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

A G E N D A

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

SPECIAL MEETING

Thursday, October 11, 2012
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 to make arrangements.

AGENDA MATERIAL
Agenda material is available for review at the West Covina City Clerk's office, Room 317 in City Hall, 1444 W. Garvey Avenue, West Covina and at www.westcovina.org. 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.*

Thursday, October 11, 2012
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 AGENDA:

III. PUBLIC COMMENT:

If you wish to address the Oversight Board during this Special Meeting, you may only address the Board concerning the item(s) that has been described in the notice for this special meeting. (Government Code Section 54954.3(a).

Please step forward to the podium and state your name and city of residence for the record when recognized by the Chairperson.

IV. 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:

1. Approve Resolution OB-0016

   A RESOLUTION OF THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE LOW AND MODERATE INCOME HOUSING FUND 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 delete the amount of $1,522,889 necessary for retention to fund enforceable obligation (the amount listed on the Revised Exhibit 3 of the White Nelson Diehl Evans Report) pursuant to Health and Safety Code Sections 34179.6(c) and 34179.5(c)(5)(D) and (E)

3. Authorize the Executive Director to transmit the Due Diligence Review with the adjustment to the Department of Finance and the County Auditor-Controller on behalf of the Oversight Board.

V. BOARD MEMBERS' COMMENTS

VI. 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

AGENDA REPORT
Item No. IV - A
Date: October 11, 2012

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

FROM: Andrew G. Pasmant, 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-0016, a resolution of the Successor Agency of the West Covina Redevelopment Agency approving the Low and Moderate Income Housing Fund 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 delete the amount of $1,522,889 necessary for retention to fund enforceable obligations (the amount listed on the Revised Exhibit 3 of the White Nelson Diehl Evans Report) pursuant to Health and Safety Code Sections 34179.6(c) and 34179.5(c)(5)(D) and (E).

3. Authorize the Executive Director to transmit the Due Diligence Review with the adjustment 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.

Each review must determine the net balance of the Low and Moderate Income Housing Fund (the "LMIHF") 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 accounting firm of White Nelson Diehl Evans was approved by the County Auditor-Controller and retained by the Successor Agency to conduct this Due Diligence Review and the report is attached as Attachment No. 1. Schedule 5 of the DDR indicates that $1,891,166 is the amount determined to be available in the housing fund for distribution to other taxing entities. However pursuant to 34179.5(c)(5)(D) and (E) and as noted on Schedule 5 and detailed on the Revised Exhibit 3 to the Report, the Successor Agency has determined that it will have insufficient funds to meet all of its ROPS III obligations unless the unrestricted housing assets are made available for this purpose. After accounting for the amount necessary to meet the upcoming ROPS III enforceable obligations, the net amount that would be available for distribution to other taxing entities is $368,277.

Pursuant to Health and Safety Code Section 34179.6, the Successor Agency submitted the Due Diligence Review to the Oversight Board, the county auditor-controller, the Controller, and the Department of Finance ("DOF"). On October 4, 2012, the Oversight Board held a public comment period related to the results of the DDR for the Low and Moderate Income Housing Fund, and specifically the amount of cash and cash equivalents determined to be available for allocation to the taxing entities. Also pursuant to 34179.6, no action was taken by the Board at that time and the Board will take action to approve the results of the DDR at this meeting.

Following approval by the Board, the Oversight Board must transmit the Due Diligence Review to the state department of finance ("DOF") and the county auditor-controller by October 15, 2012. 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 November 9, 2012, 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 December 1, 2012, the county auditor-controller must provide DOF a report specifying the amount submitted by each successor agency from the LMIHF, and specifically noting any successor agency that failed to remit the fully required amount. Section 34179.5 also requires a similar review of all other funds and accounts held by the successor agency to determine unobligated balances available for transfer to taxing entities. The review for all other funds and accounts must be completed by December 15, 2012.

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.

Prepared By:

Thomas Bachman
Finance Director

Attachment:

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

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
Low and Moderate Income Housing Fund

Pursuant to California Health and Safety Code Section 34179.5

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO THE
LOW AND MODERATE INCOME HOUSING FUND

Table of Contents

**Independent Accountants' Report on Applying Agreed-Upon Procedures
Related to the Low and Moderate Income Housing Fund**

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 the Low and Moderate Income Housing Fund of the former West Covina Redevelopment Agency and Successor Agency. Management of the Successor Agency is responsible for meeting the statutory requirements of Health and Safety Code Section 34179.5 related to the Low and Moderate Income Housing Fund. 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 the Low and Moderate Income Housing Fund. 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
September 27, 2012

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893

Offices located in Orange and San Diego Counties

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

ATTACHMENT A - AGREED-UPON PROCEDURES AND FINDINGS
RELATED TO THE LOW AND MODERATE INCOME HOUSING FUND

1. **Procedure:**

Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency's Low and Moderate Income Housing Fund 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 account balances as established in the accounting records of the Successor Agency with no exceptions. The former redevelopment agency transferred $3,345,809 in assets to the Successor Agency as shown in Schedule 1. The cash and investment balance is net of $211,610 annual administration and overhead charge which will be reviewed and adjusted, if necessary, based on actual allocable costs as part of closing the City of West Covina's books for the fiscal year ended June 30, 2012.

2A. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund 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:

This procedure is not applicable as the former redevelopment agency did not make any transfers from the Low and Moderate Income Housing Fund other than payments for goods and services to the City of West Covina during the period from January 1, 2011 through January 31, 2012.

2B. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund 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.

2B. **Finding:**

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

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:

This procedure is not applicable since no transfers were identified as a result of Procedures 2A and 2B.

3A. **Procedure:**

Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Low and Moderate Income Housing Fund 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 former redevelopment 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 from the Low and Moderate Income Housing Fund other than payments for goods and services to other public agencies or private parties 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 the Low and Moderate Income Housing Fund 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 former redevelopment agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

3B. **Finding:**

The Successor Agency transferred assets as shown in Schedule 2 to the Housing Successor Agency (West Covina Housing Authority) authorized under Health and Safety Code Section 34176(a)(2). The transfer of these assets was reported on the Housing Asset List form filed August 1, 2012 with the California Department of Finance. In a letter dated September 18, 2012 the California Department of Finance has accepted the Housing Asset List.

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 2 in the report shows the enforceable obligation/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:

This procedure is required by Section 34179.5(c)(4) for the Successor Agency as a whole and therefore will be addressed in the AUP report associated with all other funds of the Successor Agency due December 15, 2012.

