covina, the County of Los Angeles, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Agency has no taxing power.**

## **Purpose**

**The Bonds.** The Bonds are being issued to provide funds to enable the Agency to prepay all of the currently outstanding balance of the Agency's 1993 Loans and refund the outstanding West Covina Public Financing Authority's 1993 Revenue (Tax Allocation) Bonds (see "The Refunding Program" below), to establish a reserve account under the Indenture and to pay the expenses of the Agency in connection with the issuance of the Bonds (see "THE BONDS - Estimated Sources and Uses of Funds" herein).

## **The Refunding Program**

In 1993, the West Covina Public Financing Authority (the "Authority") issued its \$21,900,000 1993 Revenue (Tax Allocation) Bonds (the "1993 Bonds"), pursuant to an indenture of trust dated January 15, 1993 (the "1993 Indenture"). Proceeds of the 1993 Bonds were used to make two loans to the Agency, the "1993 Central Business District Loan" and the "1993 Eastland Loan." The 1993 Central Business District Loan and the 1993 Eastland Loan are referred collectively as the "1993 Loans."

The 1993 Central Business District Loan and the 1993 Eastland Loan are secured under separate loan agreements, each dated as of January 15, 1993 (the "1993 Central Business District Loan Agreement" and the "1993 Eastland Loan Agreement," respectively, and collectively, the "1993 Loan Agreements.") Pursuant to the 1993 Indenture and the 1993 Loan Agreements, the Agency pledged certain tax revenues of the Eastland Redevelopment Project to the repayment of the 1993 Eastland Loan and pledged certain tax revenues of the Central Business District Redevelopment Project to the repayment of the 1993 Central Business District Loan and consisting generally of tax increment revenues of each related redevelopment project, excluding amounts required to be deposited in the Agency's Low and Moderate Income Housing Fund and amounts payable under the Tax Sharing Agreements.

On the Delivery Date, a portion of the proceeds of the Bonds will be deposited in trust with the Trustee, as trustee under the 1993 Indenture. The deposit will be in an amount sufficient to pay the principal and interest due on the 1993 Loans and the corresponding 1993 Bonds on June 15, 2002 and to pay the redemption price with respect to the outstanding 1993 Loans and the 1993 Bonds on June 15, 2002. The lien of the 1993 Bonds created by the 1993 Indenture and the lien of the 1993 Loan Payments created by the respective 1993 Loan Agreements, including, without limitation, the pledge of the Tax Revenues pursuant to the 1993 Loan Agreements, will be discharged, terminated and of no further force and effect upon such deposit.

## The Bonds

**Redemption.** The Term Bonds are subject to mandatory redemption, without premium, prior to their maturity date, in part by lot on September 1 in each year commencing September 1, 2016 from Sinking Account payments under the Indenture, (see "THE BONDS - Redemption - Mandatory Sinking Account Redemption" herein).

The Bonds are also subject to optional redemption prior to maturity, in whole or in part, in a manner determined by the Agency, on September 1, 2012, and on any Interest Payment Date thereafter at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, plus a premium, as described herein (see "THE BONDS - Redemption - Optional Redemption" herein).

**Denominations.** The Bonds will be issued in the minimum denomination of \$5,000 each or any integral multiple thereof (see "THE BONDS - General Provisions" herein).

**Registration, Transfer and Exchange.** The Bonds will be issued in fully registered form without coupons. Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture (see "THE BONDS - General Provisions - Transfer or Exchange of Bonds" herein). When delivered, the Bonds will be registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee. DTC will act as securities depository for the Bonds. Individual purchases of Bonds will be made in book-entry form only and purchasers of the Bonds will not receive certificates representing their Bonds purchased (see "THE BONDS - General Provisions - Book-Entry Only System" herein).

**Payment.** Principal of the Bonds will be payable in each of the years and in the amounts set forth on the cover page hereof upon surrender at the corporate trust office or agency of the Trustee in St. Paul, Minnesota. Interest on the Bonds will be paid by check of the Trustee mailed on the applicable interest payment date by first class mail to the person entitled thereto (except as otherwise described herein for interest paid to an account in the United States of America by wire transfer as requested in writing no later than the applicable Record Date by an owner of \$1,000,000 or more in aggregate principal amount of Bonds) (see "THE BONDS - General Provisions" herein). Initially, interest on and principal and premium, if any, of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest, principal and premium, if any, to DTC Participants (as defined herein), which will in turn remit such interest, principal, and premium, if any, to Beneficial Owners (as defined herein) of the Bonds (see "THE BONDS - General Provisions - Book-Entry Only System" herein).

**Notice.** Notice of any redemption will be mailed by first class mail by the Trustee at least thirty (30) but no more than sixty (60) days prior to the dated fixed for redemption to the registered owners of any Bonds designated for redemption and to the Securities Depositories and Information Services provided in the Indenture. Neither failure to receive such notice nor any defect in the notice so mailed will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of accrual of interest on the redemption date (see "THE BONDS - Redemption - Notice of Redemption" herein).

## Legal Matters

All legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of Fulbright & Jaworski L.L.P., Los Angeles, California, Bond Counsel. Such opinion, and certain tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, are described more fully under the heading "LEGAL MATTERS" herein. Certain legal matters will be passed on for the Agency by Alvarez-Glasman & Colvin, West Covina, California and by Fulbright & Jaworski L.L.P., Los Angeles, California, as Disclosure Counsel.

## **Professional Services**

U.S. Bank, N.A. will serve as trustee (the "Trustee") under the Indenture. The Trustee will act on behalf of the Bondholders for the purpose of receiving all moneys required to be paid to the Trustee, to allocate, use and apply the same, to hold, receive and disburse the Tax Revenues and other funds held under the Indenture, and otherwise to hold all the offices and perform all the functions and duties provided in the Indenture to be held and performed by the Trustee.

Harrell & Company Advisors, LLC, Orange, California, Financial Advisor, advised the Agency as to the financial structure and certain other financial matters relating to the Bonds. Fees payable to Bond Counsel, Disclosure Counsel and the Financial Advisor are contingent upon the sale and delivery of the Bonds.

HdL Coren & Cone, Diamond Bar, California, Fiscal Consultant, prepared the Fiscal Consultant's Report attached hereto as "APPENDIX G."

The Agency's financial statements for the fiscal year ended June 30, 2001, attached hereto as "APPENDIX C" have been audited by Caporicci, Cropper & Larson LLP, Certified Public Accountants, Irvine, California. The Agency's audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor. Accordingly, the auditor has not performed any post-audit of the financial condition of the Agency.

## **Offering of the Bonds**

**Authority for Issuance.** The Bonds are to be issued and secured pursuant to the Indenture, as authorized by a resolution of the Agency adopted on May 7, 2002, and the Law.

**Offering and Delivery of the Bonds.** The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Fulbright & Jaworski L.L.P., Los Angeles, California, Bond Counsel. It is anticipated that the Bonds will be available for delivery in New York, New York, on or about June 13, 2002.

