

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

A G E N D A

West Covina City Hall
City Manager's Conference Room, Room 305
1444 West Garvey Avenue, West Covina, CA 91790

**THURSDAY, DECEMBER 4, 2014
4:00 p.m.**

Carrie A. Sutkin, Chairperson
Luzmaria Chavez, Board Member
Robert R. Coghlan, Board Member
Mike Gregoryk, Board Member
Gerry Hertzberg, Board Member
Mike Lee, Board Member
David Stewart, 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 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*.

REGULAR MEETING
AGENDA
Thursday, December 4, 2014
4:00 p.m.

I. CALL TO ORDER

A. Roll Call

Carrie A. Sutkin, Chairperson
Luzmaria Chavez, Board member
Robert R. Coghlan, Board Member
Mike Gregoryk, Board member
Gerry Hertzberg, Board Member
Mike Lee, Board Member
Dave Stewart, Board Member

B. Pledge of Allegiance

II. CHANGES TO THE AGENDA

III. PUBLIC COMMENT

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

IV. CONSENT CALENDAR

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

A. Approval of Minutes (receive and file)

Regular meeting minutes of May 1, 2014
Special meeting minutes of June 25, 2014
Special meeting minutes of July 3, 2014
Special meeting minutes of September 24, 2014

B. Department of Finance Correspondence

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

ACTION ON CONSENT CALENDAR

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

except _____

V. BUSINESS ITEM(S)

A. Request by Chairperson Sutkin to Change Date for Future Meetings

Recommendation

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

RESOLUTION NO. OB-_____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0002, CHANGING THE DATE OF OVERSIGHT BOARD MEETINGS

B. Request by Board Member Lee to Incorporate an Annual Election Process for the Chairperson and Vice-Chairperson and Designate New Chairperson and Vice-Chairperson

Recommendation

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

RESOLUTION NO. OB-_____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0003 TO AMEND THE OVERSIGHT BOARD BYLAWS

RESOLUTION NO. OB-_____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0010, DESIGNATING A CHAIRPERSON, VICE-CHAIRPERSON AND IDENTIFYING ADDITIONAL OVERSIGHT BOARD MEMBERS AND PROVIDING NOTICE TO THE DEPARTMENT OF FINANCE ("DOF") AS REQUIRED BY HEALTH AND SAFETY CODE SECTION 34179

C. Request by Board Member Hertzberg to Define the Role of the Chairperson

Recommendation

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

RESOLUTION NO. OB-_____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0004 TO AMEND THE OVERSIGHT BOARD RULES OF PROCEDURE

D. Loan Agreement Concerning Litigation Fees Incurred for the ROPS Periods of February 2012 to June 2012, July 2012 to December 2012, and January 2014 to June 2014 Which Exceeded the Litigation Cost Estimates For Those Same Periods

Recommendation

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

RESOLUTION NO. OB-_____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE LOAN AGREEMENT CONCERNING LITIGATION FEES INCURRED FOR THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE PERIODS OF FEBRUARY 2012 TO JUNE 2012, JULY 2012 TO DECEMBER 2012, AND JANUARY 2014 TO JUNE 2014 WHICH EXCEEDED THE LITIGATION COSTS ESTIMATES FOR THOSE SAME PERIODS

E. Loan Agreement Concerning Litigation Fees Incurred for the ROPS Periods of January 2013 to June 2013, July 2013 to December 2013, and January 2014 to June 2014 Which Exceeded the Litigation Cost Estimates for Those Same Periods, But Mischaracterized Under the Administrative Cost Allowance

Recommendation

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

RESOLUTION NO. OB-_____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE LOAN AGREEMENT CONCERNING LITIGATION FEES INCURRED FOR THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE PERIODS OF JANUARY 2013 TO JUNE 2013, JUNE 2013 TO DECEMBER 2013, AND JANUARY 2014 TO JUNE 2014 WHICH EXCEEDED THE LITIGATION COST ESTIMATES FOR THOSE SAME PERIODS AND MISCHARACTERIZED AS BEING PART OF THE ADMINISTRATIVE COST ALLOWANCE

VI. BOARD MEMBERS' COMMENTS

VII. 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, City Manager, either in person in the City Manager's Office at West Covina City Hall, 1444 West Garvey Avenue, West Covina, CA 91790, or by calling via telephone at (626) 939-8401 during regular business hours.

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

MINUTES

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

Regular Meeting - Thursday, May 1, 2014

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

I. CALL TO ORDER:

Meeting was called to order at 4:01 p.m. by Chairperson Sutkin

Roll Call Chairperson Sutkin
Board Member Chavez, Coghlan, Gregoryk, Hertzberg, Lee, Lewis

Absent: Board Member Lewis

Staff: City Manager/Executive Director Chung, Finance Director McKay,
Project Manager Morales, Oversight Board Secretary Rush, Attorney
Harper

Pledge of Allegiance led by Board Member Sutkin.

II. CHANGES TO AGENDA

Executive Director Chung stated that Item No. 6, Closed Session, will be pulled from the agenda. Chung stated that this item will be brought forth in the event there is an understanding with the parties involved.

Board Member Hertzberg inquired what the role of the Oversight Board is regarding the matter and requested that material on the subject is provided for review prior to the meeting.

III. PUBLIC COMMENT

Lloyd Johnson, West Covina resident, distributed Engagement Agreement with Squires Sanders to board members and addressed the validity of the contract since it is not signed by the Mayor and addressed the settlement agreement with Hassen Imports Partnership.

Philip Moreno, West Covina resident, stated that he made a request last year for an audit of the Redevelopment Agency and also addressed the agreement between the Squire Sanders and the City of West Covina.

IV. CONSENT CALENDAR

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

Regular Meeting Minutes of February 6, 2014

B. **Department of Finance Correspondence**

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

ACTION ON CONSENT CALENDAR

Motion by Gregoryk and seconded by Hertzberg to approve all items on the Consent Calendar as presented.

Motion carried 6-0

V. BUSINESS ITEMS(S)

A. **Request to Change Date and Time of Meeting**

Executive Director Chung introduced the item. Chairperson Sutkin stated the first Thursday of the month creates a conflict with another obligation she has. Following discussion of alternate dates, it was the consensus of the Board Members and staff to hold the meetings on the third Thursday of the month with the time remaining at 4:00 p.m.

Motion by Gregoryk and seconded by Hertzberg to change the day of the meetings to the third Thursday of the month, with the time remaining at 4:00 p.m.

Motion carried 6-0.

Executive Director Chung clarified that a resolution would return to incorporate the change.

B. **Request to Incorporate an Annual election Process for the Chairperson and Vice-Chairperson**

Executive Director Chung introduced the item. Board Member Lee stated a rotation process was not put in place when the by-laws were adopted and suggested an annual rotation for chairperson and vice-chairperson. Board Members concurred to put a process in place. Chung asked the Board if they would like staff to bring back a proposed process. Council discussion ensued.

Motion by Hertzberg and seconded by Gregoryk to direct staff to bring a change in the by-laws reflecting an annual election in June of each year electing a chair and vice chair at that time.

Motion carried 6-0.

VI. CLOSED SESSION

This item was pulled from the agenda at the beginning of the meeting.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code § 54956.9(d)(1)

City of West Covina v. Hassen Imports Partnership, et al.

Los Angeles Superior Court Case No. KC048157

In re Hassen Imports Partnership, Debtor, United States Bankruptcy Court Case No.

2:11-bk-42068-ER

In re Hassen Imports Partnership, Debtor, United States District Court Case No. 2:13-cv-07532-CAS

VII. BOARD MEMBER COMMENTS

Board Member Gregoryk inquired as to signature authority of contracts and agreement in City Governance. Chung provided a brief background of Government Code requirements for general law cities.

Board Member Hertzberg addressed the process in which board members can put an item on the agenda and the role of the chair of approving agendas and cancelation of meetings. Hertzberg requested to agendaize consideration of changes to the by-laws such as the chair being required to approve the final agenda, as well as the establishment of meetings or cancelation of meetings.

Chairperson Sutkin reiterated Hertzberg’s request as to also setting the agenda and communication between the chair and the clerk as canceling a meeting when there is no business to conduct, or to set a special meeting if there is a need prior to such action being taken.

Board discussed the by-law requirement that Board Member requests to agendaize an item must receive a majority vote of the Board to move forward. It was the consensus of the Board to be allowed to vote for majority consideration to put an item on the agenda.

Motion by Hertzberg and seconded by Gregoryk [to add to the agenda Hertzberg’s request to change the by-laws such as the chair being required to approve the final agenda, as well as the establishment of meetings or cancelation of meetings].

Motion carried 6-0.

Chair Sutkin stated that by voting to put the item on the agenda, a resolution will return with the report at the next meeting in order to take action.

VIII. ADJOURNMENT

Motion by Gregoryk and seconded by Hertzberg to adjourn the meeting at 4:36 p.m.

Submitted by

Susan Rush, Oversight Board Secretary

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

MINUTES

West Covina City Hall
City Manager's Conference Room, Room 305
1444 West Garvey Avenue, West Covina, CA 91790

Special Meeting – Wednesday June 25, 2014

I. CALL TO ORDER:

Meeting was called to order at 4:05 p.m. by Chairperson Sutkin

Roll Call Chairperson Sutkin
Board Member Chavez, Hertzberg, Lee, Lewis

Absent: Board Members Coghlan, Gregoryk

Staff: City Manager/Executive Director Chung, Project Manager Morales,
Oversight Board Attorney Harper, Successor Agency Attorney Alvarez-
Glasman

II. PUBLIC COMMENT

Lloyd Johnson, West Covina resident, stated that he hopes the Oversight Board will move forward with settlement process.

Philip Moreno, West Covina resident, addressed reporting out requirement.

III. CLOSED SESSION

Chairperson Sutkin convened closed session discussion at 4:15 p.m.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code § 54956.9(d)(1)

City of West Covina v. Hassen Imports Partnership, et al.

Los Angeles Superior Court Case No. KC048157

In re Hassen Imports Partnership, Debtor, United States Bankruptcy Court Case No.

2:11-bk-42068-ER

In re Hassen Imports Partnership, Debtor, United States District Court Case No. 2:13-cv-07532-CAS

VIII. ADJOURNMENT

Chairperson Sutkin adjourned the meeting at 6:04 p.m.

Submitted by

Susan Rush, Oversight Board Secretary

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

MINUTES

West Covina City Hall
City Manager's Conference Room, Room 305
1444 West Garvey Avenue, West Covina, CA 91790

Special Meeting – July 3, 2014

I. CALL TO ORDER:

Meeting was called to order at 9:07 a.m. by Chairperson Sutkin

Roll Call Chairperson Sutkin
Board Member Chavez, Coghlan, Gregoryk, Hertzberg, Lee, Lewis

Staff: City Manager/Executive Director Chung, Project Manager Morales,
Oversight Board Attorney Harper, Attorney S. Owens

II. PUBLIC COMMENT

Lloyd Johnson, West Covina resident, stated no one will come out of litigation happy and this issue is a lose/lose situation, we need to move forward and stated the Oversight Board is here for the citizens of West Covina.

III. CLOSED SESSION

Chairperson Sutkin convened closed session discussion at 9:12 a.m.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code § 54956.9(d)(1)

City of West Covina v. Hassen Imports Partnership, et al.