5. **Procedure:**

Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund (excluding assets held by the entity that assumed the housing function previously performed by the former redevelopment agency) as of June 30, 2012. Agree the assets on the listing to the accounting records of the Successor Agency.

5. **Finding:**

As of June 30, 2012, the Successor Agency's total assets related to the former redevelopment agency's Low and Moderate Income Housing Fund amounted to $3,263,262 as shown in Schedule 3. The cash and investment balance is net of $211,610 annual administration and overhead charge which will be reviewed and adjusted, if necessary, based on actual allocable costs as part of closing the City of West Covina's books for the fiscal year ended June 30, 2012.

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. We agreed the par amount of the bonds, the original issue premium, underwriter's discount, bond insurance premium, cost of issuance and deposits to the escrow fund to the Official Statement prepared on the issuance of the bonds. We agreed the cash balances at June 30, 2012 to the Statement of Assets held by US Bank Trust Services.

Finding:

As of June 30, 2012, the Successor Agency had $1,372,096 in unspent bond proceeds as detailed in Schedule 4. Attached to the report at Exhibit 1 and 2 are excerpts from the 1998 and 2001 Housing Bonds Official Statements. Pages 14 and 20 of the 1998 Housing Bonds' Official Statement and pages 3 and 12 of the 2001 Housing Bonds' Official Statement restrict the use of the bond proceeds for use on low and moderate income housing activity and the 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.

6B. **Finding:**

This procedure is not applicable as the Successor Agency's assets related to the former redevelopment agency's Low and Moderate Income Housing Fund 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:

This procedure is not applicable as the Successor Agency's assets related to the former redevelopment agency's Low and Moderate Income Housing Fund did not have other assets considered to be legally restricted as of June 30, 2012.

7. **Procedure:**

Obtain from the Successor Agency a listing of assets of the former redevelopment agency's Low and Moderate Income Housing Fund 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:

This procedure is not applicable as the former redevelopment agency's Low and Moderate Income Housing Fund did not have any assets that were not liquid or otherwise available for distribution as of June 30, 2012.

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:

This procedure was not applicable as the Successor Agency did not identify the need to retain any assets for the funding of 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 was not applicable as the Successor Agency did not identify the need to retain any assets for the funding of future obligation payments.

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 the need to retain any assets for the funding of bond debt service payments.

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:

This procedure is not applicable as the Successor Agency did not identify any assets to be retained under Procedures 8A, 8B or 8C.

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.

Finding:

This procedure is not applicable as the Successor Agency did not identify the need to retain any assets for the funding of housing obligations on the ROPS for the period of July 1, 2012 through June 30, 2013.

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 computation of the Balance Available for Allocation to Affected Taxing Agencies shows $1,891,166 available to be remitted to the County for disbursement to affected taxing agencies as shown in Schedule 5. The Successor Agency has indicated that it will have insufficient funds to meet all of its ROPS III obligations (housing and non-housing) after the payment of: (1) the $497,980 County true-up payment made on July 12, 2012; (2) the estimated $700,000 in pass-through obligations for the period November 2011 to January 2012; and, (3) the $1,779,075 ROPS I reconciliation amount to be withheld from ROPS III distribution of funds, unless unrestricted housing assets are made available for this purpose. The Successor Agency's determination of the need to retain unrestricted housing and non-housing assets for the aforementioned payments is attached as Exhibit 3 to this AUP report. The result of this determination is that only a total of $125,085 would be available 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 THE
LOW AND MODERATE INCOME HOUSING FUND

LISTING OF ASSETS TRANSFERRED TO SUCCESSOR AGENCY

As of February 1, 2012

	Total Assets as of February 1, 2012	
ASSETS		
Cash and investments, at fair value	$ 1,976,328	(B)
Cash and investments with fiscal agent (Bond Trustee), at fair value	1,369,481	
TOTAL ASSETS	$ 3,345,809	

NOTES:

(A) For accounting purposes, the following assets recorded in the Low and Moderate Income Housing Fund at January 31, 2012 were transferred to the West Covina Housing Authority (Housing Successor) on February 1, 2012 pursuant to Health and Safety Code Section 34176(a)(2):

Loans receivable	$ 28,106,980	
Allowance for doubtful accounts	(200,454)	
Net Loans receivable		$ 27,906,526
Advances from other funds (SERAF)		7,873,577
Prepaid costs		185,694
		$ 35,965,797

(B) The cash and investment balance is net of $211,610 annual administration and overhead charge which will be reviewed and adjusted, if necessary, based on actual allocable costs as part of closing the City of West Covina's books for the fiscal year ended June 30, 2012.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO THE
LOW AND MODERATE INCOME HOUSING FUND

TRANSFERS TO THE HOUSING SUCCESSOR AGENCY (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
2/1/2012	Transfer of Loan Receivable to the West Covina Housing Authority	Transfer Housing Assets to the Housing Successor (West Covina Housing Authority)	$ 28,106,980	Health and Safety Code Section 34176(a)(2) Assets transferred and reported on Housing Asset List filed with Department of Finance ($200,454 related to the allowance for doubtful accounts was also transferred but not reported)
2/1/2012	Transfer of Prepaid Costs to the West Covina Housing Authority	Transfer Housing Assets to the Housing Successor (West Covina Housing Authority)	$ 185,694	Health and Safety Code Section 34176(a)(2) Assets transferred and reported on Housing Asset List filed with Department of Finance
2/1/2012	Transfer of Amounts Owed to Low and Moderate Income Housing for amounts previously borrowed to fund SERAF payments	Transfer Housing Assets to the Housing Successor (West Covina Housing Authority)	$ 7,873,577	Health and Safety Code Section 34176(a)(2) Assets transferred and reported on Housing Asset List filed with Department of Finance

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO THE
LOW AND MODERATE INCOME HOUSING FUND

LISTING OF ASSETS

As of June 30, 2012

	Total Assets as of June 30, 2012	
ASSETS		
Cash and investments, at fair value	$ 1,891,166	(A)
Cash and investments with fiscal agent (Bond Trustee), at fair value	1,372,096	
TOTAL ASSETS	$ 3,263,262	

NOTE:

(A) The cash and investment balance is net of $211,610 annual administration and overhead charge which will be reviewed and adjusted, if necessary, based on actual allocable costs as part of closing the City of West Covina's books for the fiscal year ended June 30, 2012.