## **Information Concerning this Official Statement**

This Official Statement has been prepared by the Agency with the assistance of the Financial Advisor, and speaks only as of its date. The information set forth herein has been obtained by the Agency from sources which are believed to be reliable and such information is believed to be accurate and complete, but such information is not guaranteed as to accuracy or completeness, nor has it been independently verified and is not to be construed as a representation by the Financial Advisor, Disclosure Counsel or the Underwriter. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended as such and are not to be construed as representations of fact. The information and expressions of opinion herein are subject to change without notice and the delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the Agency since the date hereof.

**Availability of Legal Documents.** The summaries and references contained herein with respect to the Indenture, the Bonds and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the documents described herein are available for inspection during the period of initial offering of the Bonds at the offices of the Financial Advisor. Copies of these documents may be obtained after delivery of the Bonds at the corporate trust office of the Trustee, U.S. Bank, N.A., Los Angeles, California or from the Agency at 1444 West Garvey Avenue, West Covina, California 91790, telephone (626) 814-8417.

# THE BONDS

## General Provisions

**Repayment of the Bonds.** Interest is payable on the Bonds at the rates per annum set forth on the cover page hereof. Interest with respect to the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

Interest on the Bonds will be payable on September 1 and March 1 of each year (each an "Interest Payment Date"), commencing March 1, 2003, and thereafter from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date; (ii) it is authenticated on or before February 15, 2003 in which event it shall bear interest from the Date of Delivery; or (iii) interest on such Bond is in default as of the date of authentication, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

**Book-Entry Only System.** The following description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments with respect to the Bonds to Participants or Beneficial Owners (as such terms are defined herein), confirmation and transfer of beneficial ownership interests in such Bonds and other related transactions by and between DTC, the Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial

Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Agency or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, but neither the Agency, the Underwriter nor the Financial Advisor take responsibility for the accuracy thereof.

**Discontinuance of Book-Entry Only System.** DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture. The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered as described in the Indenture. In addition, the following provisions shall apply: interest with respect to the Bonds will be payable by check of the Trustee mailed

by first class mail on the applicable Interest Payment Date to the Owners thereof provided that in the case of an Owner of \$1,000,000 or greater in principal amount of Outstanding Bonds, such payment may, at such Owner's option, be made by wire transfer in immediately available funds to an account in the United States of America in accordance with written instructions provided prior to the applicable Record Date to the Trustee by such Owner. The Owners of the Bonds shown on the Registration Books on the Record Date for the Interest Payment Date will be deemed to be the Owners of the Bonds on said Interest Payment Date for the purpose of the paying of interest. Principal of the Bonds and any premium upon early redemption will be payable upon presentation and surrender thereof, at the corporate trust office of the Trustee in St. Paul, Minnesota.

**Transfer or Exchange of Bonds.** Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture, upon surrender of such Bond for cancellation at the corporate trust office of the Trustee in St. Paul, Minnesota. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds for like aggregate principal amount of like maturity. The Trustee may require the payment by the Bondholder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee is not permitted to transfer or exchange any Bonds or portions thereof during the period established by the Trustee for selection of Bonds for redemption, or any Bonds selected for redemption.

## Estimated Sources and Uses of Funds

Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and certain funds on deposit with the 1993 Trustee, and will apply them as follows:

### Sources of Funds

Principal Amount of Bonds	\$12,200,000.00
Underwriter's Discount	(152,500.00)
Original Issue Discount	(153,416.90)
Funds on deposit with the 1993 Trustee	<u>2,194,229.00</u>
Total Available Funds	<u>\$14,088,312.10</u>

### Uses of Funds

Redemption of 1993 Bonds	\$12,756,430.00
Reserve Account <sup>(1)</sup>	996,532.50
Costs of Issuance Fund <sup>(2)</sup>	<u>335,349.60</u>
Total Use of Funds	<u>\$14,088,312.10</u>

<sup>(1)</sup> An amount equal to the Reserve Requirement for the Bonds (see "SOURCES OF PAYMENT FOR THE BONDS - Reserve Account" herein).

<sup>(2)</sup> Expenses include fees of Bond Counsel, the Financial Advisor, Disclosure Counsel, Trustee, costs of printing the Official Statement, bond insurance premium and other costs of issuance of the Bonds.

## Scheduled Debt Service on the Bonds

<u>Bond Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
September 1, 2003	\$ 85,000.00	\$ 659,235.63	\$ 744,235.63
September 1, 2004	205,000.00	540,350.00	745,350.00
September 1, 2005	210,000.00	536,045.00	746,045.00
September 1, 2006	215,000.00	530,795.00	745,795.00
September 1, 2007	470,000.00	524,882.50	994,882.50
September 1, 2008	485,000.00	510,782.50	995,782.50
September 1, 2009	500,000.00	494,292.50	994,292.50
September 1, 2010	520,000.00	476,292.50	996,292.50
September 1, 2011	540,000.00	456,532.50	996,532.50
September 1, 2012	560,000.00	435,472.50	995,472.50
September 1, 2013	580,000.00	413,072.50	993,072.50
September 1, 2014	605,000.00	389,147.50	994,147.50
September 1, 2015	630,000.00	363,435.00	993,435.00
September 1, 2016	660,000.00	336,345.00	996,345.00
September 1, 2017	690,000.00	302,685.00	992,685.00
September 1, 2018	725,000.00	267,495.00	992,495.00
September 1, 2019	765,000.00	230,520.00	995,520.00
September 1, 2020	800,000.00	191,505.00	991,505.00
September 1, 2021	535,000.00	150,705.00	685,705.00
September 1, 2022	560,000.00	123,420.00	683,420.00
September 1, 2023	590,000.00	94,860.00	684,860.00
September 1, 2024	620,000.00	64,770.00	684,770.00
September 1, 2025	<u>650,000.00</u>	<u>33,150.00</u>	<u>683,150.00</u>
	\$ 12,200,000.00	\$ 8,125,790.63	\$ 20,325,790.63



## **SOURCES OF PAYMENT FOR THE BONDS**

### **Pledge of Tax Revenues**

The Agency has irrevocably pledged the Tax Revenues, as defined herein, to the repayment of the Bonds. Such pledge is secured by a security interest in and lien on the Tax Revenues created by the Indenture. Such Tax Revenues consist of that portion of tax increment revenues allocated to the Redevelopment Project pursuant to Section 33670 of the Law ("Tax Increment Revenues"), excluding that portion of such Tax Increment Revenues consisting of: (i) amounts, if any, received by the Agency pursuant to Section 16111 of the California Government Code; (ii) amounts required to be deposited in the Agency's Low and Moderate Income Housing Fund; and (iii) amounts required to be paid pursuant to the Tax Sharing Agreements or otherwise to be paid pursuant to Section 33607.5 or 33607.7 of the Law. See "THE AGENCY - Low and Moderate Income Housing," "APPENDIX G - FISCAL CONSULTANT'S REPORT," "DEBT STRUCTURE - Outstanding Indebtedness of the Agency" and "BONDHOLDERS' RISKS" herein. The Tax Revenues are pledged to the payment of principal of and interest on the Bonds and any future parity debt pursuant to the Indenture, until the Bonds and any future parity debt have been paid, or until moneys have been set aside irrevocably for that purpose. The Trustee will covenant to exercise such rights and remedies as may be necessary to enforce the payment of the Tax Revenues when due under the Indenture and otherwise to protect the interests of the Bondholders in the event of default by the Agency.