Los Angeles Superior Court Case No. KC048157

In re Hassen Imports Partnership, Debtor, United States Bankruptcy Court Case No.
2:11-bk-42068-ER

In re Hassen Imports Partnership, Debtor, United States District Court Case No. 2:13-cv-
07532-CAS

IV. REPORTING OUT FROM CLOSED SESSION

Oversight Board Attorney Harper reported the Oversight Board considered the item and approved the settlement agreement by a vote of 6—1.

V. **ADJOURNMENT**

Chairperson Sutkin adjourned the meeting at 9:55 a.m.

Submitted by

Susan Rush, Oversight Board Secretary

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

MINUTES

West Covina City Hall
City Manager's Conference Room, Room 305
1444 West Garvey Avenue, West Covina, CA 91790

Special Meeting – September 24, 2014

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

I. CALL TO ORDER:

Meeting was called to order at 4:01p.m. by Executive Director Chung.

Due to the absence of Chairperson Sutkin and no Vice Chairman, motion by Coghlan and second by Chavez to have Board Member Lee take the role of Chairperson for this meeting only.

Motion carried 4-0.

Pledge of Allegiance let by Board Member Lewis

Roll Call Board Members Chavez, Coghlan, Lee, Lewis

Absent: Chairperson Sutkin, Board Members Gregoryk, Hertzberg

Staff: City Manager/Executive Director Chung, Project Manager Morales,
Oversight Board Attorney Harper, Finance Director McKay, Board
Secretary Rush

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

III. PUBLIC COMMENT

Lloyd Johnson, West Covina resident, thanked the Board for action taken to approve the settlement agreement and end litigation regarding Hassen Imports Partnership, et al.

IV. BUSINESS ITEM(S)

**A. Consideration of the Recognized Obligation Payment Schedule "ROPS" and
Successor Agency Administrative Budget Covering the Period of January 1,
2015 through June 30, 2015**

Finance Director McKay presented staff report and identified new items nos. 68 –
76 and gave a brief detail of each item.

Motion by Chavez and seconded by Coghlan to adopt the following resolution:

RESOLUTION NO. OB-0026 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND SUCCESSOR AGENCY ADMINISTRATIVE BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 24177 FOR THE PERIOD JANUARY 1, 2015 THROUGH JUNE 30, 2015

Motion carried 4-0.

B. Cooperative Agreement Between the City of West Covina and Successor Agency to the West Covina Redevelopment Agency

Board Member Lee introduced the subject matter.

Motion by Coghlan and seconded by Lewis to adopt the following resolution:

RESOLUTION NO. OB-0027 – A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING A COOPERATIVE AGREEMENT BETWEEN THE CITY OF WEST COVINA AND THE SUCCESSOR AGENCY TO THE WEST COVINA REDEVELOPMENT AGENCY

Motion carried 4-0.

V. BOARD MEMBER COMMENTS

No comments offered.

Executive Director Chung announced that the regularly scheduled meeting for October 2, 2014 will be canceled.

Vi. ADJOURNMENT

Board Member Lee adjourned the meeting at 4:25 p.m.

Submitted by

Susan Rush, Oversight Board Secretary

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

AGENDA REPORT

Item No. IV - B
Date: December 4, 2014

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

FROM: Christopher J. Chung, Executive Director

BY: Dennis Swink, Interim Finance Director

SUBJECT: DEPARTMENT OF FINANCE CORRESPONDENCE

RECOMMENDED ACTION:

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

DISCUSSION:

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

1. 05-16-14 – Letter from DOF to City re: Recognized Obligation Payment Schedule (ROPS 14-15A)
- ~~2. 05-22-14 – Revised Letter from DOF to City re: Recognized Obligation Payment Schedule (ROPS 14-15A)~~
3. 11-14-2014 – Letter from DOF to City re: Recognized Obligation Payment Schedule (ROPS 14-15B)

Successor Agency staff will be prepared to discuss this correspondence with the Oversight Board at the meeting.

Prepared By:



Dennis Swink
Interim Finance Director

Attachment: Letters from the DOF dated May 16, 2014, May 22, 2014, and November 14, 2014

Attachment 1



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. * GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 16, 2014

Ms. Nita McKay, Director of Finance & Administrative Services
City of West Covina
1444 West Garvey Avenue
West Covina, CA 91790

Dear Ms. McKay:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 17, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of West Covina Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to Finance on March 4, 2014, for the period of July through December 2014. Finance issued a ROPS determination letter on April 17, 2014. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on May 5, 2014.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

- Item Nos. 31 through 38 – Various line items totaling \$821,365. We continue to deny these items at this time. These line items were previously approved by Finance on ROPS III; however, upon completion of the Prior Period Adjustment (PPA) for the ROPS III period the County Auditor Controller (CAC) made an adjustment for the amounts listed because the Agency had paid these items in the ROPS I and II periods using Other Funds. During the Meet and Confer process, the Agency stated that these items were deemed enforceable obligations on past ROPS and they should receive RPTTF this period to cover these over expenditures. The Agency submitted the attorney contracts and copies of the cancelled checks; however, we were unable to validate the amounts requested are related to litigation due to a lack of documentation such as the corresponding invoices from each firm identifying the services provided and the related lawsuits. Additionally, the Agency did not identify what Other Funds were used to make these payments in the ROPS I and II periods. If these expenditures were paid by the City of West Covina (City), the Agency may enter into a loan agreement with the City pursuant to HSC section 34173 (h) and place the receipt and use of the loan on a subsequent ROPS for review. Therefore, we continue to deny these items at this time.
- Item Nos. 65 and 66 – Reimbursement request for ROPS 13-14A unfunded obligations totaling \$448,912. Finance continues to deny these items. During ROPS 13-14A, the Agency spent amounts in excess of those approved by Finance. The Agency provided

supporting documentation to validate these amounts and additional RPTTF funding was approved during the ROPS 13-14B period. Therefore, the Agency was fully funded for these obligations during ROPS 13-14B. During the Meet and Confer process, the Agency stated that they are concerned that the CAC will identify that these amounts were not expended during the ROPS 13-14B period and will recapture the funds through the PPA process. However, the Agency has not shown that there is a funding shortfall related to these items. Therefore, these items are not eligible for additional RPTTF funding on this ROPS. If a subsequent PPA occurs on ROPS 14-15B, the Agency should re-submit these items at that time.

- Item No. 61 – AB 1484 Audit Fees totaling \$5,000. Finance no longer denies this item. During the Meet and Confer process, the Agency contended that this item was for the Agency's annual financial audit. HSC section 34177 (n) requires a successor agency to conduct an annual audit. Therefore, this item is approved for \$5,000 in RPTTF funding.
- Claimed administrative costs exceed the allowance by \$29,664. HSC section 34171 (b) limits fiscal year 2014-15 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$250,000 in administrative expenses. Although \$226,664 is claimed for administrative cost, Item Nos. 19, 54, and 68 totaling \$53,000 are considered administrative expenses and should be counted toward the cap. Therefore, \$29,664 of excess administrative cost is not allowed.
 - Item No. 19 – AB 1484 Audit Fees totaling \$15,000 continues to be reclassified as an administrative cost. During the initial review, the Agency had provided City invoices to support these costs incurred by the City for the Consolidated Annual Financial Report; however, such costs are the responsibility of the City, not the Agency. During the Meet and Confer process, the Agency stated that this item was incurred by the Agency in completing the Due Diligence Reviews; however, these costs should have already been paid in prior ROPS periods. The Agency did not provide any other documents indicating that these costs have not been paid. As it is unclear what audit costs the Agency is claiming, this item is being reclassified as an administrative expense.
 - Items Nos. 54 and 68 totaling \$38,000 are considered administrative expenses and were been reclassified. Finance continues to reclassify these items as administrative costs. The Agency contends the items are enforceable obligations because all of the services are required for implementation of specific projects that are enforceable obligations and are not administrative in nature. However, the legal services for Item No. 68 is not related to litigation expenses and the advocate services for Item No. 54 do not fall into any of the following categories that are specifically excluded from the administrative cap as defined by HSC section 34171 (b):
 - Any litigation expenses related to assets or obligations.
 - Settlements and judgments.
 - The costs of maintaining assets prior to disposition.
 - Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs.

Ms. Nita McKay
May 16, 2014
Page 3

In addition, Finance noted that the Agency interchanged Item Nos. 67 and 68 on this ROPS. For consistency purposes between ROPS periods, Item Nos. 67 and 68 will be restored to the original format listed on the ROPS template as follows:

- Item No. 67 – Project Administrative Costs
- Item No. 68 – Legal Costs for Enforceable Obligations

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 14-15A. The Agency's maximum approved RPTTF distribution for the reporting period is \$4,986,917 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	7,555,466
Total RPTTF requested for administrative obligations	226,664
Total RPTTF requested for obligations	\$ 7,782,130
Total RPTTF requested for non-administrative obligations	7,555,466
Denied Items	
Item No. 31	(587,509)
Item No. 32	(172,343)
Item No. 33	(22,204)
Item No. 34	(17,602)
Item No. 35	(7,946)
Item No. 36	(13,182)
Item No. 37	(429)
Item No. 38	(150)
Item No. 65	(22,403)
Item No. 66	(426,509)
	<u>(1,270,277)</u>
Reclassified Items	
Item No. 19	(15,000)
Item No. 54	(18,000)
Item No. 68	(20,000)
	<u>(53,000)</u>
Total RPTTF for non-administrative obligations	\$ 6,232,189
Total RPTTF requested for administrative obligations	226,664
Reclassified Items	
Item No. 19	15,000
Item No. 54	18,000
Item No. 68	20,000
	<u>53,000</u>
Administrative costs in excess of the cap	(29,664)
Total RPTTF authorized for administrative obligations	\$ 250,000
Total RPTTF authorized for obligations	\$ 6,482,189
ROPS 13-14A prior period adjustment	(1,495,272)
Total RPTTF approved for distribution	\$ 4,986,917

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 14-15A review, Finance requested financial records to support the cash balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 14-15A review period to properly identify the Agency's cash balances. If it is determined the Agency possesses cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 14-15B.

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Ms. Nita McKay
May 16, 2014
Page 5

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

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

Attachment 2



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

REVISED

May 22, 2014

Ms. Nita McKay, Director of Finance & Administrative Services
City of West Covina
1444 West Garvey Avenue
West Covina, CA 91790

Dear Ms. McKay:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 17, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of West Covina Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to Finance on March 4, 2014, for the period of July through December 2014. Finance issued a ROPS determination letter on April 17, 2014. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on May 5, 2014.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

- ~~Item No. 9 – CFD Tax Increment Pledge totaling \$12,977,095. Finance did not deny this~~ item during our original review; however during the meet and confer, the Agency requested the amount be increased for the ROPS 14-15A period from \$739,500 to a total of \$1,464,500. Finance approves this request. It is our understanding that this amount was due during the July through December 2013 (ROPS 13-14A) period. However, per the Agency, due to misinterpretation of the default provisions of the agreement, the Agency did not make the required payment and may be obligated to pay the past due amount for ROPS 13-14A as well as the current amount due for ROPS 14-15A. Therefore, Finance is increasing the Agency's authority to for 14-15A to make the required payments.

We note that the Agency may be required in future ROPS periods to provide supporting documentation for the amounts actually paid. The County Auditor-Controller (CAC) may take a prior period adjustment pursuant to HSC section 34186 (a) if the amounts expended are not adequately supported.