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO THE
LOW AND MODERATE INCOME HOUSING FUND

UNSPENT BOND PROCEEDS

	1998 Housing	2001 Housing	Total
Par Amount of Bonds	$ 6,145,000	$ 11,275,000	$ 17,420,000
Less: Original Issue Discount		(144,134)	(144,134)
Less: Underwriter's Discount	(92,175)	(196,636)	(288,811)
Less: Bond Insurance Premium	(96,414)		(96,414)
Bond Proceeds	5,956,411	10,934,230	16,890,641
Series 2007 Bond Proceeds per Transcript			
Less: Deposit to Cost of Issuance Fund	(105,000)	(409,792)	(514,792)
Less: Deposit to Reserve Fund	(446,513)	(779,438)	(1,225,951)
Net Project Funds	5,404,898	9,745,000	9,745,000
Deposit to Project Fund	5,404,898	9,745,000	15,149,898
Project costs, net of accumulated interest earned	(5,290,217)	(9,744,950)	(15,035,167)
Remaining Project Funds	$ 114,681	$ 50	$ 114,731
Actual Current Balance (*including interest and reserve funds)*	$ 571,805	$ 800,291	$ 1,372,096

SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY
AGREED-UPON PROCEDURES RELATED TO THE
LOW AND MODERATE INCOME HOUSING FUND

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)	$ 3,263,262
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments - (Procedure 6)	(1,372,096)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (Procedure 7)	-
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)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year - (Procedure 9)	-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-
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)	-
Amount to be remitted to County for disbursement to affected taxing agencies	$ 1,891,166

NOTE:

The Successor Agency has indicated that it will have insufficient funds to meet all of its ROPS III obligations (housing and non-housing) after the payment of: (1) the $497,980 County true-up payment made on July 12, 2012; (2) the estimated $700,000 in pass-through obligations for the period November 2011 to January 2012; and, (3) the $1,779,075 ROPS I reconciliation amount to be withheld from ROPS III distribution of funds, unless unrestricted housing assets are made available for this purpose. The Successor Agency's determination of the need to retain unrestricted housing and non-housing assets for the aforementioned payments is attached as Exhibit 3 to the AUP report. The result of this determination is that only a total of $125,085 would be available to be remitted to the County for disbursement to affected taxing agencies.

EXHIBIT 1

1998 HOUSING BONDS DOCUMENTS

NEW ISSUES — BOOK-ENTRY ONLY

RATINGS
Standard & Poor's: AAA
Moody's: Aaa
(Insured)
(See "RATINGS" and "BOND INSURANCE" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations, and compliance with certain covenants and requirements described herein, interest on the Series A Bonds is excluded from gross income for Federal income tax purposes, except during any period while a Series A Bond is held by a "substantial user," or a "related person," within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), of the property financed by the proceeds of the Series A Bonds, and such interest is an item of tax preference for purposes of calculating the Federal alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that interest on the Series B Bonds is includable in gross income for Federal income tax purposes. In the opinion of Bond Counsel, interest on the Bonds is exempt from California personal income tax. See "TAX MATTERS" *herein.*

$4,945,000
REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA
1998 HOUSING SET-ASIDE TAX ALLOCATION BONDS
(EXECUTIVE LODGE PROJECT)
SERIES A

$1,200,000
REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA
1998 HOUSING SET-ASIDE TAX ALLOCATION BONDS
(EXECUTIVE LODGE PROJECT)
TAXABLE SERIES B

Dated: April 1, 1998

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

The $4,945,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project), Series A (the "Series A Bonds") and the $1,200,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project), Taxable Series B (the "Series B Bonds") (collectively, the "Bonds") are being issued pursuant to the Community Redevelopment Law of the State of California and an Indenture of Trust dated as of April 1, 1998, between the Agency and U.S. Bank Trust National Association, as Trustee (the "Indenture") to provide funds to make a loan to the Developer (as herein defined) for the acquisition and rehabilitation of the Executive Lodge Project, a multifamily housing project located in the City of West Covina (as herein described).

The Bonds are special obligations of the Agency and are payable solely from and secured by a pledge of that portion of the tax increment revenues receivable by the Agency with respect to the merged redevelopment project area and required to be deposited into the Agency's Low and Moderate Income Housing Fund pursuant to Section 33334.3 of the Redevelopment Law (herein referred to as the "Tax Revenues"), subject to the provisions of the Indenture permitting the application thereof for other purposes, and by a pledge of amounts in certain funds and accounts established under the Indenture, as further discussed herein. The Bonds are not secured by any interest in the Executive Lodge Project, the revenues therefrom or an assignment by the Agency of its rights under the Affordable Housing Agreement (as defined herein).

Interest on the Bonds is payable semiannually on March 1 and September 1 of each year, commencing September 1, 1998. The Bonds are subject to redemption prior to maturity as described herein. Payment of the principal of and interest on the Bonds when due for payment, will be guaranteed by a municipal bond insurance policy issued by MBIA Insurance Corporation simultaneously with the delivery of the Bonds.

MBIA

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

The following firm, serving as financial advisor, has structured these issues:

PROJECT FINANCE ASSOCIATES, LLC

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THESE ISSUES. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to approval as to validity by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Agency by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Agency Counsel, and by Musick, Peeler & Garrett LLP, San Francisco, California, Disclosure Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about April 27, 1998.

Dated: April 20, 1998

SERIES A BONDS
MATURITY SCHEDULE

$3,220,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Price/Yield
1999	$ 95,000	4.50%	3.90%
2000	100,000	4.50%	4.00%
2001	105,000	4.50%	4.10%
2002	105,000	4.50%	4.20%
2003	110,000	4.50%	4.25%
2004	115,000	4.50%	4.30%
2005	120,000	4.50%	4.40%
2006	125,000	4.50%	4.45%
2007	135,000	4.50%	4.50%
2008	140,000	4.60%	4.60%
2009	145,000	4.70%	4.70%
2010	155,000	4.80%	4.80%
2011	160,000	4.90%	4.90%
2012	170,000	5.00%	5.00%
2013	175,000	5.00%	5.00%
2014	185,000	5.10%	5.10%
2015	195,000	5.10%	5.10%
2016	205,000	5.20%	5.20%
2017	215,000	5.20%	5.20%
2018	225,000	5.25%	5.25%
2019	240,000	5.25%	5.25%

$1,725,000 5.30% Term Bonds due September 1, 2025 - Price 100%
(Plus Accrued Interest)

TAXABLE SERIES B BONDS
MATURITY SCHEDULE

$125,000 6.50% Term Bonds due September 1, 2004 - Yield 6.25%

$290,000 6.50% Term Bonds due September 1, 2013 - Price 100%

$785,000 7.00% Term Bonds due September 1, 2025 - Price 100%
(Plus Accrued Interest)

OFFICIAL STATEMENT

$4,945,000
REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA
1998 HOUSING SET-ASIDE TAX ALLOCATION BONDS
(EXECUTIVE LODGE PROJECT)
SERIES A

$1,200,000
REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA
1998 HOUSING SET-ASIDE TAX ALLOCATION BONDS
(EXECUTIVE LODGE PROJECT)
TAXABLE SERIES B

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to provide certain information concerning the issuance of the $4,945,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project), Series A (the "Series A Bonds") and the $1,200,000 Redevelopment Agency of the City of West Covina 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project), Taxable Series B (the "Series B Bonds") (collectively, the "Bonds").