**The Bonds are limited obligations of the Agency. The Bonds do not constitute a debt or liability of the City of West Covina, the County of Los Angeles, the State of California or of any political subdivision thereof, other than the Agency. The Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of West Covina, the County of Los Angeles, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Agency has no taxing power.**

### **Reserve Account**

A Reserve Account has been established under the Indenture to be held by the Trustee to further secure the timely payment of principal of and interest on the Bonds. The amount to be maintained in the Reserve Account is an amount determined on the issuance of the Bonds to be equal to the Maximum Annual Debt Service on the Bonds (the "Reserve Requirement"). In the event that the Agency fails to deposit with the Trustee the full amount required by the Indenture to pay principal and interest due on the Bonds, the Trustee will withdraw from the Reserve Account, the difference between the amount required to be on deposit and the amount available on such date. The Indenture provides that in lieu of a cash deposit, the Agency may satisfy the Reserve Requirement by means of a Qualified Reserve Account Credit Instrument, which consists of a qualifying surety bond or letter of credit (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" herein).

### **Financial Guaranty Insurance**

#### **Payment Pursuant to Financial Guaranty Insurance Policy**

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on

**EXHIBIT 3**

**LEGAL OPINION ON RESTRICTED ASSETS**



ALVAREZ-GLASMAN & COLVIN

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December 3, 2012

WHITE NELSON DIEHL EVANS LLP  
Certified Public Accountants & Consultants  
2875 Michelle Drive, Suite 300  
Irvine, California 92606

Re: Legal Opinion Regarding West Covina Successor Agency All Fund Due  
Diligence Review

To Whom It May Concern:

We act as General Counsel to the West Covina Successor Agency ("Successor Agency"), and advise the Successor Agency in all aspects of the "winding down" process of the former Community Redevelopment Commission of the City of West Covina ("CDC"), as that process is contemplated by Assembly Bills 1x26 and 1484 ("Dissolution Act").

This correspondence addresses the "all other fund due diligence review" ("DDR") of the former CDC assets and funds required by Health & Safety Code<sup>1</sup> Section 34179.5, and offers a legal opinion as to the cash and cash balances of the former CDC that are available for allocation to the taxing entities. Specifically, we address certain cash transfers totaling \$12,205,531 made by the CDC to the City of West Covina ("City") between January 1, 2011, and January 31, 2012 ("CDC-City Transfers"), and discuss whether said transfers should be included in amounts available for allocation to the taxing entities. As set forth in detail below, it is the opinion of this Office that such transfers represent funds that are pledged and/or restricted to satisfaction of "enforceable obligations" of the former CDC, and thus are not available for distribution to the taxing entities as contemplated by Section 34177(d).

#### BACKGROUND

AB 1484 instituted the DDR process to identify the "unobligated balances" of former redevelopment agency funds available for allocation to the taxing entities. (§ 34179.5(a).)

To that end, Section 34179.5 sets forth specific procedures to be followed in completing the DDR, including, as relevant here, identifying the dollar value of cash transferred after January 1, 2011, through June 30, 2012, by the former redevelopment agency or the successor agency to the city that created the redevelopment agency, and identification of the purpose of each transfer. (§ 34179.5(c)(2).) If any such transfer was not made pursuant to an "enforceable obligation," the Dissolution Act directs the value of that transfer be added to the amount available for allocation to the taxing entities. (§ 34179.5(c)(6).)

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<sup>1</sup> All future statutory references herein are to California's Health & Safety Code.

An "enforceable obligation" for purposes of the DDR includes "any item listed in subdivision (d) of Section 34171..." (§ 34179.5(a)(2).) Section 34171(d) defines "enforceable obligations" as including, *inter alia*, city-redevelopment agency loan agreements entered into within two (2) years of the formation of the agency, and written agreements entered into at the time of issuance and to secure "indebtedness obligations."<sup>2</sup> (§ 34171(d)(2).) Although Section 34171(d)(1) excludes city-redevelopment agency contracts from the definition of "enforceable obligations," Section 34191.4 overrides this with reference to loan agreements between the entities, which are "enforceable obligations" provided they had a valid redevelopment purpose.<sup>3</sup>

In accordance with the mandate to identify redevelopment agency-city fund transfers, the DDR of the former CDC will identify \$12,205,531 in cash transfers made from the CDC to the City between January 1, 2011, and January 31, 2012. These transfers were made pursuant to the standard repayment schedule established for retiring the debt service obligations owed by the CDC on four (4) separate loan agreements with the City.

Specifically, the first such agreement is a Funding Agreement executed February 28, 1972, pursuant to which the City advanced monies on a revolving basis to the CDC as needed to fund administrative costs and capital improvement projects of the CDC (hereinafter the "Funding Agreement Loan"). The Funding Agreement Loan deems all such City advances loans that the CDC is obligated to repay, and the CDC has been making regular payments due to the City thereunder since approximately 1991.<sup>4</sup>

The second is a 2005 Sales Tax Reimbursement Agreement between the CDC and the City, which restated and restructured the payment obligations of the CDC under a 1989 Reimbursement Agreement ("Sales Tax Loan"). The 1989 Reimbursement Agreement was executed contemporaneously with a 1989 Community Facilities District bond issuance (the bond proceeds were used to fund certain capital improvement projects of the CDC), and was a material component of the bond issuance. Namely, to secure the debt service obligations on the bonds, the City and CDC adopted respective sales tax ordinances, under which the City shifted to the CDC certain sales tax revenues that otherwise would have been realized by the City, and such sales tax revenues were pledged by the CDC in satisfaction of the bonds. The Sales Tax Loan requires the CDC to repay the City for the sales tax revenues realized by the CDC and applied to the bonds.<sup>5</sup>

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<sup>2</sup> "Indebtedness Obligations" is defined as including bonds. (§ 34171(e).)

<sup>3</sup> Section 34191.4 commands that such agreements "shall" be "enforceable obligations" if they had a valid redevelopment purpose (a finding the oversight board is required to make), and that such agreements qualify for repayment in fiscal year 2013-14.

<sup>4</sup> Amounts owed by the CDC under the Funding Agreement are identified on the Recognized Obligations Payment Schedule covering January through June, 2013 ("ROPS III"), at Items 23, 24, and 25. These items are currently the subject of a pending meet-and-confer between the Successor Agency and the Department of Finance, in which the parties are discussing whether these items qualify for repayment now under Section 34171(d)(2), or whether repayment is contingent on a finding of completion. Notably, there is no dispute as to whether these loans were executed and performed by the parties, or whether they had a valid redevelopment purpose. As such, as explained in more detail below, the loan is an "enforceable obligation" of the former CDC, with the only issue being the timing of its repayment.