- Item Nos. 31 through 38 – Various line items totaling \$821,365. We continue to deny these items at this time. These line items were previously approved by Finance on ROPS III; however, upon completion of the Prior Period Adjustment (PPA) for the ROPS III period the CAC made an adjustment for the amounts listed because the

Agency had paid these items in the ROPS I and II periods using Other Funds. During the Meet and Confer process; the Agency stated that these items were deemed enforceable obligations on past ROPS and they should receive RPTTF this period to cover these over expenditures. The Agency submitted the attorney contracts and copies of the cancelled checks; however, we were unable to validate the amounts requested are related to litigation due to a lack of documentation such as the corresponding invoices from each firm identifying the services provided and the related lawsuits. Additionally, the Agency did not identify what Other Funds were used to make these payments in the ROPS I and II periods. If these expenditures were paid by the City of West Covina (City), the Agency may enter into a loan agreement with the City pursuant to HSC section 34173 (h) and place the receipt and use of the loan on a subsequent ROPS for review. Therefore, we continue to deny these items at this time.

- Item Nos. 65 and 66 – Reimbursement request for ROPS 13-14A unfunded obligations totaling \$448,912. Finance continues to deny these items. During ROPS 13-14A, the Agency spent amounts in excess of those approved by Finance. The Agency provided supporting documentation to validate these amounts and additional RPTTF funding was approved during the ROPS 13-14B period. Therefore, the Agency was fully funded for these obligations during ROPS 13-14B. During the Meet and Confer process, the Agency stated that they are concerned that the CAC will identify that these amounts were not expended during the ROPS 13-14B period and will recapture the funds through the PPA process. However, the Agency has not shown that there is a funding shortfall related to these items. Therefore, these items are not eligible for additional RPTTF funding on this ROPS. If a subsequent PPA occurs on ROPS 14-15B, the Agency should re-submit these items at that time.
- Item No. 61 – AB 1484 Audit Fees totaling \$5,000. Finance no longer denies this item. During the Meet and Confer process, the Agency contended that this item was for the Agency's annual financial audit. HSC section 34177 (n) requires a successor agency to conduct an annual audit. Therefore, this item is approved for \$5,000 in RPTTF funding.
- Claimed administrative costs exceed the allowance by \$29,664. HSC section 34171 (b) limits fiscal year 2014-15 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$250,000 in administrative expenses. Although \$226,664 is claimed for administrative cost, Item Nos. 19, 54, and 68 totaling \$53,000 are considered administrative expenses and should be counted toward the cap. Therefore, \$29,664 of excess administrative cost is not allowed.
 - Item No. 19 – AB 1484 Audit Fees totaling \$15,000 continues to be reclassified as an administrative cost. During the initial review, the Agency had provided City invoices to support these costs incurred by the City for the Consolidated Annual Financial Report; however, such costs are the responsibility of the City, not the Agency. During the Meet and Confer process, the Agency stated that this item was incurred by the Agency in completing the Due Diligence Reviews; however, these costs should have already been paid in prior ROPS periods. The Agency did not provide any other documents indicating that these costs have not been paid. As it is unclear what audit costs the Agency is claiming, this item is being reclassified as an administrative expense.

- o Items Nos. 54 and 68 totaling \$38,000 are considered administrative expenses and were been reclassified. Finance continues to reclassify these items as administrative costs. The Agency contends the items are enforceable obligations because all of the services are required for implementation of specific projects that are enforceable obligations and are not administrative in nature. However, the legal services for Item No. 68 is not related to litigation expenses and the advocate services for Item No. 54 do not fall into any of the following categories that are specifically excluded from the administrative cap as defined by HSC section 34171 (b):
 - Any litigation expenses related to assets or obligations.
 - Settlements and judgments.
 - The costs of maintaining assets prior to disposition.
 - Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs.

In addition, Finance noted that the Agency interchanged Item Nos. 67 and 68 on this ROPS. For consistency purposes between ROPS periods, Item Nos. 67 and 68 will be restored to the original format listed on the ROPS template as follows:

- Item No. 67 – Project Administrative Costs
- Item No. 68 – Legal Costs for Enforceable Obligations

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 14-15A. The Agency's maximum approved RPTTF distribution for the reporting period is \$5,711,917 as summarized in the following table:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	7,555,466
Total RPTTF requested for administrative obligations	226,664
Total RPTTF requested for obligations	\$ 7,782,130
Total RPTTF requested for non-administrative obligations	7,555,466
<u>Denied Items</u>	
Item No. 31	(587,509)
Item No. 32	(172,343)
Item No. 33	(22,204)
Item No. 34	(17,602)
Item No. 35	(7,946)
Item No. 36	(13,182)
Item No. 37	(429)
Item No. 38	(150)
Item No. 65	(22,403)
Item No. 66	(426,509)
	(1,270,277)
<u>Increased Items</u>	
Item No. 9	725,000
	725,000
<u>Reclassified Items</u>	
Item No. 19	(15,000)
Item No. 54	(18,000)
Item No. 68	(20,000)
	(53,000)
Total RPTTF for non-administrative obligations	\$ 6,957,189
Total RPTTF requested for administrative obligations	226,664
<u>Reclassified Items</u>	
Item No. 19	15,000
Item No. 54	18,000
Item No. 68	20,000
	53,000
Administrative costs in excess of the cap	(29,664)
Total RPTTF authorized for administrative obligations	\$ 250,000
Total RPTTF authorized for obligations	\$ 7,207,189
ROPS 13-14A prior period adjustment	(1,495,272)
Total RPTTF approved for distribution	\$ 5,711,917

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 14-15A review, Finance requested financial records to support the cash balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 14-15A review period to properly identify the Agency's cash balances. If it is determined the Agency possesses cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 14-15B.

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>


This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

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

Ms. Nita McKay

May 22, 2014

Page 6

I:\Audits and Review\ROPS 14-15A Letters\Justyn's Suspense

Email Addresses of Addressee and ccs:

nita.mckay@westcovina.org

denise.bates@westcovina.org

kburns@auditor.lacounty.gov

RDA-SDSupport@sco.ca.gov

Attachment 3



EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 14, 2014

Ms. Nita McKay, Director of Finance & Administrative Services
City of West Covina
1444 West Garvey Avenue
West Covina, CA 91790

Dear Ms. McKay:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of West Covina Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on October 2, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 73, 74, and 76 – Loan Agreement and Cooperative Agreement totaling \$959,278 is denied. The Agency submitted Oversight Board Resolution No. 0027 to Finance on October 9, 2014. The resolution approved a cooperative agreement between the Agency and the City of West Covina (City), in which the City would advance administrative, operational, and other costs, such as consultant and legal services. Per Section 4 of the agreement, beginning with the period January 1 to June 30, 2015, the City would provide the various services specified in the agreement and will submit to the Agency an invoice for costs incurred on behalf of Agency activities and operations. Although Finance is approving Resolution No. 0027, the costs claimed under these items are denied as follows:
 - Item No. 73 – The requested amount of \$821,365 continues to be denied. This item was previously denied in ROPS 14-15A under Item Nos. 31 through 38, and subsequently during ROPS 14-15A Meet and Confer. The Agency contends the amount relates to litigation costs paid by Other Funds during the ROPS I and ROPS II period. The Los Angeles County-Auditor Controller (CAC) did not allow these costs to be funded by ROPS III Redevelopment Property Tax Trust Fund (RPTTF) funding during its review of the ROPS III Prior Period Adjustments because the costs were incurred outside the ROPS III period. Therefore, the Agency has relisted the total amount under Item No. 73 as a city loan obligation. However, the recently approved cooperative agreement is effective beginning with the ROPS 14-15B period, and it does not mention reimbursement of past costs incurred by the City.

Pursuant to HSC sections 34173 (h), the city, county, or city and county that authorized the creation of a redevelopment agency may loan or grant funds to an Agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion. However, in order for it to be considered a loan, the Agency should execute a loan agreement with terms identifying the loan amount, ROPS items paid for, and loan repayment terms. The loan agreement should also be approved by the oversight board. As such, the item is not eligible for RPTTF funding.

- Item No. 74 – The requested \$89,500 is denied. Insufficient documentation was provided to support the amount claimed. The Agency provided a breakdown of the amount requested and explained that the amount was an estimate of operational costs and project costs to be incurred by City staff. However, the document was insufficient to support how the Agency determined the estimated requested amount. Therefore, the item is not eligible for RPTTF funding.
- Item No. 76 – The requested \$48,413 is denied. The Agency contends the costs claimed were Agency litigation costs incurred by the City during the period May 2013 through June 2014. Pursuant to HSC section 34177 (l) (3), the ROPS is forward looking to the next six month period. The requested amount for this item is for expenditures that were incurred in the past. Therefore, the item is not eligible for RPTTF funding.
- Item No. 75 – Anticipated/Existing Litigation in the amount of \$49,000 is not an enforceable obligation. The Agency contends the amount represents costs incurred that exceeded the total authorized amount for Item No. 15 during the ROPS 13-14B period. However, based on the CAC's ROPS 13-14B Prior Period Adjustments review, the Agency only spent \$44,721 in excess of what was authorized pursuant to the CAC's review of the Proof of Payment. Further, the CAC allowed the excess amount to net against remaining ROPS 13-14B cash available. Therefore, the requested amount of \$49,000 is denied and is not eligible for RPTTF funding.
- Claimed administrative costs exceed the allowance by \$298,145. HSC section 34171 (b) limits fiscal year 2014-15 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$282,397 in administrative expenses. The Los Angeles Auditor-Controller's Office distributed \$250,000 for the July through December 2014 period, thus leaving a balance of \$32,397 available for the January through June 2015 period. Although \$127,629 is claimed for administrative costs, Item Nos. 19 and 68 in the amount of \$65,000 are considered administrative expenses and should be counted toward the cap. Therefore, \$160,232 of excess administrative cost is not allowed.

In addition, Finance notes Item No. 9 was previously funded in ROPS 13-14A and the Agency did not use the distributed funding. This item's share of administrative allowance has been previously funded, and the Agency reports to have fully expended the administrative costs associated with this line item in ROPS 13-14A. As a result, \$725,000 was not included in total RPTTF when calculating the administrative costs allowance for the fiscal year.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments)

associated with the January through June 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to review by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part or items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,857,489 as summarized in the Approved RPTTF Distribution Table on the next page:

Approved RPTTF Distribution	
For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	4,254,307
Total RPTTF requested for administrative obligations	127,629
Total RPTTF requested for obligations on ROPS	\$ 4,381,936
Total RPTTF requested for non-administrative obligations	4,254,307
<u>Denied Items</u>	
Item No. 73	(821,365)
Item No. 74	(89,500)
Item No. 75	(49,000)
Item No. 76	(48,413)
	<u>(1,008,278)</u>
<u>Reclassified Items</u>	
Item No. 19	(15,000)
Item No. 68	(50,000)
	<u>(65,000)</u>
Total RPTTF authorized for non-administrative obligations	\$ 3,181,029
Total RPTTF requested for administrative obligations	127,629
<u>Reclassified Items</u>	
Item No. 19	15,000
Item No. 68	50,000
	<u>65,000</u>
Administrative costs in excess of the cap (see Admin Cost Cap table on the next page)	(160,232)
Total RPTTF authorized for administrative obligations	\$ 32,397
Total RPTTF authorized for obligations	\$ 3,213,426
ROPS 13-14B prior period adjustment	(355,937)
Total RPTTF approved for distribution	\$ 2,857,489

Administrative Cost Cap Calculation	
Total RPTTF for 14-15A (July through December 2014)	6,957,189
Total RPTTF for 14-15B (January through June 2015)	3,181,029
Less amount approved for Item No. 9 on ROPS 13-14A	(725,000)
Total RPTTF for fiscal year 2014-2015	9,413,218
Allowable administrative cost for fiscal year 2014-15 (Greater of 3% or \$250,000)	282,397
Administrative allowance for 14-15A (July through December 2014)	250,000
Allowable RPTTF distribution for administrative cost for ROPS 14-15B	32,397
Total RPTTF administrative obligations after Finance adjustments	192,629
Administrative costs in excess of the cap	\$ (160,232)

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 14-15B review, Finance requested financial records to support the cash balances reported by the Agency; however, the Agency did not provide bridging documents to support the amounts reported. The beginning balances for Bond Proceeds, Other Funds, and RPTTF could not be supported by the Agency's financial records. As a result, Finance will continue to work with the Agency after the ROPS 14-15B review period to properly identify the Agency's cash balances. If it is determined the Agency possesses cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16A.