This Introduction is not a summary of this Official statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The Agency

The Redevelopment Agency of the City of West Covina (the "Agency") was created by the City Council of the City of West Covina in 1971 pursuant to the Community Redevelopment Law of the State of California. The members of the City Council serve as the governing board of the Agency. See **"THE REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA"** herein.

The City

The City of West Covina (the "City") is located in Los Angeles County, California. The City was incorporated in 1923 and is a general law city of the State of California (the "State"). The City has a current estimated population of 101,300. See **"APPENDIX D - CITY OF WEST COVINA"** herein.

Sources of Payment for the Bonds

The Bonds will be secured by a first pledge of, and lien on (i) all of the Tax Revenues (as herein defined) and (ii) amounts on deposit in certain funds and accounts held by the Trustee under the Indenture (as herein defined). The term "Tax Revenues" is defined generally in the Indenture as the twenty percent (20%) of certain taxes allocated to the Agency pursuant to the redevelopment Law (as further discussed herein under **"SECURITY FOR THE BONDS AND FLOW OF FUNDS"**) arising from the Agency's West Covina Redevelopment Project Area, which is required to be deposited by the Agency into its Low and Moderate Income Housing Fund pursuant to Section 33334.3 of the Redevelopment Law.

The Tax Revenues are not subject to the pledge and lien of any indebtedness of the Agency other than the Bonds and any Parity Obligations issued in accordance with the Indenture. The Bonds are not payable from, and are not secured by any tax increment revenues of the Agency other than the Tax Revenues. See **"SECURITY FOR THE BONDS AND FLOW OF FUNDS"** herein.

Purpose of the Bonds

Proceeds from the sale of the Bonds will be deposited in the Project Fund, the Reserve Account and the Costs of Issuance Fund in accordance with the provisions of the Indenture. Certain Net Proceeds will be used to make a loan to Executive Lodge Apartments Limited Partnership, a California Limited Partnership (the "Borrower") in connection with the acquisition and rehabilitation by the Borrower of a multi-family residential rental facility known as the "Executive Lodge Apartments" (the "Executive Lodge Project"). The Bonds are not secured by any interest in the Executive Lodge Project or the revenues therefrom. See **"ESTIMATED SOURCES AND USES"**, **"SECURITY FOR THE BONDS AND FLOW OF FUNDS"** and **"THE EXECUTIVE LODGE PROJECT"** herein.

Description of the Bonds

Denominations. The Bonds will be issued in denominations of $5,000 each or integral multiples thereof.

Payments. Interest on the Bonds is payable on September 1, 1998, and semiannually thereafter on each March 1 and September 1 by check of the Trustee mailed to the registered owners thereof. Principal is payable when due upon surrender of the Bonds at the Office of the Trustee, in Los Angeles, California. See **"THE BONDS - General Provisions"** herein.

Redemption. The Bonds may be redeemed prior to maturity. See **"THE BONDS - Redemption"** herein.

Registration, transfers and exchanges. The Bonds will be issued in fully registered form and will be registered initially 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. See **"THE BONDS -General Provisions"** and **"Book-Entry System"** herein.

Tax Exemption

Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, as amended (the "Code"), in the opinion of Bond Counsel, interest on the Series A Bonds is excluded from gross income for federal income tax purposes except during any period while a Series A Bond is held by a "substantial user", or a "related person" within the meaning of Section 147(a) of the Code, and is an item of tax preference for purposes of calculating the Federal alternative minimum tax imposed on individuals and corporations. **In the opinion of Bond Counsel, interest on the Series B Bonds is includable in gross income for Federal tax purposes.** Also in the opinion of Bond Counsel, interest on the Series A Bonds and the Series B Bonds is exempt from State of California personal income taxes. See **"TAX MATTERS"** herein.

Professionals Involved in the Offering

Project Finance Associates, LLC, Mill Valley, California, is the Agency's financial advisor with respect to the Bonds. All proceedings in connection with the issuance of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel to the Agency. Musick, Peeler & Garrett LLP, San Francisco, California, is the Agency's Disclosure Counsel with respect to the Bonds. U.S. Bank Trust National Association, Los Angeles, California, will act as the Trustee. Project Finance Associates, LLC, Bond Counsel and Disclosure Counsel will receive compensation from the Agency contingent upon the sale and delivery of the Bonds.

Authority for Issuance of the Bonds

The Bonds are being issued pursuant to (i) the laws of the State of California, including the provisions of the Community Redevelopment Law of the State, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State,and the acts amendatory thereof and supplemental thereto (the "Law"), (ii) a resolution adopted by the Board of Directors of the Agency on March 17, 1998 and (iii) an Indenture of Trust, dated as of April 1, 1998 (the "Indenture"), by and between the Agency and U.S. Bank Trust National Association, as Trustee.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through DTC in New York, New York, on or about April 27, 1998.

Bondowners's Risks

The Bonds are limited obligations of the Agency payable from the Tax Revenues as herein defined.

The Agency has no obligation to pay debt service on the Bonds other than from the Tax Revenues and from the Reserve Account and certain other funds and accounts held by the Trustee under the Indenture.

THE FAITH AND CREDIT OF THE AGENCY, OF THE CITY, OF THE STATE OF CALIFORNIA, OR OF ANY POLITICAL SUBDIVISION THEREOF IS NOT PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE AGENCY OR OF THE CITY, BUT ARE LIMITED OBLIGATIONS OF THE AGENCY PAYABLE SOLELY FROM CERTAIN REVENUES AND FROM MONEYS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS AS MORE FULLY DESCRIBED HEREIN.

For further discussion, see **"SECURITY FOR THE BONDS AND FLOW OF FUNDS"** and **"CERTAIN RISK FACTORS"** herein.

Continuing Disclosure

The Agency has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data. See **"CONTINUING DISCLOSURE"** herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from the Agency, 1444 West Garvey South, P.O. Box 1440, West Covina, California 91793. The Agency may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained herein 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 or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to such documents, statutes and constitutional provisions.