<sup>5</sup> The Sales Tax Reimbursement Agreement is listed as Item 26 on the Successor Agency's ROPS III. Like the Funding Agreement, there is an ongoing meet-and-confer with the Department of Finance as to whether this agreement qualifies for repayment now under Section 34171(d)(2), or whether repayment is delayed pending a finding of completion.

The third agreement is a 2000 Financing Agreement, pursuant to which the City loaned \$5.6 million to the CDC (hereinafter the "Financing Agreement Loan"), and the funds were used by the CDC for the continued implementation of the CDC's 5-year redevelopment plan during a period of shortfall in realized tax increment revenues flowing to the CDC.

Finally, the fourth agreement was a \$2 million "cash flow" loan made in June 2010 by the City to the CDC to fund operational expenses of the CDC pending the receipt of anticipated property tax revenues later in the fiscal year ("Cash Flow Loan").

Importantly, each of the foregoing loan agreements were executed long before the operative date of the Dissolution Act, had a valid redevelopment purpose, and were executed under the authority of the California Redevelopment Law as it then-existed.

**THE CDC-CITY TRANSFERS REPRESENT FUNDS PLEDGED IN SATISFACTION OF ENFORCEABLE OBLIGATIONS AND ARE NOT AVAILABLE FOR ALLOCATION**

Because the purpose of the DDR is to identify "unencumbered funds" of the former CDC that are available for allocation to the taxing entities, successor agencies are authorized to retain "encumbered" fund balances that are, *inter alia*, (1) "legally restricted as to purpose and cannot be provided to taxing entities," (§ 34179.5(c)(5)(B)), and (2) "balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation...if future revenues together with dedicated or restricted balances are insufficient to fund future obligations..." (§ 34179.5(c)(5)(D).)

Pursuant to this authority, the value of the CDC-City Transfers (\$12,205,531) constitutes "encumbered" funds of the former CDC which the Successor Agency is authorized to retain. This is because the CDC-City Transfers are funds that have been "pledged" in satisfaction of "enforceable obligations" (*i.e.* the CDC's debt service obligations on the CDC-City loans), and such funds have been legally restricted/dedicated for that purpose. (§§ 34179.5(c)(5)(B), 34179.5(c)(5)(D).) Indeed, each of the CDC-City loans constitutes an "enforceable obligation" for purposes of the DDR, even though some may not qualify for repayment until a finding of completion is issued. Namely: the Funding Agreement Loan was entered into within two years of the creation of the CDC (§ 34171(d)(2)); the Sales Tax Loan was entered into at the time of issuance of indebtedness obligations and executed solely for the purpose of securing those indebtedness obligations (§ 34171(d)(2)); and the Financing Agreement Loan and the Cash Flow Loan had a valid redevelopment purpose (§ 34191.4(a)).<sup>6</sup> Though the time for repayment of these agreements may vary, they are nonetheless characterized as present "enforceable obligations" of the former CDC by the Dissolution Act. (§§ 34171(d)(2), 34191.4.)

Because the CDC-City Transfers represent funds that have been pledged, dedicated, and or restricted for satisfaction of "enforceable obligations" of the CDC, such funds are not available for allocation for distribution to the taxing entities as contemplated by Section 34177(d), and the DDR should exclude such amounts from its calculation thereof. (§§ 34179.5(c)(5)(B).)

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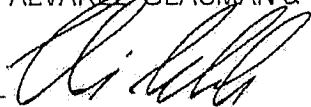
<sup>6</sup> Importantly, even if the Department of Finance ultimately determines the Funding Agreement Loan and the Sales Tax Loan do not qualify for repayment now under the exceptions enumerated in Section 34171(d)(2), these agreements will qualify for repayment upon issuance of a finding of completion under Section 34191.4. As such, the Department of Finance's ultimate determination on this matter will not impact their status as "enforceable obligations," but rather merely when they qualify for repayment.

CONCLUDING REMARKS

Based upon the foregoing, it is the opinion of this Office that amounts transferred by the CDC to the City from January 1, 2011, through January 31, 2012, are funds that are pledged in satisfaction to "enforceable obligations" of the CDC, and are not available for distribution to the taxing entities.

Respectfully,

ALVAREZ GLASMAN & COVLIN



Christopher G. Cardinale  
*Deputy City Attorney and Legal Counsel  
for the West Covina Successor Agency*

**EXHIBIT 4**

**DEPARTMENT OF FINANCE LETTER OF DETERMINATION**



November 9, 2012

Mr. Tom Bachman, Assistant City Manager  
City of West Covina  
1444 W. Garvey Ave.  
West Covina, CA 91790

Dear Mr. Bachman:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of West Covina successor agency (Agency) submitted an oversight board approved Low and Moderate Income Housing Fund Due Diligence Review (DDR) to the California Department of Finance (Finance) on October 11, 2012. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Pursuant to HSC section 34179.6 (d), Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of Low and Moderate Income Housing Fund (LMIHF) available for distribution to the taxing entities. Based on our review of your DDR, the amount expended from the LMIHF between July 2011 and January 2012 do not appear to be housing related. Instead, the amounts appear to be general administrative expenses of the former redevelopment agency. Per the Agency's Comprehensive Annual Financial Report, expenditures increased by 70 percent in fiscal year 2010-11 over the previous year. Therefore, we are adjusting the balance available for distribution by \$998,545 to back out the amounts that appear to be non-housing related.

If you disagree with Finance's adjusted amount of LMIHF balances available for distribution to the taxing entities, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's LMIHF balance available for distribution to the affected taxing entities is \$2,889,711 (see table below). Pursuant to HSC 34179.6 (h) (1) (B), any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.



<b>LMIHF Balances Available For Distribution To Taxing Entities</b>	
Available Balance per DDR:	\$ 1,891,166
Finance Adjustments	
Add:	
Adjustment to the June 30, 2012 balance:	998,545
<b>Total LMIHF available to be distributed:</b>	<b>\$ 2,889,711</b>

Absent a Meet and Confer request, HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient.

HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified above within five working days, plus any interest those sums accumulated while in the possession of the recipient.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, that taxing entity's failure to remit those funds may result in offsets to its sales and use tax allocation or to its property tax allocation.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter and Finance's Housing Assets Transfer letter dated September 18, 2012 do not in any way eliminate the Controller's authority.

Mr. Bachman  
November 9, 2012  
Page 3

Please direct inquiries to Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a stylized flourish extending to the left.

STEVE SZALAY  
Local Government Consultant

cc: Ms. Denise Bates, Accounting Manager, City of West Covina  
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller  
California State Controller's Office

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

**AGENDA REPORT**  
Item No. V - B  
Date: January 10, 2013

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

**FROM:** Christopher J. Chung, City Manager/Executive Director

**SUBJECT: TRANSFER OF ASSETS AT WEST COVINA PARKWAY SHOPPING CENTER TO THE CITY OF WEST COVINA**

**RECOMMENDATION:**

Staff recommends that the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency adopt the following resolution:

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

**PURPOSE:**

This report recommends that the Oversight Board approve the transfer of one parcel of land to the City of West Covina pursuant to pre-existing agreements as provided for in Sections 34177 (e) and 34181 (a) of the California Health and Safety Code.