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the agency in the RPTTF.


Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

Ms. Nita McKay
November 14, 2014
Page 5

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Cindie Lor, Supervisor, or Hugo Lopez, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Nancy Ramos, Administrative Assistant, City of West Covina
Mr. Mike Lee, Assistant City Manager / CDC Director, City of West Covina
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County
California State Controller's Office

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

AGENDA REPORT
Item No. V-A
Date: December 4, 2014

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

FROM: Christopher J. Chung, Executive Director

BY: Paulina Morales, Project Manager

SUBJECT: **REQUEST BY CHAIRPERSON SUTKIN TO CHANGE DATE FOR FUTURE MEETINGS**

RECOMMENDATION:

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


RESOLUTION NO. OB-____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0002, CHANGING THE DATE OF OVERSIGHT BOARD MEETINGS

DISCUSSION:

On May 1, 2014, the Oversight Board voted to bring back a resolution to change the day of the ~~Oversight Board meetings from the first Thursday of the month to the third Thursday of the month.~~ The time and location of the meetings shall remain the same, 4:00 p.m. at City of West Covina City Hall.

Attached is the resolution with the requested change for approval by the Oversight Board.

Prepared By:



Paulina Morales
Project Manager

Attachment: Attachment No. 1 - Resolution No. OB-00__

ATTACHMENT NO. 1

RESOLUTION NO. OB-00__

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0002, CHANGING THE DATE OF OVERSIGHT BOARD MEETINGS

WHEREAS, the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency ("Oversight Board") previously adopted Resolution No. OB-0002 establishing the date, time, and location of the Oversight Board meetings.

WHEREAS, the Oversight Board established the first Thursday of the month at 4:00 p.m. for the Oversight Board meetings. The meetings shall be open to the public. Meetings may be adjourned by the presiding officer or by the Secretary if a quorum is not present.

WHEREAS, the location of the Oversight Board meetings shall at West Covina City Hall, 1444 W. Garvey Avenue, West Covina California.

WHEREAS, Special meetings may be called by the Chairperson or by four (4) board members, and notice thereof shall be provided in accordance with the Brown Act.

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

SECTION 1. The Oversight Board will meet on the third Thursday of the month at 4:00 p.m. beginning Thursday, December 18, 2014 and the meetings shall be open to the public. Meetings may be adjourned by the presiding officer or by the Secretary if a quorum is not present.

SECTION 2. The Oversight Board Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED on this 4th day of December, 2014.

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

ATTEST

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a special meeting held on the 4th day of December by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

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

AGENDA REPORT

Item No. V-B
Date: December 4, 2014

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

FROM: Christopher J. Chung, Executive Director

BY: Paulina Morales, Project Manager

SUBJECT: REQUEST BY BOARD MEMBER LEE TO INCORPORATE AN ANNUAL ELECTION PROCESS FOR THE CHAIRPERSON AND VICE-CHAIRPERSON AND DESIGNATE NEW CHAIRPERSON AND VICE-CHAIRPERSON

RECOMMENDED ACTION:

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

RESOLUTION NO. OB-____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0003 TO AMEND THE OVERSIGHT BOARD BYLAWS

RESOLUTION NO. OB-____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0010, DESIGNATING A CHAIRPERSON, VICE-CHAIRPERSON AND IDENTIFYING ADDITIONAL OVERSIGHT BOARD MEMBERS AND PROVIDING NOTICE TO THE DEPARTMENT OF FINANCE ("DOF") AS REQUIRED BY HEALTH AND SAFETY CODE SECTION 34179

DISCUSSION:

On May 1, 2014, the Oversight Board voted to bring back a Resolution to amend the Oversight Board's Bylaws to incorporate an annual election process for the Chairperson and Vice-Chairperson (Attachment No. 1).

Pursuant to the Board's direction at the May 1, 2014 meeting, staff has amended the Bylaws Article II – Officers Sections 1 through 3 to include an annual rotation process and hold the annual election in June of each year. The recommended changes are italicized.

ARTICLE II - OFFICERS

Section 1. Officers and Officials

The members shall elect one of their members as the chairperson and elect one of their members as the vice chairperson. *An annual election shall be held in June of each year.*

Other officials acting as its staff shall be the Executive Director of the Successor Agency, Secretary, Finance Director, Community Development Commission Director, Police Chief and such other employees of the Successor Agency/and or City of West Covina as deemed necessary by the Executive Director of the Successor Agency.

Section 2. Chairperson

The Chairperson of the Oversight Board shall preside at all meetings of the Oversight Board. *The Chairperson shall serve for the term of one year.*

Section 3. Vice-Chairperson

The Vice-Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson. *The Vice-Chairperson shall serve the term of one year.*

Pursuant to Article 11 Amendments to Bylaws amendments to the Bylaws require a vote of the majority of the board members. It is important to note that a 7-day written notice to all board members is required prior to making any amendments to the Rules of Procedure. Such notice should identify the section or sections of the Bylaws proposed to be amended. The notice was provided to the Oversight Board Members.

In addition, the Oversight Board also voted to hold an election to rotate the Chairperson and Vice-Chairperson. Since the May 1, 2014 meeting in which the Oversight Board voted to hold an annual election in June of each year, the Board has not had a regular meeting. This meeting would be the Boards first opportunity to hold the election.

The last election was held on July 5, 2012 at that time the Board elected Carrie A. Sukin as Chairperson and Michael Touhey as Vice-Chairperson. As of November 06, 2013 Michael Touhey resigned from his position. To date no Vice-Chairperson has been designated. Once a new Chairperson and Vice-Chairperson are designated Resolution OB-0010 will need to be amended to reflect the newly elected Chairperson and Vice-Chairperson.

The Rules and Procedures of the Oversight Board state that any action or motion of the board shall require four affirmative votes. The current Chairperson shall open nominations for the Chairperson and Vice-Chairperson positions.

Prepared By:



Paulina Morales
Project Manager

Attachment:

1. Resolution No. OB-00__ - Amended Bylaws
 2. Resolution No. OB-00__ - Designation of Chairperson and Vice-Chairperson
-

ATTACHMENT NO. 1

RESOLUTION NO. OB -00__

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0003 TO AMEND THE OVERSIGHT BOARD BYLAWS

WHEREAS, Assembly Bill X1 26 (ABX1 26) provides that successor agencies be designated as successor entities to the former redevelopment agencies, and provides that, with certain exceptions, all authority, rights, powers, duties and obligations previously vested with the former redevelopment agencies, under Community Redevelopment Law, are vested in the successor agencies; and

WHEREAS, On January 10, 2012, in accordance with Health and Safety Code Section 34173, the City Council of the City of West Covina adopted Resolution 2012-1 electing to be the successor agency to the City of West Covina; and

WHEREAS, ABX1 26 provides that each successor agency shall have an oversight board; and,

WHEREAS, On April 19, 2012, the Oversight Board for the Successor Agency to the City of West Covina Redevelopment Agency was formally formed.

WHEREAS, On April 19, 2012, the Oversight Board for the Successor Agency to the City of West Covina Redevelopment Agency approved Resolution No. OB-0003 adopting the Oversight Board Bylaws.

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

SECTION 1. The Board hereby amends the Oversight Board Bylaws to include the following text in Article II – Officers:

Section 1. Officers and Officials

The members shall elect one of their members as the chairperson and elect one of their members as the vice chairperson. An annual election shall be held in June of each year.

Other officials acting as its staff shall be the Executive Director of the Successor Agency, Secretary, Finance Director, Community Development Commission Director, Police Chief and such other employees of the Successor Agency/and or City of West Covina as deemed necessary by the Executive Director of the Successor Agency.

Section 2. Chairperson

The Chairperson of the Oversight Board shall preside at all meetings of the Oversight Board. The Chairperson shall serve for the term of one year.

Section 3. Vice-Chairperson

The Vice-Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson. The Vice-Chairperson shall serve for the term of one year.

SECTION 2. The Oversight Board Secretary shall certify to the adoption of this resolution.

APPROVED AND ADOPTED on this 4th day of December, 2014.

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

ATTEST

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a special meeting held on the 4th day of December by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

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

ATTACHMENT NO. 2

RESOLUTION NO. OB-00__

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0010, DESIGNATING A CHAIRPERSON, VICE-CHAIRPERSON AND IDENTIFYING ADDITIONAL OVERSIGHT BOARD MEMBERS AND PROVIDING NOTICE TO THE DEPARTMENT OF FINANCE ("DOF") AS REQUIRED BY HEALTH AND SAFETY CODE SECTION 34179

WHEREAS, California Health and Safety Code Section 34179 requires that each Successor Agency have an Oversight Board: and

WHEREAS, Section 34179 further requires that the members of the Oversight Board elect one of their members as the chairperson. In the event that the Chairperson is not available to attend a meeting or perform an obligation required of the Chairperson, it is prudent to also elect a Vice Chairperson who is authorized to act in the absence of the Chairperson; and

WHEREAS, Section 34179 also requires that an Oversight Board transmit the names of its Chairperson and members to the Department of Finance; and

WHEREAS, the Oversight Board has previously adopted Resolution No. OB 0001 identifying the names of the Oversight Board Members and the Chairperson and Vice-Chairperson; and

WHEREAS, since the adoption of Resolution No. OB-0010, the Oversight Board has voted to incorporate a rotation process for the Chairperson and the Vice Chairperson. In addition, since then the Vice-Chairperson Michael Touhey has resigned; and,

WHEREAS, the following appointments have therefore been made:

Robert R. Coghlan, Representative for the County Superintendent of Education
David Stewart, member appointed by the Mayor

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

SECTION 1. The Chairperson of the Oversight Board shall be _____.
The Vice Chairperson shall be _____.

SECTION 2. The Successor Agency staff is hereby directed to transmit a copy of this resolution identifying the replacement appointees and Chairperson and Vice Chairperson to the State Department of Finance.

SECTION 3. The Oversight Board Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED on this 4th day of December, 2014.

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

ATTEST

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a special meeting held on the 4th day of December by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

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

AGENDA REPORT

Item No. V-C

Date: December 4, 2014

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

FROM: Christopher J. Chung, Executive Director

BY: Paulina Morales, Project Manager

SUBJECT: REQUEST BY BOARD MEMBER HERTZBERG TO DEFINE THE ROLE OF THE CHAIRPERSON

RECOMMENDED ACTION:

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

RESOLUTION NO. OB-_____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0004 TO AMEND THE OVERSIGHT BOARD RULES OF PROCEDURE

DISCUSSION:

On May 1, 2014, the Oversight Board voted to bring back a Resolution to consider amending the Oversight Board's Bylaws requiring the Chairperson's approval of the final agenda and to establish or cancel meetings. While the Board's direction is to bring back an amendment of the Bylaws for consideration the appropriate document to address this change is the Rules of Procedure of the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency.