The information set forth herein has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the underwriter or the Agency. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT 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 AGENTS AT PRICES LOWER THAN THE PUBIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

END OF INTRODUCTION

(d) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide for the deposit into the Reserve Account of an amount required to cause the balance therein to equal the full amount of the Reserve Requirement (which may be maintained in whole or in part in the form of a Qualified Reserve Account Credit Instrument as provided in the Indenture).

(e) The issuance of such Parity Debt shall not cause the Agency to exceed any applicable Plan Limitations.

(f) The Agency shall deliver to the Trustee a Certificate of the Agency certifying, and an opinion of Bond Counsel stating that the conditions precedent to the issuance of such Parity Debt set forth in the foregoing paragraphs (a), (b), (c), (d) and (e) have been satisfied.

The Agency is also authorized to issue or incur additional Subordinate Debt in such principal amount as shall be determined by the Agency, provided that the issuance of such Subordinate Debt shall not cause the Agency to exceed any Plan Limitations. Subordinate Debt is defined to mean loans, advances or indebtedness, which are (i) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (ii) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues for the security of the Bonds.

ESTIMATED SOURCES AND USES OF PROCEEDS

The following table sets forth the estimated sources (exclusive of accrued interest) and uses of funds associated with the issuance and sale of the Bonds.

Estimated Sources and Uses of Funds

Sources of Funds	
Par Amount of Series A Bonds	$4,945,000
Par Amount of Series B Bonds	1,200,000
Total Sources	$6,145,000
Uses of Funds	
Series A Subaccount Project Fund	$4,434,654.34
Series B Subaccount Project Fund	970,243.92
Series A Subaccount Reserve Account	344,587.50
Series B Subaccount Reserve Account	101,925.00
Costs of Issuance Fund	105,000.00
Series A Bonds Insurance Premium	74,783.16
Series B Bonds Insurance Premium	21,631.08
Underwriter's Discount (Series A Bonds)	74,175.00
Underwriter's Discount (Series B Bonds)	18,000.00
Total Uses	$6,145,000.00

Moneys in the Project Fund to be maintained and held in trust by the Trustee, shall be used for the purposes specified in the Affordable Housing Agreement dated as of December 10, 1997, as subsequently amended by that certain First Amendment to the Affordable Housing Agreement, (collectively, the "Affordable Housing Agreement") among the Agency, the Trustee and the Executive Lodge Apartments Limited Partnership, a California Limited Partnership (the "Borrower") whereby the Agency has agreed to make the Loan (defined in the Affordable Housing Agreement as the "Agency Combined Loan") in the aggregate principal amount not to exceed $5,825,000 to the Borrower for the financing of the acquisition and rehabilitation by the Borrower of the Executive Lodge Project and to pay associated costs. A substantial portion of the proceeds will be applied to reimburse the Agency for its initial cost of acquiring the real property comprising the Executive Lodge Project plus related amounts. The Borrower is the successor under the Affordable Housing Agreement to the Southern California Housing Development Corporation which entered into the original Affordable Housing Agreement as the "Developer."

The Reserve Account, to be held by the Trustee, is initially funded in the amount of the Reserve Requirement.

SECURITY FOR THE BONDS AND FLOW OF FUNDS

Pledge of Tax Revenues

Neither the Executive Lodge Project, the Loan nor repayments thereof shall secure the Bonds or repayment thereof.

The Bonds shall be secured by a first pledge of and lien on all of the Tax Revenues (as defined below) and all of the moneys on deposit in the Special Fund. In addition, the Bonds shall be secured by a first and exclusive pledge of and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account and within each account, a separate subaccount for the Series A Bonds and the Series B Bonds, respectively. Such pledges and liens shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

Tax Revenues is defined in the Indenture to mean twenty percent (20%) of the monies paid to the Agency within the Plan Limitations following the Closing Date, derived from that portion of taxes levied upon assessable property within the Redevelopment Project allocated to the Agency pursuant to the Law and Section 16 of Article XVI of the Constitution of the State, but excluding any amounts payable by the State to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State, and consisting of the amount of tax increment revenues paid to the Agency and required by the Law to be deposited in the Agency's Low and Moderate Income Housing Fund; however, said twenty percent (20%) shall apply regardless of whether or not the Law is amended in the future to require deposits to the Low and Moderate Income Housing Fund of less than twenty percent (20%). Tax Revenues expressly exclude amounts payable pursuant to the Tax Sharing Agreements relating to allocation of taxes attributable to the compounded two percent (2%) annual growth in assessed values which are otherwise payable to the Low and Moderate Income Housing Fund, if any. For purposes of this definition, Tax Sharing Agreements refers to certain agreements between the Agency and Los Angeles County, on behalf of itself and certain Los Angeles County-affiliated entities, entered into pursuant to Section 33401 of the Law. See, however, **"HISTORICAL AND ESTIMATED TAX REVENUES - Low and Moderate Income Housing"** herein for additional information regarding exclusions affecting strict application of the twenty percent set-aside requirement with respect to the Low and Moderate Income Housing Fund, including the Tax Sharing Agreements (as hereinafter defined).

As provided in the Redevelopment Plan, and pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the State Constitution, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, cities, counties, districts or other public corporations (collectively, the "Taxing Agencies"), for fiscal years beginning after the effective date of the Redevelopment Plan, will be divided as follows:

(a) To Taxing Agencies: The portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the Taxing Agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown upon the assessment roll used in connection with the taxation

Flow of Funds

Pursuant to the Indenture the Special Fund (the "Special Fund") will be established and held by the Agency. The Agency shall deposit in the Special Fund all Tax Revenues received in any Bond Year until such time as the amounts on deposit in the Special Fund shall equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account and the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account.

All Tax Revenues received by the Agency in excess of the amount required to be deposited in the Special Fund shall be released from the pledge and lien under the Indenture and the Agency may apply such excess Tax Revenues for any lawful purposes of the Agency's Low and Moderate Income Housing Fund. Prior to the payment in full of the principal of and interest and redemption premium, if any, on the Bonds and the payment in full of all other amounts payable under the Indenture, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture.

Pursuant to the Indenture, the Debt Service Fund will be established and held in trust by the Trustee. Moneys in the Special Fund shall be transferred by the Agency to the Trustee for deposit in the following respective special accounts within the Debt Service Fund, established with the Trustee, in the following order of priority:

(a) the Interest Account;
(b) the Principal Account;
(c) the Sinking Account;
(d) the Reserve Account; and
(e) the Redemption Account.

For accounting purposes only, the Trustee shall establish separate subaccounts within each Account of the Debt Service Fund for the Series A Bonds, the Series B Bonds and any subsequent issue of Bonds, and shall apportion amounts so deposited to each subaccount in accordance with the debt service requirements of each series.