**BACKGROUND:**

Due to legislation known as Assembly Bill 1X 26 (“*AB1X 26*”) and the Supreme Court’s ruling in California Redevelopment Association et al v Matosantos et al, all redevelopment agencies including the City of West Covina Redevelopment Agency were dissolved as of February 1, 2012.

On January 10, 2012, the City Council of the City of West Covina (“*City*”) adopted Resolution No. 2012-1 in which the City elected to become the “*Successor Agency*” to the former Redevelopment Agency pursuant to AB1X 26 (Part 1.85 of Division 24 of the California Health and Safety Code). The Successor Agency is charged with selling assets, repaying existing indebtedness, completing performance of existing contractual obligations and otherwise winding down the operations of the former redevelopment agency while preserving agency assets for the benefit of taxing agencies.

On January 17, 2012, the City adopted Ordinance 2226 and Resolutions 2012-10 and 2012-11, declaring the need for the Community Development Commission (CDC) in the City of West Covina to function as the City of West Covina Housing Authority and transferring all duties, powers and responsibilities of the West Covina Housing Authority to the Community Development Commission. On April 19, 2012, the Oversight Board to the Successor Agency of West Covina Redevelopment Agency authorized the City of West Covina Community Development Commission (“CDC Housing Authority”) as the successor to the housing function of the former West Covina Community Development Commission (redevelopment agency) and directed the Successor Agency to transfer housing responsibilities and all rights, powers, duties and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund to the appropriate entity pursuant to Section 34176. Such transfer of housing responsibilities, rights, powers, duties and obligations includes any and all housing assets as provided for in current law and any future amendments thereof. There are no further actions required with respect to transferring any housing assets.

On June 27, 2012, the Governor of California approved AB 1484, an act to amend Section 53760.1 of the Government Code relating to community redevelopment, and making an appropriation therefore, to take effect immediately, bill related to the budget.

Health and Safety Code Section 34177 (h) states that the Successor Agency is required to *“expeditiously wind down the affairs of the redevelopment agency pursuant to the provisions of this part and in accordance with the direction of the oversight board.”*

Health and Safety Code Section 34177 (e) states that the Successor Agency is required to *“dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181. The disposal is to be done expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188.”*

Under Section 34181 (a) of the California Health and Safety Code, it states that the oversight board shall direct the successor agency to *“Dispose of all assets and properties of the former redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value.”*

The Parking Authority of the City of West Covina (“Parking Authority”) was formed on July 26, 1971 (City Council Resolution No. 4415) as a public corporation created under and exercising powers pursuant to the Parking Law of 1949, Part 2 of Division 18, commencing at Section 32500, of the Street and Highways Code of the State of California. The purpose of the Parking Authority was to create and maintain free parking to the public.

**DISCUSSION:**

Health and Safety Code Section 34177 (e) and 34181 (a) states that the Oversight Board may direct the Successor Agency to transfer “Government Purpose” assets to the appropriate public jurisdiction pursuant to existing agreements relating to the construction or use of such asset. Protected and replacement habitat areas, public roads, sign easements, water tank and water line easements, public municipal golf course and public parking facilities providing free parking to the public is considered to be a “governmental purpose” uses.

Based on the State of California Department of Finance’s (“DOF’s”) website ([http://www.dof.ca.gov/redevelopment/property\\_disposition/](http://www.dof.ca.gov/redevelopment/property_disposition/)), DOF has clarified the steps for the disposition of “Governmental Purpose Property” and “Non-Governmental Purpose Property.” DOF indicates that Governmental Purpose Property can be treated separately and different from Non-Governmental Purpose Property pursuant to Section 34177. The disposition of Governmental Purpose Property is not subject to the Finding of Completion and Long Term Property Management Plan, whereas Non-Governmental Purpose Property is subject to the Due Diligence review of LMIH Fund, Due Diligence Review of other accounts and funds, the Finding of Completion and the Long Term Property Management Plan.

DOF states the 3 steps for disposition of Governmental Purpose Property are as follows:

<p>1. Submit for Oversight Board for Approval.</p>	<ul style="list-style-type: none"> <li>• All successor agency actions to transfer ownership of those assets that were constructed and used for governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such assets shall be submitted to the Oversight Board for approval.</li> </ul>
<p>2. DOF review of Oversight Board Action.</p>	<ul style="list-style-type: none"> <li>• The actions of the Oversight Board shall be subject to review by the Department of Finance (DOF) pursuant to Section 34179, except that the department may extend its review period to 60 days.</li> </ul>
<p>3. Outcomes of DOF review.</p>	<ul style="list-style-type: none"> <li>• If DOF objects to the transfer, the property shall remain with the successor agency for inclusion in the Long-Range Property Management Plan.</li> <li>• If no action or objection is made by DOF, the Oversight Board action shall be considered final and conclusive.</li> </ul>

The former redevelopment agency of the City of West Covina currently retains title (ownership) to a small parcel located along West Covina Parkway and the entrance of th3e West Covina Parkway Plaza. The parcel is developed as public improvements which include landscaping, sidewalk and curb and gutter and is subject to the following easement “agreements”:

1. An easement for the purpose of confining the water of Walnut Wash in a single channel, and for the purpose of establishing an official channel to carry the water of the said stream in a definite course and incidental purposes, recorded in Book 7387, Page 398 of Official Records. In

In Favor of: Los Angeles County Flood Control District

2. An easement for electric lines and incidental purposes, recorded January 2, 1959 in Book D-321, Page 254 of Official Records.

In Favor of: Southern California Edison Company, a corporation

3. An easement for sanitary sewer purposes and incidental purposes, recorded January 30, 1961 in Book D-1107, Page 630 of Official Records.

In Favor of: City of West Covina

4. An easement for ingress and egress and incidental purposes, recorded June 13, 1975 as Instrument No. 3659 of Official Records.

In Favor of: Topa Management Corporation

CONCLUSION: The property was acquired and developed for the governmental purposes (i.e. sidewalks, landscaping, water confinement easement, electric line easements, sewer easement, and ingress and egress easement) subject to existing (easement) agreements. The property should be transferred to the City of West Covina as the land is primarily a public sidewalk. There are no provisions within the existing agreements to provide compensation to the Successor Agency for the transfer of the governmental purpose assets. As such, no compensation is being recommended nor required for the transfer of governmental purpose assets to an inter-governmental agency (Parking Authority) under existing statute.

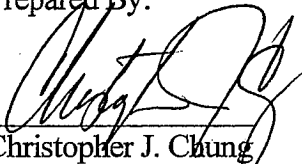
JUSTIFICATION ON TRANSFERRING PROPERTIES VERSUS INCLUSION IN LONG RANGE PROPERTY MANAGEMENT PLAN:

The Oversight Board may have questions regarding whether it is prudent to act now or wait and include the transfer or retention of properties in the Long Range Property Management Plan. The justifications to transfer properties now are as follows:

1. The Successor Agency is charged with expeditiously winding down the affairs of the redevelopment agency pursuant to Section 34177 (h) and in accordance with the direction of the oversight board. The transfer of assets would assist in expediting the winding down of the affairs of the former redevelopment agency and fulfills the primary fundamental goal set by the State of California.