On April 19, 2012, the Oversight Board adopted Resolution No. OB-0004 establishing the Rules of Procedure. Below are the excerpts from the Rules of Procedure pertaining to the proposed changes:

ARTICLE 1 – MEETINGS

Section 1. Regular Meetings

The day, time and location of the regular meetings of the Oversight Board shall be determined by the Oversight Board and approved by resolution. The meetings will be held at the West Covina City Hall, 1444 West Garvey Avenue, West Covina, California. In the event a regular meeting falls on a legal holiday, said meeting shall be held on the next business day unless otherwise determined by the Oversight Board.

Section 2. Special Meetings

The Chairperson of the Oversight Board may, when he or she deems it necessary, and shall, upon the written request of four members of the Oversight Board, call a special meeting of the Oversight Board for the purpose of transacting the business designated in the call. The means and method for calling such special meeting shall be as set forth in the Ralph M. Brown Act, California Government Code Section 54950 et seq., as it now exists or may hereafter be amended (the "Brown Act").

Section 5. Order of Business

(b) Preparation of Agenda: The Executive Director of the Successor Agency or his designee shall be responsible for the preparation of the Agenda. The Executive Director shall have the ability to place items on the agenda deemed necessary for consideration by the Oversight Board.

Any requests by Oversight Board Members for reports, studies or investigations that are not readily available must be placed on the Oversight Board Agenda as items of business and must be approved by a majority vote of the Oversight Board. Such Board Member's request can either be made directly to the Executive Director or at an Oversight Board meeting under "Board Members' Comments" section of the Agenda. Upon receiving a request, the Executive Director, or his designee shall prepare and place on a future agenda, a staff report stating the request made by the Board Member for Oversight Board consideration. If approved by majority vote, the Executive Director shall then prepare the requested matter (i.e. report, study or investigation) and if necessary or requested, subsequently place the matter on a future Agenda for discussion and consideration.

On April 19, 2012 the Oversight Board adopted Resolution OB-0002 establishing the date, time and location of the Oversight Board meeting. The resolution stated that the Chairperson or four (4) members of the Board may call a special meeting (Attachment No. 1). At the same meeting the Oversight Board adopted the Rules of Procedure, which state a special meeting may be called by the Chairperson and with the written request of four (4) members of the Oversight Board. As there a discrepancy, staff recommends amending the Rules of Procedure to address the intent of the Board's original resolution and allow the Chairperson or four (4) board members the ability to call for a special meeting.

Pursuant to the May 1, 2014 Board meeting, the Board voted to consider giving the Chairperson the ability to cancel meetings. Currently the Executive Director cancels the meetings when there is no business for the Board to conduct or a lack of quorum. The request will need clarification as both the Chairperson and Executive Director will have the ability to cancel a meeting.

Under the current Rules of Procedure, the Chairperson along with Board Members are able to place items on the agenda by making a request to the Executive Director or at a Board meeting. The Board member's requested item is placed on the agenda by the Executive Director for a future meeting. The Executive Director may also place items on the agenda when deemed necessary for consideration by the Board and has final approval of the agenda.

The proposed revisions would require that the Executive Director discuss the draft Agenda with the Chairperson prior to finalizing it and allow a Board Member to propose an item for consideration at a future meeting, subject to approval by a majority of the Board. If the Board

wishes to give the Chairperson the independent right to add items to the draft agenda, that modification may be made at the Board meeting.

Pursuant to the Board's direction at the May 1, 2014 meeting, staff has amended the Rules of Procedures amending Article 1 – Meetings Section 2 and 5. The recommended changes are italicized.

ARTICLE 1 – MEETINGS

Section 2. Special Meetings

The Chairperson of the Oversight Board *or four (4) board members, may, when deemed necessary*, call a special meeting of the Oversight Board for the purpose of transacting the business designated in the call. The means and method for calling such special meeting shall be as set forth in the Ralph M. Brown Act, California Government Code Section 54950 et seq., as it now exists or may hereafter be amended (the "Brown Act").

Section 5. Order of Business

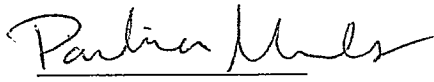
(b) Preparation of Agenda: The Executive Director of the Successor Agency or his designee shall be responsible for the preparation of the Agenda. The Executive Director shall have the ability to place items on the agenda deemed necessary for consideration by the Oversight Board. *Prior to finalizing the agenda, the Executive Director shall review the agenda with the Chairperson.*

Any requests by Oversight Board Members for reports, studies or investigations that are not readily available must be placed on the Oversight Board Agenda as items of business and must be approved by a majority vote of the Oversight Board. Such Board Member's request can either be made directly to the Executive Director or at an Oversight Board meeting under "Board Members' Comments" section of the Agenda. Upon receiving a request, the Executive Director, or his designee shall prepare and place on a future agenda, a staff report stating the request made by the Board Member for Oversight Board consideration. If approved by majority vote, the Executive Director shall then prepare the requested matter (i.e. report, study or investigation) and if necessary or requested, subsequently place the matter on a future Agenda for discussion and consideration.

(c) Agenda Items Added By Oversight Board Members: *Any member of the Oversight Board may propose at the conclusion of any Board meeting that an item be placed for consideration by the Board at a future meeting. Upon concurrence of a majority of the Board (4 affirmative votes), such item shall be placed on a future Board agenda.*

Any amendments to the Rules of Procedure require a vote of the majority of the board members. It is important to note that a 7-day written notice to all board members is required prior to making any amendments to the Rules of Procedure. The Oversight Board members have been provided notice.

Prepared By:



Paulina Morales
Project Manager

Attachment:

1. Resolution No. OB-0002 – Establishing Date, Time, and Location of Meetings
2. Resolution No. OB-00__ – Amended Rules of Procedure

RESOLUTION NO. OB-0002

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY ESTABLISHING THE DATE, TIME AND LOCATION OF OVERSIGHT BOARD MEETINGS

WHEREAS, the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency ("Oversight Board") has met and conferred to determine a date, time and location for Oversight Board meetings.

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


SECTION 1. The Oversight Board will meet on the first Thursday of the month at 4:00 p.m. beginning Thursday, May 3, 2012 and the meetings shall be open to the public. Meetings may be adjourned by the presiding officer or by the Secretary if a quorum is not present.

SECTION 2. The location of the Oversight Board meetings shall be at West Covina City Hall, 1444 W. Garvey Avenue, West Covina California.

SECTION 3. Special meetings may be called by the Chairperson or by four (4) board members, and notice thereof shall be provided in accordance with the Brown Act.

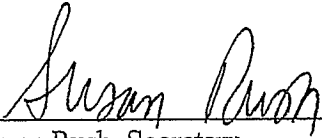
SECTION 4. The Successor Agency Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED on this 19th day of April, 2012.



Fernando Oliveros, Chairperson
Oversight Board to the Successor Agency
of the West Covina Redevelopment Agency

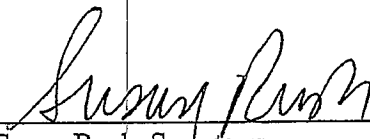
ATTEST



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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a special meeting held on the 19th day of April by the following vote:

AYES: Escobedo, Gregoryk, Lee, Morales, Touhey, Oliveros
NOES: None
ABSENT: Bastin
ABSTAIN: None



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

ATTACHMENT NO. 2

RESOLUTION NO. OB -00

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. OB-0004 TO AMEND THE OVERSIGHT BOARD RULES OF PROCEDURE

WHEREAS, Assembly Bill X1 26 (ABX1 26) provides that successor agencies be designated as successor entities to the former redevelopment agencies, and provides that, with certain exceptions, all authority, rights, powers, duties and obligations previously vested with the former redevelopment agencies, under Community Redevelopment Law, are vested in the successor agencies; and

WHEREAS, On January 10, 2012, in accordance with Health and Safety Code Section 34173, the City Council of the City of West Covina adopted Resolution 2012-1 electing to be the successor agency to the City of West Covina; and

WHEREAS, ABX1 26 provides that each successor agency shall have an oversight board; and,

WHEREAS, On April 19, 2012, the Oversight Board for the Successor Agency to the City of West Covina Redevelopment Agency was formally formed.

WHEREAS, On April 19, 2012, the Oversight Board for the Successor Agency to the City of West Covina Redevelopment Agency approved Resolution No. OB-0004 adopting the Oversight Board Rules of Procedure.

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

SECTION 1. The Board hereby amends the Oversight Board Rules of Procedures to amend the following text in Article I – Meetings:

Section 2. Special Meetings

The Chairperson of the Oversight Board or four (4) board members, may, when deemed necessary, call a special meeting of the Oversight Board for the purpose of transacting the business designated in the call. The means and method for calling such special meeting shall be as set forth in the Ralph M. Brown Act, California Government Code Section 54950 et seq., as it now exists or may hereafter be amended (the "Brown Act").

Section 5. Order of Business

(b) **Preparation of Agenda:** The Executive Director of the Successor Agency or his designee shall be responsible for the preparation of the Agenda. The

Executive Director shall have the ability to place items on the agenda deemed necessary for consideration by the Oversight Board. Prior to finalizing the agenda, the Executive Director shall review the agenda with the Chairperson.

Any requests by Oversight Board Members for reports, studies or investigations that are not readily available must be placed on the Oversight Board Agenda as items of business and must be approved by a majority vote of the Oversight Board. Such Board Member's request can either be made directly to the Executive Director or at an Oversight Board meeting under "Board Members' Comments" section of the Agenda. Upon receiving a request, the Executive Director, or his designee shall prepare and place on a future agenda, a staff report stating the request made by the Board Member for Oversight Board consideration. If approved by majority vote, the Executive Director shall then prepare the requested matter (i.e. report, study or investigation) and if necessary or requested, subsequently place the matter on a future Agenda for discussion and consideration.

(c) Agenda Items Added By Oversight Board Members: Any member of the Oversight Board may propose at the conclusion of any Board meeting that an item be placed for consideration by the Board at a future meeting. Upon concurrence of a majority of the Board, such item shall be placed on a future Board agenda.

SECTION 2. The Oversight Board Secretary shall certify to the adoption of this resolution.

APPROVED AND ADOPTED on this 4th day of December, 2014.

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

ATTEST

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a special meeting held on the 4th day of December by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

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

AGENDA REPORT

Item No. V-D

Date: December 4, 2014

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

FROM: Christopher J. Chung, Executive Director

BY: Kimberly Hall Barlow, Successor Agency Counsel

SUBJECT: **LOAN AGREEMENT CONCERNING LITIGATION FEES INCURRED FOR THE ROPS PERIODS OF FEBRUARY 2012 TO JUNE 2012, JULY 2012 TO DECEMBER 2012, AND JANUARY 2014 TO JUNE 2014 WHICH EXCEEDED THE LITIGATION COST ESTIMATES FOR THOSE SAME PERIODS**

RECOMMENDED ACTION:

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

RESOLUTION NO. OB-_____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE LOAN AGREEMENT CONCERNING LITIGATION FEES INCURRED FOR THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE PERIODS OF FEBRUARY 2012 TO JUNE 2012, JULY 2012 TO DECEMBER 2012, AND JANUARY 2014 TO JUNE 2014 WHICH EXCEEDED THE LITIGATION COST ESTIMATES FOR THOSE SAME PERIODS

DISCUSSION:

The former West Covina Redevelopment Agency was dissolved pursuant to state law on February 1, 2012. In the wake of this dissolution, the City elected to perform the functions of the "Successor Agency" to the former West Covina Redevelopment Agency as permitted by the redevelopment dissolution statutes. Because the City elected to perform such functions, Health & Safety Code section 34173(h) permits the City to loan funds to the Successor Agency for the purpose covering the Successor Agency's "administrative costs, enforceable obligations, or project-related expenses at the city's discretion."