The Interest Account

On or before the fifth Business Day preceding each Interest Payment Date, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the respective subaccounts of the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable.

The Principal Account

On or before the fifth Business Day preceding each date on which principal of the Bonds becomes due and payable, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the respective subaccounts of the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Bonds on such date. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds upon the maturity thereof.

The Sinking Account

On or before the fifth Business Day preceding each date on which any Outstanding Term Bonds become subject to mandatory Sinking Account redemption, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon the mandatory Sinking Account redemption thereof.

The Redemption Account

On or before the fifth Business Day preceding any date on which Bonds are subject to redemption, other than mandatory Sinking Account redemption of the Term Bonds, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date other than by reason of Sinking Account redemption. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Agency designated by the Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed on the date set for such redemption.

Reserve Account

In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement (defined to mean, as of the date of any calculation, the least of (a) Maximum Annual Debt Service, or (b) 125% of average Annual Debt Service, or (c) 10% of the original principal amount of the Bonds), the Trustee will promptly notify the Agency and Insurer of such deficiency. Promptly upon receipt of any such notice, the Agency will transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account.

Except as setforth below, amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, on any date in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all of the Bonds then outstanding which transfers and deposits shall be allocated ratably among the subaccounts in such accounts. So long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before each Interest Payment Date by the Trustee and deposited in the Interest Account, provided, however, such excess interest earnings in the Series B Subaccount of the Reserve Account shall be deposited in the Series B Subaccount of the Project Fund until the amount therein, when added to the amount retained therein pursuant to the Indenture equals $100,000 or until June 1, 2000, whichever comes first.

Pursuant to the Indenture, the Agency reserves the right to tender at any time a Qualified Reserve Account Credit Instrument under the conditions described in the Indenture together with the requisite opinion of Bond Counsel and consent of the Insurer. Upon satisfactory tender by the Agency of any such Qualified Reserve Account Credit Instrument, the Trustee shall withdraw from the Reserve Account and transfer to the Agency, free and clear of the pledge of the Indenture, an amount equal to the principal amount of such Qualified Reserve Account Credit Instrument.

Qualified Reserve Account Credit Instrument is defined in the Indenture as an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee in replacement of cash in the Reserve Account, provided that all of the following requirements are met: (i) the long-term credit rating of such bank or insurance company is in one of the two highest rating categories by S&P and Moody's; (ii) such letter of credit or surety bond has a term of at least twelve (12) months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required from the Reserve Account; (v) the Insurer has approved in writing such Qualified Revenue Account Credits Instrument; and (vi) written notice of the posting of such Qualified Reserve Account Credit Instrument is given to S&P and Moody's.

The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required, under the Indenture, from the Reserve Account.

In the event that the Reserve Requirement shall at any time be maintained in the Reserve Account in the form of a combination of cash and a Qualified Reserve Account Credit Instrument, the Trustee shall apply the amount of such cash to make any payment required to be made from the Reserve Account before the Trustee shall draw any moneys under such Qualified Reserve Account Credit Instrument for such purpose. In the event that the Trustee shall at any time draw funds under a Qualified Reserve Account Credit Instrument to make any payment then required to be made from the Reserve Account, the Tax Revenues thereafter received by the Trustee, to the extent remaining after making the other deposits (if any) then required to be made, shall be used to reinstate the Qualified Reserve Account Credit Instrument.

BOND INSURANCE

The following information has been furnished by MBIA Insurance Corporation (the "Insurer") for use in this official Statement. Reference is made to Appendix E for a specimen of the Insurer's policy.

The Insurer's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered form any owner of the Bonds pursuant to a final judgment by a court competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Insurer's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof or resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

EXHIBIT 2

2001 HOUSING BONDS DOCUMENTS

Book-Entry Only

Rating:
Standard & Poor's: AAA
(See "RATINGS" 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 "Tax Matters" herein.

$11,275,000
Redevelopment Agency of the City of West Covina
Housing Set-Aside Tax Allocation Revenue Bonds, Series 2001

Dated: December 1, 2001 **Due: September 1, as shown below**

The above-referenced Bonds will be issued by the Redevelopment Agency of the City of West Covina (the "Agency") under an Indenture of Trust, dated as of December 1, 2001 (the "Indenture"), by and between the Agency and U.S. Bank Trust National Association, as trustee for the Bonds (the "Trustee). The Agency will use the proceeds of the Bonds to (i) fund a grant for the acquisition and development of a senior housing apartment complex, (ii) finance the implementation of certain of the Agency's low and moderate income housing programs, (iii) to fund a reserve account for the Bonds, and (iv) to pay costs of issuance associated with the issuance and sale of the Bonds. The Bonds will be sold to the West Covina Public Financing Authority (the "Authority") for resale to the Underwriter. The Bonds are payable from and secured by the Tax Revenues (as defined herein) and certain funds and accounts held under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" 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 MBIA Insurance Corporation simultaneously with the delivery of the Bonds.

MBIA

The Bonds will be issued as fully registered bonds in the denomination of $5,000 or any integral multiple thereof. The principal or redemption price of each Bond will be payable upon the presentation and surrender of each Bond, when due or redeemed, as applicable, at the corporate trust office of the Trustee. Interest on the Bonds will be payable on March 1 and September 1 of each year (the "Interest Payment Dates"), commencing March 1, 2002, by check mailed on the Interest Payment Date to each Owner of the Bonds as of the fifteenth day of the month immediately preceding an Interest Payment Date, or by wire transfer upon written request of the Owner of at least $1,000,000 in aggregate principal amount of outstanding bonds filed with the Trustee no later than the fifteenth day of the month next preceding such Interest Payment Date. See "THE BONDS - Description of the Bonds" herein.

The Bonds will be issued in book-entry form, initially registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interest in the Bonds. For so long as the Bonds are registered in the name of Cede & Co., the Trustee will make all payments of principal and interest on the Bonds to DTC, which, in turn, is obligated to remit such principal and interest to DTC Participants (defined herein) for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds. See "THE BONDS - Book-Entry Only System" herein.

The Bonds are subject to optional and mandatory redemption as described herein.

The Bonds are not a debt of the City of West Covina (the "City") or of the State of California or any of its political subdivisions (other than the Agency), and neither the City nor the State of California nor any of its political subdivisions (other than the Agency) is liable therefor. The Bonds are special obligations of the Agency payable exclusively from the Tax Revenues and amounts held in the Special Fund and the Redemption Fund created pursuant to the Indenture. The Agency is not obligated to pay the principal of and interest on the Bonds except from the Tax Revenues and the amounts held in the Special Fund and the Redemption Fund. In no event will the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor. Neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described herein. See "RISK FACTORS" herein.