2. The Oversight Board would be following the appropriate process established by the Department of Finance that the Oversight Board should consider the approval/direction of transfer of assets for "Governmental Purpose" prior to the Finding of Completion and the Long Range Property Management Plan. Upon review, if DOF does not approve the transfer of asset for governmental purpose, the retained asset would be included within the Long Range Property Management Plan.
3. The Oversight Board is not required to wait for the Certificate of Finding of Completion and Long Range Property Management Plan. Waiting to act later would result in expending unnecessary funds and staff time that could best be better utilized elsewhere.
4. The asset being proposed for transfer would be for legitimate "governmental purpose" and subject to existing agreements. Sidewalks, landscaping and underlying easements are a legitimate governmental purpose.
5. The transfer of any assets for "governmental purpose" is completely legal and still subject to the approval by Department of Finance. If DOF disapproves any transfer, the disapproved asset must then be addressed in Long-Range Property Management Plan.
6. The approval of transferring properties prior to the Long Range Property Management Plan to appropriate governmental agencies pursuant to existing agreements would result in substantial savings and avoidance of wasting approximately \$5,000 to \$15,000 in appraisal and consultant costs. The Long-Range Property Management Plan requires the Successor Agency to determine estimated value of retained assets. Appraisals can cost approximately \$5,000 to \$15,000 each. In addition, substantial staff time and additional consultant cost would be saved in preparing a report that would result in the same recommendation in Long-Range Property Management Plan by Successor Agency staff that the assets are a governmental purpose that should be transferred to appropriate governmental entities.

Prepared By:



Christopher J. Chung  
City Manager/Executive Director

#### **ATTACHMENTS:**

- |                   |   |
|-------------------|---|
| Attachment No. 1: | Resolution No. OB-0020  |
| Attachment No. 2: | Department of Finance Website – Disposition of Governmental and Non-Governmental Purpose Property |
| Attachment No. 3: | Excerpts of 34177, 34181, and 34191.5 of California Health and Safety Code                        |
| Attachment No. 4: | Aerial of Parcel  |
| Attachment No. 5: | Parcel Map  |

# ATTACHMENT NO. 1

## RESOLUTION NO. OB-0020

### **A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF REAL PROPERTY (ASSET) LOCATED AT WEST COVINA PARKWAY PLAZA SHOPPING CENTER (8475-002-904) TO THE CITY OF WEST COVINA**

**WHEREAS**, The former Redevelopment Agency of the City of West Covina (the "Agency") was a redevelopment agency formed, existed and exercised its powers pursuant to California Community Redevelopment Law, Health and Safety Code section 33000 et seq. ("CRL").

**WHEREAS**, on January 10, 2012, the City Council of the City of West Covina ("City") adopted Resolution No. 2012-1 in which the City elected to become the "Successor Agency" to the West Covina Community Development Commission (also known as the Redevelopment Agency) pursuant to AB1x26 (Part 1.85 of Division 24 of the California Health and Safety Code).

**WHEREAS**, Assembly Bill 1X 26 (the "Dissolution Act") was enacted June 28, 2011, to significantly modify the Community Redevelopment Law (California Health & Safety Code § 33000, et seq.; the "Redevelopment Law").

**WHEREAS**, Assembly Bill 1484 was enacted June 27, 2012, to modify Redevelopment Law.

**WHEREAS**, Health and Safety Code § 34177 (e), states that a Successor Agency is required to dispose of assets and properties of the former redevelopment agency as directed by the oversight board.

**WHEREAS**, Health and Safety Code § 34181 (a) states in part that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, and fire stations, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset.

**WHEREAS**, The property located at the West Covina Parkway Plaza Shopping Center (8475-002-904), having been purchased by the former redevelopment agency for that purpose in order to provide a public benefit to the City of West Covina, Los Angeles County Flood Control, Edison and businesses, customers and residents in and around the West Covina Parkway Plaza Shopping Center, pursuant to existing agreements.



**WHEREAS**, the appropriate public jurisdiction is determined to be the City of West Covina based on existing use and agreements relating to the construction or use of such asset benefiting the public.

**WHEREAS**, The Oversight Board has determined that the transfer of the one (1) subject property to the City of West Covina is for governmental purposes and provides a public benefit in compliance with Health and Safety Code § 34181 (a) and that the appropriate public jurisdiction is the City of West Covina.

**WHEREAS**, All legal prerequisites to the adoption of this Resolution have occurred.

**NOW THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY HEREBY RESOLVES:**

**SECTION 1.** In all respects as set forth in the Recitals of this Resolution.

**SECTION 2.** The properties located at West Covina Parkway Plaza Shopping Center (8475-002-904) are in compliance with the stated governmental and public benefit purposes and therefore are transferred to the City of West Covina as the appropriate public jurisdiction pursuant to existing agreements.

**SECTION 3.** The Oversight Board authorizes the Successor Agency to transfer the one (1) property to the City of West Covina at no compensation.

**SECTION 4.** The Executive Director, or his designee, is authorized to execute all applicable transfer documentation and conduct necessary recordation of the one property to the City of West Covina.

**SECTION 5.** The Executive Director, or his designee, hereby is directed to file a copy of this Resolution and supporting documentation with the State of California Department of Finance.

APPROVED AND ADOPTED on this \_\_\_ day of January, 2013.

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Chairperson  
Oversight Board to the Successor Agency  
of the West Covina Redevelopment Agency

ATTEST

---

Susan Rush, Secretary  
Oversight Board to the Successor Agency  
of the West Covina Redevelopment Agency

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a meeting held on the \_\_\_ day of January 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Susan Rush, Secretary  
Oversight Board to the Successor Agency  
of the West Covina Redevelopment Agency