Additionally, pursuant to Part 1.85 of the California Health & Safety Code, the Successor Agency is permitted to engage in activities, including litigation, for the purpose of protecting its assets and liabilities for the purpose of ensuring that the taxing entities receiving maximum benefit from the wind down of the former-West Covina Redevelopment Agency's affairs. In pursuit of those activities for the purpose of protecting its assets and liabilities to ensure that the taxing entities receive maximum benefit from the wind down of the former-West Covina

Redevelopment Agency's affairs, the Successor Agency was required to engage in litigation to protect such assets.

As part of the Recognized Obligation Payment Schedule process, the Successor Agency, in engaging in such litigation, provided estimates for its litigation costs on its Recognized Obligation Payment Schedules ("ROPS") for the periods February 2012 to June 2010, July 2012 to December 2012, and January 2014 to June 2014. However, such estimates for litigation costs were not sufficient to cover the actual costs of litigation occurring during the ROPS periods mentioned above. Thus, in order to continue to protect the assets of the Successor Agency during the ROPS periods mentioned above to the benefit of the Successor Agency's taxing entities, the City loaned the Agency funds in the amounts of \$821,365.00 and \$109,000.00 to cover such litigation costs discussed above as authorized under Health & Safety Code section 34173(h). To date, the City has only received \$60,000.00 in repayment on the \$109,000.00 loan it made to the Successor Agency.

The purpose of the Loan Agreement is to formalize the loan given under the authority of Health & Safety Code section 34173(h) such that the City can be repaid for the costs it incurred on behalf of the Successor Agency in performing and assisting in the performance of the Successor Agency's obligations under the redevelopment dissolution statutes. This loan was recommended by the Department of Finance in order to legally effectuate reimbursement to the City.

This Loan Agreement is in addition to and separate from a loan agreement concerning loans in the amount of \$48,413. The Loan Agreement covers a variety of litigation costs incurred by the City on behalf of the Successor Agency during the ROPS periods of February 2012 to June 2010, July 2012 to December 2012, and January 2014 to June 2014. They are as follows:

\$821,365.00 Loan (February 2012 to June 2010 and July 2012 to December 2012)		
Payee	ROPS Period	Amount
Squire-Sanders	February 2012 to June 2012	\$587,509.00
Alvarez-Glasman Colvin	February 2012 to June 2012	\$22,204.00
Eminent Domain Law Group	February 2012 to June 2012	\$7,946.00
Hunsucker Goldstein	February 2012 to June 2012	\$429.00
Squire Sanders	July 2012 to December 2012	\$172,343.00
Alvarez-Glasman Colvin	July 2012 to December 2012	\$17,602.00
Eminent Domain Law Group	July 2012 to December 2012	\$13,182.00
Hunsucker Goldstein	July 2012 to December 2012	\$150.00
	Total:	\$821,365.00

\$109,000 Loan (January 2014 to June 2014)		
Payee	ROPS Period	Amount
Alvarez-Glasman Colvin	January 2014 to June 2014	\$18,661.00
Alvarez-Glasman Colvin	January 2014 to June 2014	\$14,447.00
Alvarez-Glasman Colvin	January 2014 to June 2014	\$67,459.00
Alvarez-Glasman Colvin	January 2014 to June 2014	\$4,456.00
Alvarez-Glasman Colvin	January 2014 to June 2014	\$3,977

	Subtotal:	\$109,000.00
	Payment Received:	(\$60,000.00)
	Total:	\$49,000.00

On October 7, 2014, the City and Successor Agency approved the Loan Agreement, and now the Oversight Board must also approve the Loan Agreement. Assuming that it is approved, the approving resolution and Loan Agreement will be sent to the Department of Finance for its concurrence and approval.

Prepared By:

Approved via Email
Kimberly Hall Barlow
Successor Agency Counsel

Attachment No. 1: Resolution No. OB-_____
Attachment No. 2: Loan Agreement

ATTACHMENT NO. 1

RESOLUTION NO. OB-00__

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE LOAN AGREEMENT CONCERNING LITIGATION FEES INCURRED FOR THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE PERIODS OF FEBRUARY 2012 TO JUNE 2012, JULY 2012 TO DECEMBER 2012, AND JANUARY 2014 TO JUNE 2014 WHICH EXCEEDED THE LITIGATION COST ESTIMATES FOR THOSE SAME PERIODS

WHEREAS, in June of 2011, the California State Legislature enacted legislation which resulted in the dissolution of all redevelopment agencies in the State of California, including the West Covina Redevelopment Agency; on February 1, 2012 (“Dissolution Law”);

WHEREAS, Dissolution Law created successor agencies for the purpose of winding down the affairs of the dissolved redevelopment agencies;

WHEREAS, the City of West Covina (“City”) elected to perform the functions of the Successor Agency to the West Covina Redevelopment Agency (“Successor Agency”);

WHEREAS, the Successor Agency and the City are distinct legal governmental entities pursuant to Health & Safety Code section 34173(g);

WHEREAS, pursuant to Part 1.85 of the California Health & Safety Code, the Successor Agency is permitted to engage in activities, including litigation, for the purpose of protecting its assets and liabilities for the purpose of ensuring that the taxing entities receiving maximum benefit from the wind down of the former-West Covina Redevelopment Agency’s affairs;

WHEREAS, in pursuit of those activities for the purpose of protecting its assets and liabilities to ensure that the taxing entities receive maximum benefit from the wind down of the former-West Covina Redevelopment Agency’s affairs, the Successor Agency was required to engage in litigation to protect such assets;

WHEREAS, the Successor Agency, in engaging in litigation, provided estimates for its litigation costs on its Recognized Obligation Payment Schedules (“ROPS”) for the periods February 2012 to June 2010, July 2012 to December 2012, and January 2014 to June 2014;

WHEREAS, such estimates for litigation costs were not sufficient to cover the actual costs of litigation occurring during the ROPS periods mentioned above;

WHEREAS, in order to continue to protect the assets of the Successor Agency during the ROPS periods mentioned above to the benefit of the Successor Agency’s taxing entities, the City loaned the Successor Agency funds in the amounts of \$821,365.00 and \$109,000.00 to cover those litigation costs discussed above pursuant to Health & Safety Code section 34173(h) (“Loan”);

WHEREAS, the City has already received \$60,000.00 repayment on the \$109,000.00 loaned to the Successor Agency;

WHEREAS, the City Council and Successor Agency Board approved the loan agreement concerning the Loan on October 7, 2014 (“Loan Agreement”), which is attached hereto and incorporated by this reference as Exhibit A;

WHEREAS, the Oversight Board now desires to express its approval of the Loan Agreement such that the City may be reimbursed for the costs it has incurred on the behalf of the Successor Agency.

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

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

SECTION 2. The Loan Agreement, which is attached hereto and incorporated by this reference as Exhibit A, is hereby approved such that it is an enforceable obligation of the Successor Agency, as defined by Health & Safety Code.

SECTION 3. The Successor Agency staff is directed to transmit a copy of this Resolution and its Exhibits to the State Department of Finance and any other required agency pursuant to Dissolution Law.

SECTION 4. The Successor Agency staff is further directed to take all actions necessary and appropriate in carrying out this Resolution pursuant to Dissolution Law.

SECTION 5. The Oversight Board Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED on this 4th day of December, 2014.

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

ATTEST

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a special meeting held on the 4th day of December by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

Exhibit A

**LOAN AGREEMENT
BETWEEN THE CITY OF WEST COVINA
AND
THE SUCCESSOR AGENCY
TO THE WEST COVINA REDEVELOPMENT AGENCY**

THIS AGREEMENT ("Agreement") is made this 7th day of October 2014, by and between the City of West Covina, a Municipal Corporation of the State of California (the "City"); and Successor Agency to the West Covina Redevelopment Agency ("Agency"), a public entity.

RECITALS

WHEREAS, in June of 2011, the California State Legislature enacted legislation which resulted in the dissolution of all redevelopment agencies in the State of California, including the West Covina Redevelopment Agency, on February 1, 2012 ("Dissolution Law");

WHEREAS, Dissolution Law created successor agencies for the purpose of winding down the affairs of the dissolved redevelopment agencies;

WHEREAS, the City elected to perform the functions of the Successor Agency to the West Covina Redevelopment Agency;

WHEREAS, the Agency and the City are distinct legal governmental entities pursuant to Health & Safety Code section 34173(g);

WHEREAS, pursuant to Part 1.85 of the California Health & Safety Code, the Agency is permitted to engage in activities, including litigation, for the purpose of protecting its assets and liabilities for the purpose of ensuring that the taxing entities receiving maximum benefit from the wind down of the former-West Covina Redevelopment Agency's affairs;

WHEREAS, in pursuit of those activities for the purpose of protecting its assets and liabilities to ensure that the taxing entities receive maximum benefit from the wind down of the former-West Covina Redevelopment Agency's affairs, the Agency was required to engage in litigation to protect such assets;

WHEREAS, the Agency, in engaging in litigation, provided estimates for its litigation costs on its Recognized Obligation Payment Schedules ("ROPS") for the periods February 2012 to June 2012, July 2012 to December 2012, and January 2014 to June 2014;

WHEREAS, such estimates for litigation costs were not sufficient to cover the actual costs of litigation occurring during the ROPS periods mentioned above;

WHEREAS, in order to continue to protect the assets of the Agency during the ROPS periods mentioned above to the benefit of the Agency's taxing entities, the City loaned the Agency funds in the amounts of \$821,365.00 and \$109,000.00 to cover those litigation costs discussed above pursuant to Health & Safety Code section 34173(h) ("Loan");

WHEREAS, the City has already received \$60,000.00 repayment on the \$109,000.00 loaned to the Agency;

WHEREAS, the parties now desire to memorialize the Loan such that the City may be reimbursed for such litigation costs incurred.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained the parties agree as follows:

1. Recitals

The recitals set forth above are true and correct and incorporated herein by this reference.