MATURITY SCHEDULE

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Maturity (September 1)	Principal Amount	Interest Rate	Yield
2002	$ 410,000	2.25%	2.25%	2012	$ 400,000	4.25%	4.35%
2003	295,000	2.50	2.50	2013	420,000	4.40	4.50
2004	305,000	2.75	3.00	2014	435,000	4.50	4.60
2005	310,000	3.00	3.20	2015	455,000	4.60	4.75
2006	320,000	3.25	3.40	2016	475,000	4.70	4.80
2007	330,000	3.50	3.60	2017	500,000	4.75	4.85
2008	345,000	3.75	3.85	2018	525,000	4.75	4.90
2009	355,000	3.90	4.00	2019	550,000	4.80	4.95
2010	370,000	4.00	4.10	2020	575,000	4.85	5.00
2011	385,000	4.125	4.20	2021	600,000	4.90	5.05

$980,000 5.00% Term Bond due September 1, 2026, Price: 98.596%
$1,935,000 5.00% Term Bond due September 1, 2031, Price: 97.723%
(Accrued interest to be added)

The Bonds are offered, when as and if issued and accepted by the Underwriter, subject to the approval of Fulbright & Jaworski L.L.P., Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon by Winston & Strawn, New York, New York, as Disclosure Counsel, and for the Agency and the Authority by their general counsel, Alvarez-Glasman & Colvin, West Covina, California. It is anticipated that the Bonds will be available for delivery to DTC on or about December 20, 2001.

Seidler-Fitzgerald
Public Finance
(A Division of The Seidler Companies Incorporated)

Dated: December 5, 2001

from the County, to be $9,562,605 of which an estimated $1,912,521 will be available to the Agency as Tax Revenues. See "THE REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA - The Project Area" herein.

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies within the project area thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll (except such portion generated by rates levied to pay voter-approved bonded indebtedness after January 1, 1989 for the acquisition or improvement of real property) (herein, the "Tax Increment Revenues") are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as above indicated.

Any future decrease in the assessed valuation of taxable property in the Project Areas or in the applicable tax rates relating thereto will reduce the Tax Revenues otherwise allocable to the Agency from the Project Areas and correspondingly will have an adverse impact on the ability of the Agency to pay the principal of and interest on the Bonds. Except for the Tax Revenues and the amounts held in the Special Fund and the Redemption Fund created pursuant to the Indenture, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the Bonds.

Reference to Underlying Documents

Brief descriptions of the Bonds and the Indenture, the Agency, the City and the Project Area are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bond Law, the Redevelopment Law, the Project Area, the Constitution and the laws of the State, and the proceedings of the Agency and the City, are qualified in their entirety by reference to each such document, law or constitution. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Indenture. References herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the Indenture are available for inspection at the office of the Agency.

PLAN OF FINANCING

A portion of the proceeds of the Bonds, in an amount of approximately $5.25 million, will be loaned to West Covina Senior Villas LLC (the "Developer") for the acquisition and development of an 85-unit senior housing apartment complex in the Project Area. The loan to the Developer will be forgiven by the Agency and will not be subject to repayment by the Developer so long as all of the covenants in the development and disposition agreement regarding low and moderate income restrictions are observed. The Agency, therefore, has no expectation that the loan will be repaid and the loan is being treated as a grant for federal income tax purposes.

Such loan will be used by the Developer to purchase an approximately 1.66 acre undeveloped parcel of land at 1842 E. Workman Avenue in West Covina, upon which it will develop the aforementioned 85-unit complex, of which 20% of the units will be allocated to very low-income residents and the remaining 80% of which will be allocated to low-income residents. It is anticipated that construction of the facility will be completed in the fourth quarter of 2002.

A portion of the proceeds of the Bonds, in an amount of approximately $4.5 million, will be allocated by the Agency to finance certain of its low and moderate income housing programs, specifically the continued implementation of its Housing Preservation and First-Time Homebuyer Programs, and any other qualified low and moderate income housing projects the Agency may seek to pursue in the future.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the Bonds, excluding accrued interest, are summarized as follows:

SOURCES AND USES OF FUNDS

Sources of Funds:	
Par Amount of Bonds	$11,275,000.00
Less Original Issue Discount	(144,134.25)
Total Sources	$11,130,865.75
Uses of Funds:	
Deposit to Project Construction Fund	$9,745,000.00
Deposit to Debt Service Reserve Fund (DSRF)	779,437.50
Underwriter's Discount	196,636.00
Costs of Issuance Account[1]	409,792.25
Total Uses	$11,130,865.75

[1] Costs of Issuance include fees and expenses of Bond Counsel, Disclosure Counsel and the Trustee, rating agency fees, bond insurance premium, printing expenses, contingency amount and other costs related to the issuance of the Bonds.

THE BONDS

Description of the Bonds

The Bonds will be issued in the form of fully registered bonds without coupons and in the denomination of $5,000 or any integral multiple thereof. The Bonds will be dated December 1, 2001 and will bear interest at the rates per annum and will mature, subject to redemption provisions set forth below, on the dates and in the principal amounts, all as set forth on the cover page hereof.

Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing March 1, 2002 (the "Interest Payment Dates"). Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is a day during the period from the sixteenth (16th) day of the month next preceding any Interest Payment Date to such Interest Payment Date, inclusive, in which event they shall bear interest from such Interest Payment Date, or unless such date of authentication is prior to February 15, 2002, in which event they shall bear interest from December 1, 2001 provided, however, that if at the time of authentication of the Bonds interest is then in default on the Outstanding Bonds, such Bonds shall bear interest from the exceeds the total assessed value of the taxable property in the Project Area as shown by the last equalized assessment roll referred to in paragraph (1) above, all of the taxes levied and collected upon the taxable property in the Project Area shall be paid into the funds of the respective taxing agencies. When said bonds, loans, advances, and indebtedness, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in the Project Area shall be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

The Agency is authorized to make pledges of the portion of taxes mentioned in paragraph (2) above to repay specific advances, loans and indebtedness as appropriate in carrying out the Redevelopment Plan.

Revenues generated as set forth above and allocated to the Agency are generally referred to as "Tax Increment Revenues." The Redevelopment Law requires redevelopment agencies to set aside not less than 20% of all tax increment derived for a redevelopment project area for which a final redevelopment plan has been adopted on or after January 1, 1977, or for any area which has been added to a project area by amendment to a redevelopment plan adopted on or after January 1, 1977, in a low and moderate income housing fund, unless the Agency make certain findings (the "Housing Set-Aside"). The Housing Set-Aside constitutes the Tax Revenues securing the Agency's obligations under the Indenture. See "Tax Revenues" above and "HOUSING SET-ASIDE REVENUES - General."