**ATTACHMENT NO. 2**

**COPY OF**

**DEPARTMENT OF FINANCE WEBSITE**

**DISPOSITION OF**

**“GOVERNMENTAL PURPOSE” PROPERTY**

**AND**

**“NON-GOVERNMENTAL PURPOSE” PROPERTY**

# WELCOME TO THE CALIFORNIA DEPARTMENT OF FINANCE

## Home Redevelopment — Property Disposition

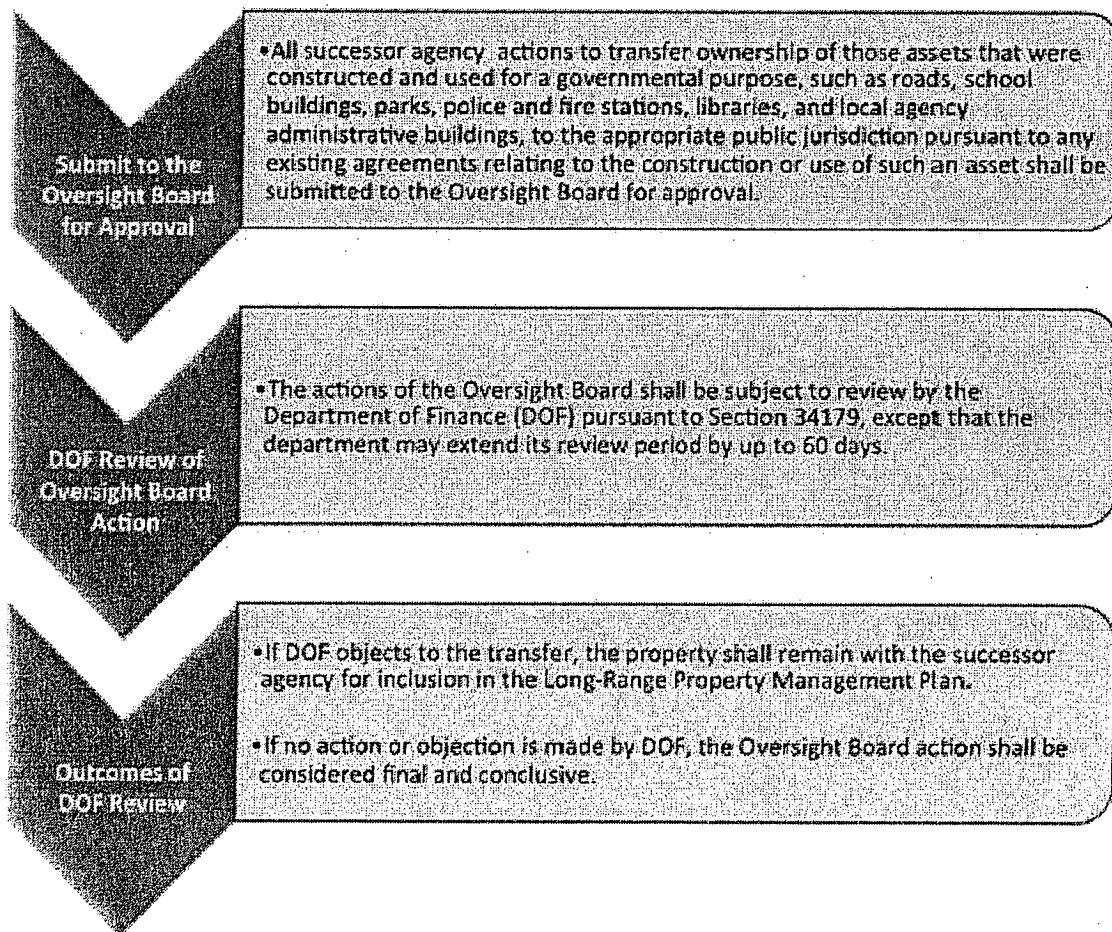
### Property Disposition

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Under ABx1 26 and AB 1484, successor agencies are directed to dispose of former redevelopment agency properties. Health and Safety Code (HSC) specifies how successor agencies will dispose of non-housing property depending on the type of property as provided below:

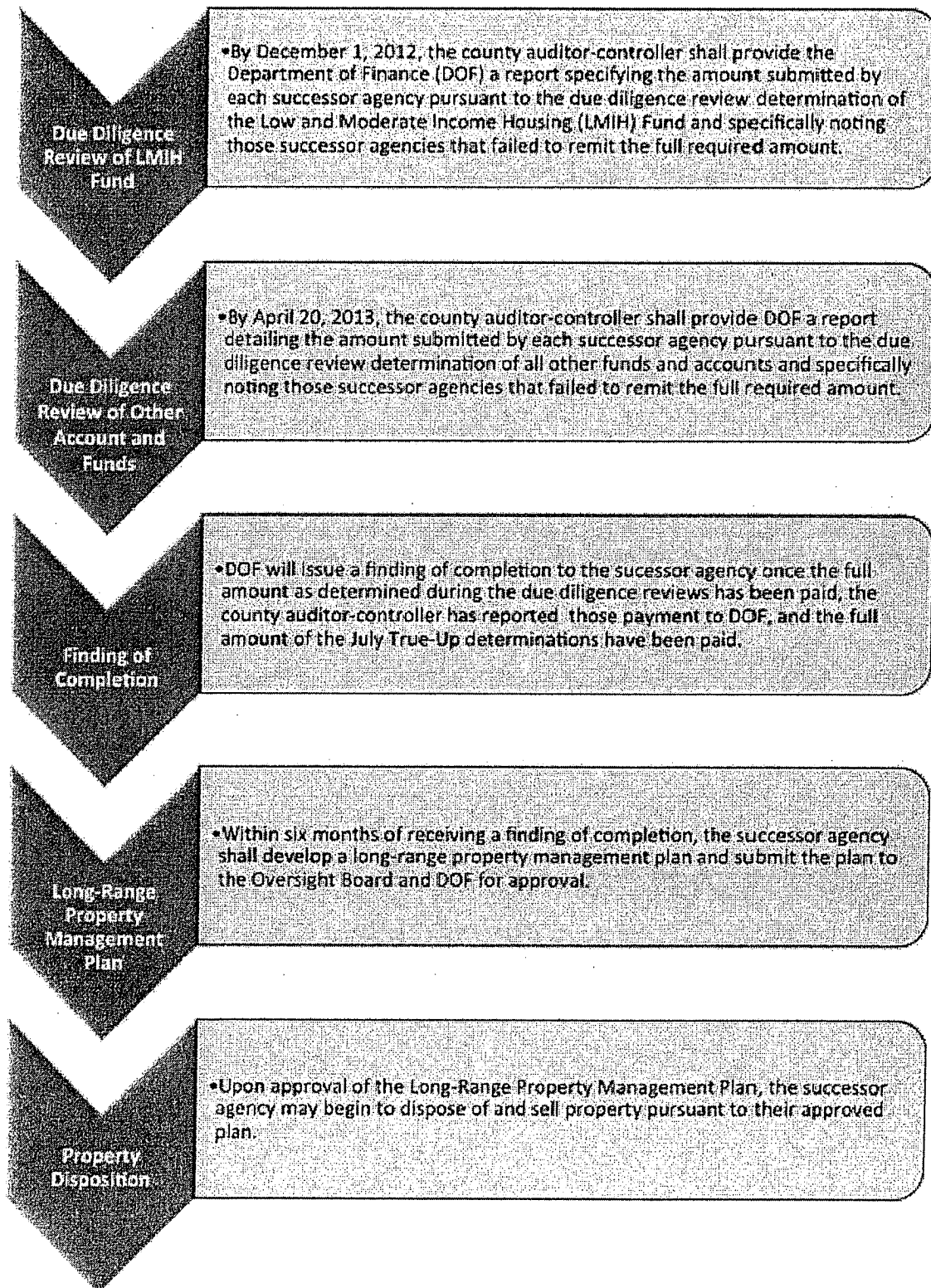
#### GOVERNMENTAL PURPOSE PROPERTY

HSC section 34181 (a) lists governmental purpose assets to include roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings. The following chart outlines the steps successor agencies can take to transfer property for governmental purposes:



## NON-GOVERNMENTAL PURPOSE PROPERTY

HSC section 34177 (e) directs successor agencies on the steps to dispose of non-housing and nongovernmental purpose properties. The following chart outlines the steps a successor agency must follow prior to being allowed to dispose of property:



For information related to Due Diligence Reviews, refer to our web page at: <http://www.dof.ca.gov/redevelopment/duediligence/view.php>.