2. Loan and Repayment.

- (a) Subject to the terms and conditions of this Agreement, Agency agrees and promises to pay the City in the amounts of \$821,365.00 and \$49,000.00. These amounts represent the following loans made by the City to the Agency to cover the Agency's litigation costs and constitutes the Loan discussed above:

\$821,365.00 Loan (February 2012 to June 2012 and July 2012 to December 2012)		
Payee	ROPS Period	Amount
Squire Sanders	February 2012 to June 2012	\$587,509.00
Alvarez-Glasman Colvin	February 2012 to June 2012	\$22,204.00
Eminent Domain Law Group	February 2012 to June 2012	\$7,946.00
Hunsucker Goldstein	February 2012 to June 2012	\$429.00
Squire Sanders	July 2012 to December 2012	\$172,343.00
Alvarez-Glasman Colvin	July 2012 to December 2012	\$17,602.00
Eminent Domain Law Group	July 2012 to December 2012	\$13,182.00
Hunsucker Goldstein	July 2012 to December 2012	\$150.00
	Total:	\$821,365.00

\$109,000.00 Loan (January 2014 to June 2014)		
Payee	ROPS Period	Amount
Alvarez-Glasman Colvin	January 2014 to June 2014	\$18,661.00
Alvarez-Glasman Colvin	January 2014 to June 2014	\$14,447.00
Alvarez-Glasman Colvin	January 2014 to June 2014	\$67,459.00
Alvarez-Glasman Colvin	January 2014 to June 2014	\$4,456.00
Alvarez-Glasman Colvin	January 2014 to June 2014	\$3,977.00
	Subtotal:	\$109,000.00

Payment Received:	(\$60,000.00)
Total:	\$49,000.00

- (b) Recognized Obligation Payment Schedule. Agency has listed the Loan on its Recognized Obligation Payment Schedule ("ROPS") 14-15B (covering period January 2015 to June 2015) and shall continue to list the Loan on its future ROPS as an enforceable obligation until the Loan has been fully repaid.
- (c) Payment. Agency shall pay City the amounts due on the Loan immediately upon allocation of funds to Agency pursuant to the Recognized Obligation Payment Schedule process under the California Health & Safety Code.

3. General Terms.


- (a) Books and Accounts. The Agency will keep or cause to be kept proper books of record and accounts showing the use of the Loan funds, Loan repayments and any amount outstanding.
- (b) Default. The City understands and agrees that the Agency's ability to repay the Loan depends upon the California Department of Finance's approval of the Loan as an enforceable obligation on Agency's relevant ROPS. Notwithstanding the foregoing, the failure of Agency to repay the Loan will result in a default of the terms of this Agreement.
- (c) Severability. If any section, paragraph, sentence, clause, or phrase of this Loan Agreement is found for any reason to be illegal, invalid or unenforceable, the remaining terms of the Loan Agreement will continue in the same force or effect.
- (d) Amendment. This Agreement may be amended at any time in writing, signed by both parties and with Agency's Oversight Board's approval.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

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

CITY OF WEST COVINA

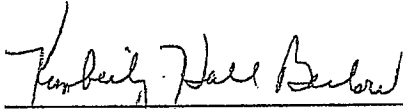


Steve Herfert
Successor Agency Chairman



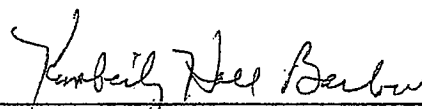
Steve Herfert
Mayor

APPROVED AS TO FORM:



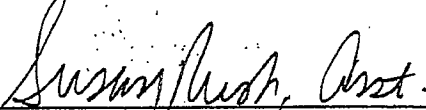
Kimberly Hall Barlow
Successor Agency Counsel

APPROVED AS TO FORM:



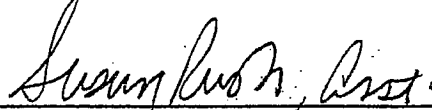
Kimberly Hall Barlow
City Attorney

ATTEST:



Nickolas S. Lewis, Agency Secretary

ATTEST:



Nickolas S. Lewis, City Clerk

ATTACHMENT NO. 2

**LOAN AGREEMENT
BETWEEN THE CITY OF WEST COVINA
AND
THE SUCCESSOR AGENCY
TO THE WEST COVINA REDEVELOPMENT AGENCY**

THIS AGREEMENT ("Agreement") is made this 7th day of October 2014, by and between the City of West Covina, a Municipal Corporation of the State of California (the "City"); and Successor Agency to the West Covina Redevelopment Agency ("Agency"), a public entity.

RECITALS

WHEREAS, in June of 2011, the California State Legislature enacted legislation which resulted in the dissolution of all redevelopment agencies in the State of California, including the West Covina Redevelopment Agency, on February 1, 2012 ("Dissolution Law");

WHEREAS, Dissolution Law created successor agencies for the purpose of winding down the affairs of the dissolved redevelopment agencies;

WHEREAS, the City elected to perform the functions of the Successor Agency to the West Covina Redevelopment Agency;

WHEREAS, the Agency and the City are distinct legal governmental entities pursuant to Health & Safety Code section 34173(g);

WHEREAS, pursuant to Part 1.85 of the California Health & Safety Code, the Agency is permitted to engage in activities, including litigation, for the purpose of protecting its assets and liabilities for the purpose of ensuring that the taxing entities receiving maximum benefit from the wind down of the former-West Covina Redevelopment Agency's affairs;

WHEREAS, in pursuit of those activities for the purpose of protecting its assets and liabilities to ensure that the taxing entities receive maximum benefit from the wind down of the former-West Covina Redevelopment Agency's affairs, the Agency was required to engage in litigation to protect such assets;

WHEREAS, the Agency, in engaging in litigation, provided estimates for its litigation costs on its Recognized Obligation Payment Schedules ("ROPS") for the periods February 2012 to June 2012, July 2012 to December 2012, and January 2014 to June 2014;

WHEREAS, such estimates for litigation costs were not sufficient to cover the actual costs of litigation occurring during the ROPS periods mentioned above;

WHEREAS, in order to continue to protect the assets of the Agency during the ROPS periods mentioned above to the benefit of the Agency's taxing entities, the City loaned the Agency funds in the amounts of \$821,365.00 and \$109,000.00 to cover those litigation costs discussed above pursuant to Health & Safety Code section 34173(h) ("Loan");

WHEREAS, the City has already received \$60,000.00 repayment on the \$109,000.00 loaned to the Agency;

WHEREAS, the parties now desire to memorialize the Loan such that the City may be reimbursed for such litigation costs incurred.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained the parties agree as follows:

1. Recitals

The recitals set forth above are true and correct and incorporated herein by this reference.

2. Loan and Repayment.

- (a) Subject to the terms and conditions of this Agreement, Agency agrees and promises to pay the City in the amounts of \$821,365.00 and \$49,000.00. These amounts represent the following loans made by the City to the Agency to cover the Agency's litigation costs and constitutes the Loan discussed above:

\$821,365.00 Loan (February 2012 to June 2012 and July 2012 to December 2012)		
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Hunsucker Goldstein	July 2012 to December 2012	\$150.00
	Total:	\$821,365.00

\$109,000.00 Loan (January 2014 to June 2014)		
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Alvarez-Glasman Colvin	January 2014 to June 2014	\$4,456.00
Alvarez-Glasman Colvin	January 2014 to June 2014	\$3,977.00
	Subtotal:	\$109,000.00

Payment Received:	(\$60,000.00)
Total:	\$49,000.00

- (b) Recognized Obligation Payment Schedule. Agency has listed the Loan on its Recognized Obligation Payment Schedule ("ROPS") 14-15B (covering period January 2015 to June 2015) and shall continue to list the Loan on its future ROPS as an enforceable obligation until the Loan has been fully repaid.
- (c) Payment. Agency shall pay City the amounts due on the Loan immediately upon allocation of funds to Agency pursuant to the Recognized Obligation Payment Schedule process under the California Health & Safety Code.

3. General Terms.


- (a) Books and Accounts. The Agency will keep or cause to be kept proper books of record and accounts showing the use of the Loan funds, Loan repayments and any amount outstanding.
- (b) Default. The City understands and agrees that the Agency's ability to repay the Loan depends upon the California Department of Finance's approval of the Loan as an enforceable obligation on Agency's relevant ROPS. Notwithstanding the foregoing, the failure of Agency to repay the Loan will result in a default of the terms of this Agreement.
- (c) Severability. If any section, paragraph, sentence, clause, or phrase of this Loan Agreement is found for any reason to be illegal, invalid or unenforceable, the remaining terms of the Loan Agreement will continue in the same force or effect.
- (d) Amendment. This Agreement may be amended at any time in writing, signed by both parties and with Agency's Oversight Board's approval.

[Signatures on the following page]


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

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

CITY OF WEST COVINA



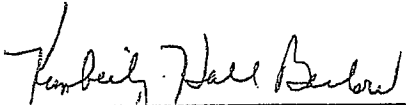
Steve Herfert
Successor Agency Chairman



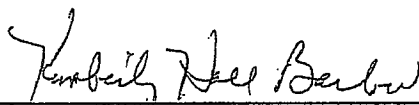
Steve Herfert
Mayor

APPROVED AS TO FORM:

APPROVED AS TO FORM:



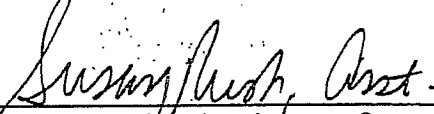
Kimberly Hall Barlow
Successor Agency Counsel



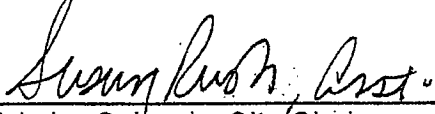
Kimberly Hall Barlow
City Attorney

ATTEST:

ATTEST:



Nickolas S. Lewis, Agency Secretary



Nickolas S. Lewis, City Clerk

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

AGENDA REPORT

Item No. V-E
Date: December 4, 2014

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

FROM: Christopher J. Chung, Executive Director

BY: Kimberly Hall Barlow, Successor Agency Counsel

SUBJECT: **LOAN AGREEMENT CONCERNING LITIGATION FEES INCURRED FOR THE ROPS PERIODS OF JANUARY 2013 TO JUNE 2013, JULY 2013 TO DECEMBER 2013, AND JANUARY 2014 TO JUNE 2014 WHICH EXCEEDED THE LITIGATION COST ESTIMATES FOR THOSE SAME PERIODS, BUT MISCHARACTERIZED UNDER THE ADMINISTRATIVE COST ALLOWANCE**

RECOMMENDED ACTION:

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

RESOLUTION NO. OB-_____ - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE LOAN AGREEMENT CONCERNING LITIGATION FEES INCURRED FOR THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE PERIODS OF JANUARY 2013 TO JUNE 2013, JULY 2013 TO DECEMBER 2013, AND JANUARY 2014 TO JUNE 2014 WHICH EXCEEDED THE LITIGATION COST ESTIMATES FOR THOSE SAME PERIODS AND MISCHARACTERIZED AS BEING PART OF THE ADMINISTRATIVE COST ALLOWANCE

DISCUSSION:

The former West Covina Redevelopment Agency was dissolved pursuant to state law on February 1, 2012. In the wake of this dissolution, the City elected to perform the functions of the "Successor Agency" to the former West Covina Redevelopment Agency as permitted by the redevelopment dissolution statutes. Because the City elected to perform such functions, Health & Safety Code section 34173(h) permits the City to loan funds to the Successor Agency for the purpose of covering the Successor Agency's "administrative costs, enforceable obligations, or project-related expenses at the city's discretion."

Additionally, Part 1.85 of the California Health & Safety Code, the Successor Agency is permitted to engage in activities, including litigation, for the purpose of protecting its assets and liabilities for the purpose of ensuring that the taxing entities receiving maximum benefit from the wind down of the former-West Covina Redevelopment Agency's affairs. In pursuit of those activities for the purpose of protecting its assets and liabilities to ensure that the taxing entities

receive maximum benefit from the wind down of the former-West Covina Redevelopment Agency's affairs, the Successor Agency was required to engage in litigation to protect such assets.