Reserve Account

In order to further secure the payment of principal of and interest on the Bonds, the Trustee is required to set aside from the Special Fund and deposit in the Reserve Account an amount sufficient to maintain the Reserve Account Requirement on deposit in the Reserve Account. The Reserve Account Requirement is, as of any date of calculation, an amount equal to the least of (i) maximum annual debt service on the Bonds and any Parity Debt for that or any subsequent Bond Year, (ii) 10% of the issue price (within the meaning of section 148 of the Code) of the Bonds and any Parity Debt or (iii) 125% of average annual debt service on the Bonds and any Parity Debt for that and any subsequent Bond Year.

Parity Indebtedness

The Agency currently has outstanding its 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Series A and 1998 Housing Set-Aside Tax Allocation Bonds (Executive Lodge Project) Taxable Series B in the approximate aggregate principal amount of $5,785,000 (collectively, the "Existing Parity Obligations"). The Existing Parity Obligations are secured by a lien on the Tax Revenues on a parity with the lien of the Bonds on the Tax Revenues.

While any portion of the Bonds are Outstanding, the Agency shall not issue or incur any debt with a lien on the Tax Revenues superior to the lien created by the Indenture with respect to the Bonds. In addition to the Existing Parity Obligations, the Agency may issue or incur debt on a parity with the Bonds and any then existing Parity Debt in such principal amount as shall be determined by the Agency, upon compliance with the following conditions:

(a) No Event of Default under the Indenture shall have occurred and be continuing, and the Agency shall otherwise be in compliance with all covenants set forth in the Indenture.

(b) The Tax Revenues estimated for the then current Bond Year shall be at least equal to one hundred thirty-five percent (135%) of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt and Persistent Tax Revenues shall be

EXHIBIT 3

SUCCESSOR AGNECY'S DETERMINATION OF THE NEED TO RETAIN UNRESTRICTED HOUSING AND NON-HOUSING ASSETS

Successor Agency of the West Covina Redevelopment Agency
Schedule of Cash Balances and Obligations to Other Agencies

Prepared by Successor Agency

As of June 30, 2012

Non-housing cash as of June 30, 2012	$	1,210,974
Amounts due other agencies		
AB 1484 True-up payment to County A-C		497,980
Nov. 2011 - Jan. 2012 pass through obligations		700,000
ROPS I reconciliation amount to be withheld from ROPS III payment		1,779,075
Total amounts due to other agencies		2,977,055
Available surplus/(deficit) cash after payment to other agencies		(1,766,081)
Add: Available housing cash as of June 30, 2012 per schedule 5		1,891,166
Total available surplus/(deficit) cash after payment to other agencies		125,085

Note: Successor Agency will not have sufficient funds available to meet ROPS III obligations, including housing obligations after payment of the true-up payment and having the pass through and ROPS I reconciliation amounts deducted from the January 2013 payment. Therefore, Housing cash is necessary for the Successor Agency to be able to meets its ROPS III obligations.

Exhibit 3

Successor Agency of the West Covina Redevelopment Agency
Schedule of Cash Balances and Obligations to Other Agencies
REVISED

Prepared by Successor Agency

As of June 30, 2012

Non-housing cash as of June 30, 2012	$ 1,210,974
Amounts due other agencies	
AB 1484 True-up payment to County A-C	497,980
Nov. 2011 - Jan. 2012 pass through obligations	456,808
ROPS I reconciliation amount to be withheld from ROPS III payment	1,779,075
Total amounts due to other agencies	2,733,863
Available surplus/(deficit) cash after payment to other agencies	(1,522,889)
Add: Available housing cash as of June 30, 2012 per schedule 5	1,891,166
Total available surplus/(deficit) cash after payment to other agencies	368,277

Note: Successor Agency will not have sufficient funds available to meet ROPS III obligations, including housing obligations after payment of the true-up payment and having the pass through and ROPS I reconciliation amounts deducted from the January 2013 payment. Therefore, Housing cash is necessary for the Successor Agency to be able to meets its ROPS III obligations.

ATTACHMENT NO. 2

RESOLUTION NO. OB – 0016

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE LOW AND MODERATE INCOME HOUSING FUND DUE DILIGENCE AUDIT PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.6, SUBJECT TO CERTAIN ADJUSTMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

A. On June 27, 2012, AB 1484 was enacted providing technical amendments, new rules, and new deadlines to the redevelopment dissolution process.

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 the Low and Moderate Income Housing Fund (the "LMIHF") 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. 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.

D. 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.

E. On October 4, 2012, the Oversight Board convened a public comment session, as required by AB 1484, at least five (5) business days prior to the meeting to consider approval of the Due Diligence Review.

F. 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 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 34179.5, as documented in the Due Diligence Review.

G. Pursuant to Health and Safety Code Section 34179(e), all actions taken by the Oversight Board shall be adopted by Resolution.

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 the Low and Moderate Income Fund pursuant to Health and Safety Code Section 31479.6 subject to the following adjustments:

A. Adjust the Due Diligence Review to delete the amount of $1,522,889 necessary for retention to fund enforceable obligations (amount listed on the Revised Exhibit 3 of the White Nelson Diehl Evans Report) pursuant to Health and Safety Code Sections 34179.6(c) and 34179.5(c)(5)(D) and (E).

SECTION 3. The Oversight Board further authorizes the Successor Agency to retain those amounts identified in subparagraph (B) to (E), inclusive of paragraph (5) of subdivision (c) of Health and Safety code Section 34179.5 as documented in the Due Diligence Review as assets that are not cash or cash equivalents or that are legally obligated as follows:

A. Bond proceeds in the amount of $1,372,096 (amount listed on Schedule 5 of the White Nelson Diehl Evans Report) pursuant to Health and Safety Code Section 34179.5(c)(5)(B).

SECTION 4. The Oversight Board hereby approves the resulting amount of $328,277 as the amount that is available for distribution to the taxing entities.

SECTION 5. The Chairperson, or presiding officer, is hereby authorized to affix his or her signature to this Resolution signifying its adoption by the Oversight Board and the Oversight Board Secretary, or her duly appointed deputy, is directed to attest thereto.

SECTION 6. 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 the Low and Moderate Income Fund 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 7. 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 11th day of October, 2012.

Carrie Sutkin, 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, 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 10rd day of October 2012, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

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