For additional information relating to the Finding of Completion, refer to <http://www.dof.ca.gov/redevelopment/findingofcompletion/view>

For additional information relating to the Long-Range Property Management Plan, refer to <http://www.dof.ca.gov/redevelopment/longrangepropertymanagement/view>

For questions related to former redevelopment agency property disposition, submit an email to: [RedevelopmentAdministration@dof.ca.gov](mailto:RedevelopmentAdministration@dof.ca.gov).

*Webpage last updated August 28, 2012*

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## ATTACHMENT NO. 3

### **34177. Successor agencies are required to do all of the following:**

(e) Dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181. The disposal is to be done expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188. *The requirements of this subdivision shall not apply to a successor agency that has been issued a finding of completion by the Department of Finance pursuant to Section 34179.7.*

(h) Expediently wind down the affairs of the redevelopment agency pursuant to the provisions of this part and in accordance with the direction of the oversight board.

### **34181. The oversight board shall direct the successor agency to do all of the following:**

(a) Dispose of all assets and properties of the former redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value. Asset disposition may be accomplished by a distribution of income to taxing entities proportionate to their property tax share from one or more properties that may be transferred to a public or private agency for management pursuant to the direction of the oversight board.

(b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations.

(c) Transfer housing assets pursuant to Section 34176.

(d) Terminate any agreement, between the dissolved redevelopment agency and any public entity located in the same county, obligating the redevelopment agency to provide funding for any debt service obligations of the public entity or for the construction, or operation of facilities owned or operated by such public entity, in any instance where the oversight board has found that early termination would be in the best interests of the taxing entities.

(e) Determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval. The board may approve any amendments to or early termination of those agreements if it finds that amendments or early termination would be in the best interests of the taxing entities.

(f) All actions taken pursuant to subdivisions (a) and (c) shall be approved by resolution of the oversight board at a public meeting after at least 10 days' notice to the public of the specific proposed actions. The actions shall be subject to review by the Department of Finance pursuant to Section 34179 except that the department may extend its review period by up to 60 days. If the department does not object to an action subject to this section, and if no action challenging an action is commenced within 60 days of the approval of the action by the oversight board, the action of the oversight board shall be considered final and can be relied upon as conclusive by any person. If an action is brought to challenge an action involving title to or an interest in real property, a notice of pendency of action shall be recorded by the claimant as provided in Title 4.5 (commencing with Section 405) of Part 2 of the Code of Civil Procedure within a 60-day period.

### **34191.5.**

(a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.

(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

(F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

(H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

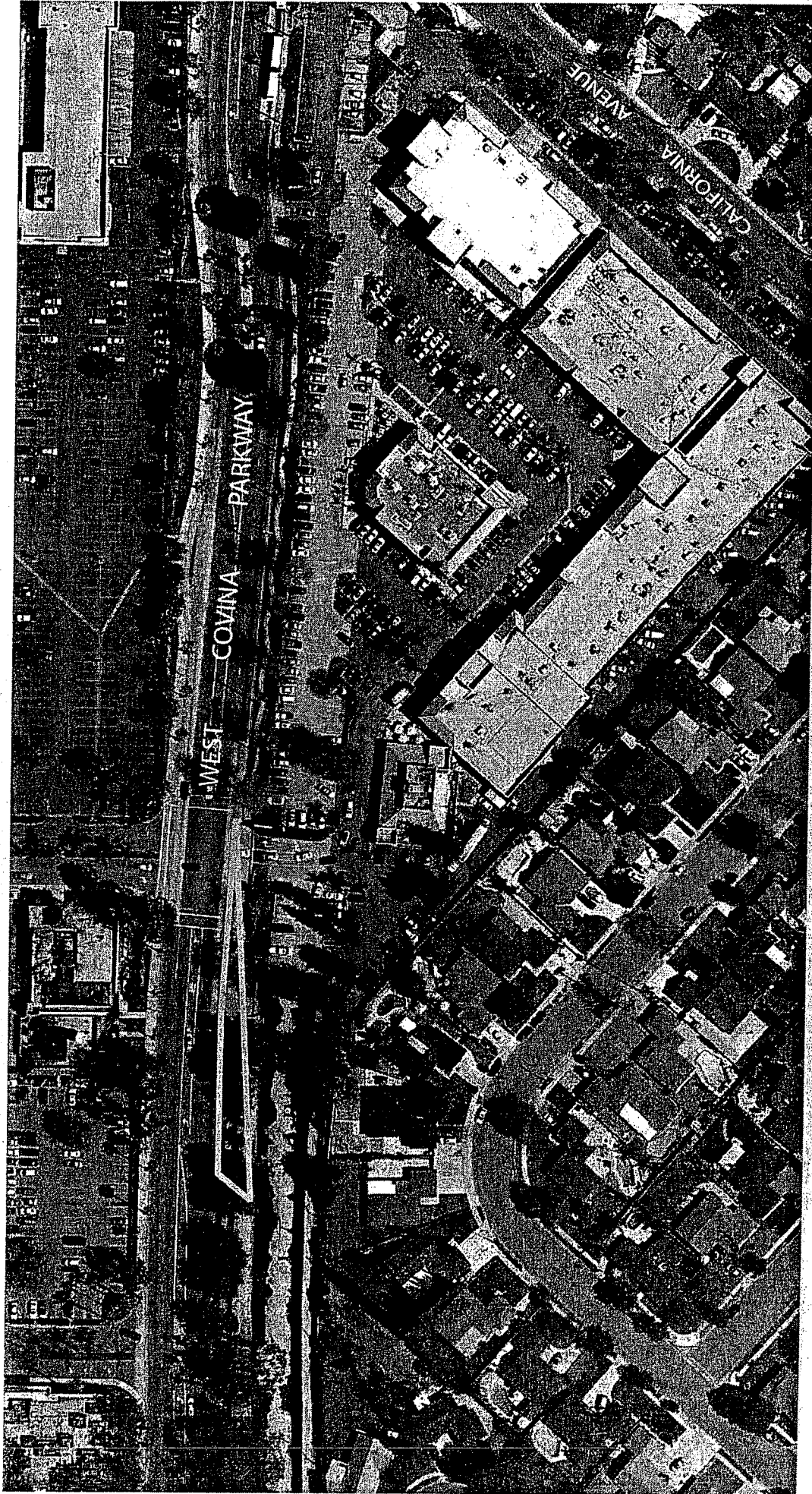
(A) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.



(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

# West Covina Parkway



PARCELOWNED BY REDEVELOPMENT AGENCY  
APN: 8475-002-904      ZONING: WCCR      USE: PUBLIC      SF: 5,856



ATTACHMENT NO. 4