As part of the Recognized Obligation Payment Schedule process, the Successor Agency, in engaging in such litigation, provided estimates for its litigation costs on its Recognized Obligation Payment Schedules ("ROPS") for the periods January 2013 to June 2013, June 2013 to December 2013, and January 2014 to June 2014. However, such estimates for litigation costs were not sufficient to cover the actual costs of litigation occurring during the ROPS periods mentioned above. Additionally, certain litigation costs for the ROPS periods mentioned above were inadvertently mischaracterized as part of the Successor Agency's administrative cost allowance provided under Health & Safety Code section 34171(b) and the abovementioned estimates for litigation costs were not sufficient to cover the actual costs of litigation occurring during the abovementioned ROPS periods.

Thus, in order to continue to protect the assets of the Agency during the ROPS periods mentioned above to the benefit of the Successor Agency's taxing entities, the City loaned the Successor Agency funds in the amount of \$48,413 to cover such litigation costs discussed above as authorized under Health & Safety Code section 34173(h).

The purpose of the attached Loan Agreement is to formalize the loan authorized under the authority of Health & Safety Code section 34173(h) such that the City can be repaid for the costs it incurred on behalf of the Successor Agency in performing and assisting in the performance of the Successor Agency's obligations under the redevelopment dissolution statutes.

The Loan Agreement covers the litigation costs incurred by the City on behalf of the Successor Agency during the ROPS periods of January 2013 to June 2013, July 2013 to December 2013, and January 2014 to June 2014 which were mischaracterized as not being litigation costs. This Loan Agreement is in addition to and separate from a loan agreement concerning loans in the amounts of \$821,365 and \$109,000.

The City Council and Successor Agency Board approved this Loan Agreement on November 18, 2014; however, the Loan Agreement contained an inadvertent error in referencing one of the time periods that the Loan Agreement would cover. In short, the time period "June 2013 To December 2013" should instead read "July 2013 to December 2013." This correction does not affect the total amount owed by the Successor Agency under the Loan Agreement. Once the Oversight Board approves of this Loan Agreement, it will be transmitted to the Department of Finance for their approval.

Prepared By:

Approved via Email
Kimberly Hall Barlow
Successor Agency Counsel

Attachment No. 1: Resolution No. OB- _____
Attachment No. 2: Loan Agreement

ATTACHMENT NO. 1

RESOLUTION NO. OB-00__

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE WEST COVINA REDEVELOPMENT AGENCY APPROVING THE LOAN AGREEMENT CONCERNING LITIGATION FEES INCURRED FOR THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE PERIODS OF JANUARY 2013 TO JUNE 2013, JULY 2013 TO DECEMBER 2013, AND JANUARY 2014 TO JUNE 2014 WHICH EXCEEDED THE LITIGATION COST ESTIMATES FOR THOSE SAME PERIODS AND MISCHARACTERIZED AS BEING PART OF THE ADMINISTRATIVE COST ALLOWANCE

WHEREAS, in June of 2011, the California State Legislature enacted legislation which resulted in the dissolution of all redevelopment agencies in the State of California, including the West Covina Redevelopment Agency, on February 1, 2012 (“Dissolution Law”);

WHEREAS, Dissolution Law created successor agencies for the purpose of winding down the affairs of the dissolved redevelopment agencies;

WHEREAS, the City of West Covina (“City”) elected to perform the functions of the Successor Agency to the West Covina Redevelopment Agency (“Successor Agency”);

WHEREAS, the Successor Agency and the City are distinct legal governmental entities pursuant to Health & Safety Code section 34173(g);

WHEREAS, pursuant to Part 1.85 of the California Health & Safety Code, the Successor Agency is permitted to engage in activities, including litigation, for the purpose of protecting its assets and liabilities for the purpose of ensuring that the taxing entities receiving maximum benefit from the wind down of the former-West Covina Redevelopment Agency’s affairs;

WHEREAS, in pursuit of those activities for the purpose of protecting its assets and liabilities to ensure that the taxing entities receive maximum benefit from the wind down of the former-West Covina Redevelopment Agency’s affairs, the Successor Agency was required to engage in litigation to protect such assets;

WHEREAS, the Successor Agency, in engaging in litigation, provided estimates for its litigation costs on its Recognized Obligation Payment Schedules (“ROPS”) for the periods January 2013 to June 2013, July 2013 to December 2013, and January 2014 to June 2014;

WHEREAS, such estimates for litigation costs were not sufficient to cover the actual costs of litigation occurring during the ROPS periods mentioned above;

WHEREAS, certain litigation costs were inadvertently mischaracterized as being part of the administrative cost allowance;

WHEREAS, in order to continue to protect the assets of the Successor Agency during the ROPS periods mentioned above to the benefit of the Successor Agency’s taxing entities, the City loaned the Successor Agency funds in the amount of \$48,413.00 to cover those litigation costs discussed above pursuant to Health & Safety Code section 34173(h) (“Loan”);

WHEREAS, the City Council and Successor Agency Board approved the loan agreement concerning the Loan on November 18, 2014 (“Loan Agreement”), which is attached hereto and incorporated by this reference as Exhibit A;

WHEREAS, the Oversight Board now desires to express its approval of the Loan Agreement such that the City may be reimbursed for the costs it has incurred on the behalf of the Successor Agency.

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

SECTION 1. The Recitals set forth above are true and corrected and are incorporated herein by this reference.

SECTION 2. The Loan Agreement, which is attached hereto and incorporated by this reference as Exhibit A, is hereby approved such that it is an enforceable obligation of the Successor Agency, as defined by Health & Safety Code.

SECTION 3. The Successor Agency staff is directed to transmit a copy of this Resolution and its Exhibits to the State Department of Finance and any other required agency pursuant to Dissolution Law.

SECTION 4. The Successor Agency staff is further directed to take all actions necessary and appropriate in carrying out this Resolution pursuant to Dissolution Law.

SECTION 5. The Oversight Board Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED on this 4th day of December, 2014.

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

ATTEST

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Oversight Board to the Successor Agency of the West Covina Redevelopment Agency at a special meeting held on the 4th day of December 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

Exhibit A

**LOAN AGREEMENT
BETWEEN THE CITY OF WEST COVINA
AND
THE SUCCESSOR AGENCY
TO THE WEST COVINA REDEVELOPMENT AGENCY
FOR LITIGATION FEES WHICH WERE MISCHARACTERIZED AS
PART OF ADMINISTRATIVE COST ALLOWANCE**

THIS AGREEMENT ("Agreement") is made this 18th day of November, 2014, by and between the City of West Covina, a Municipal Corporation of the State of California (the "City"); and Successor Agency to the West Covina Redevelopment Agency ("Agency"), a public entity.

RECITALS

WHEREAS, in June of 2011, the California State Legislature enacted legislation which resulted in the dissolution of all redevelopment agencies in the State of California, including the West Covina Redevelopment Agency, on February 1, 2012 ("Dissolution Law");

WHEREAS, Dissolution Law created successor agencies for the purpose of winding down the affairs of the dissolved redevelopment agencies;

WHEREAS, the City elected to perform the functions of the Successor Agency to the West Covina Redevelopment Agency;

WHEREAS, the Agency and the City are distinct legal governmental entities pursuant to Health & Safety Code section 34173(g);

WHEREAS, pursuant to Part 1.85 of the California Health & Safety Code, the Agency is permitted to engage in activities, including litigation, for the purpose of protecting its assets and liabilities for the purpose of ensuring that the taxing entities receiving maximum benefit from the wind down of the former-West Covina Redevelopment Agency's affairs;

WHEREAS, in pursuit of those activities for the purpose of protecting its assets and liabilities to ensure that the taxing entities receive maximum benefit from the wind down of the former-West Covina Redevelopment Agency's affairs, the Agency was required to engage in litigation to protect such assets;

WHEREAS, the Agency, in engaging in litigation, provided estimates for its litigation costs on its Recognized Obligation Payment Schedules ("ROPS") for the periods January 2013 to June 2013, July 2013 to December 2013, and January 2014 to June 2014;

WHEREAS, certain litigation costs for the ROPS periods mentioned above were inadvertently mischaracterized as part of the Agency's administrative cost allowance provided under Health & Safety Code section 34171(b) and the abovementioned estimates for litigation costs were not sufficient to cover the actual costs of litigation occurring during the abovementioned ROPS periods;

WHEREAS, in order to continue to protect the assets of the Agency during the abovementioned ROPS periods to the benefit of the Agency's taxing entities, the City loaned the Agency funds in the amounts of \$48,413.00, payable to Alvarez-Glasman in the case of City of West Covina vs. Matosantos, to cover those litigation costs mischaracterized and discussed above pursuant to Health & Safety Code section 34173(h) ("Loan");

WHEREAS, the parties now desire to memorialize the Loan such that the City may be reimbursed for such litigation costs incurred.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained the parties agree as follows:

1. **Recitals**

The recitals set forth above are true and correct and incorporated herein by this reference.

2. **Loan and Repayment.**

- (a) Amount Outstanding. Subject to the terms and conditions of this Agreement, Agency agrees and promises to pay the City in the amount of \$48,413.00.
- (b) Recognized Obligation Payment Schedule. Agency has listed the Loan on its Recognized Obligation Payment Schedule ("ROPS") 14-15B (covering period January 2015 to June 2015) and shall continue to list the Loan on its future ROPS as an enforceable obligation until the Loan has been fully repaid.
- (c) Payment. Agency shall pay City the amounts due on the Loan immediately upon allocation of funds to Agency pursuant to the Recognized Obligation Payment Schedule process under the California Health & Safety Code.

3. **General Terms.**

- (a) Books and Accounts. The Agency will keep or cause to be kept proper books of record and accounts showing the use of the Loan funds, Loan repayments and any amount outstanding.
- (b) Default. The City understands and agrees that the Agency's ability to repay the Loan depends upon the California Department of Finance's approval of the Loan as an enforceable obligation on Agency's relevant ROPS. Notwithstanding the foregoing, the failure of Agency to repay the Loan will result in a default of the terms of this Agreement.

- (c) Severability. If any section, paragraph, sentence, clause, or phrase of this Loan Agreement is found for any reason to be illegal, invalid or unenforceable, the remaining terms of the Loan Agreement will continue in the same force or effect.
- (d) Amendment. This Agreement may be amended at any time in writing, signed by both parties and with Agency's Oversight Board's approval.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

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

CITY OF WEST COVINA

Steve Herfert
Successor Agency Chairman

Steve Herfert
Mayor

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Kimberly Hall Barlow
Successor Agency Counsel

Kimberly Hall Barlow
City Attorney

ATTEST:

ATTEST:

Nickolas S. Lewis, Agency Secretary

Nickolas S. Lewis, City Clerk

ATTACHMENT NO. 2

**LOAN AGREEMENT
BETWEEN THE CITY OF WEST COVINA
AND
THE SUCCESSOR AGENCY
TO THE WEST COVINA REDEVELOPMENT AGENCY
FOR LITIGATION FEES WHICH WERE MISCHARACTERIZED AS
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WHEREAS, Dissolution Law created successor agencies for the purpose of winding down the affairs of the dissolved redevelopment agencies;

WHEREAS, the City elected to perform the functions of the Successor Agency to the West Covina Redevelopment Agency;

WHEREAS, the Agency and the City are distinct legal governmental entities pursuant to Health & Safety Code section 34173(g);

WHEREAS, pursuant to Part 1.85 of the California Health & Safety Code, the Agency is permitted to engage in activities, including litigation, for the purpose of protecting its assets and liabilities for the purpose of ensuring that the taxing entities receiving maximum benefit from the wind down of the former-West Covina Redevelopment Agency's affairs;

WHEREAS, in pursuit of those activities for the purpose of protecting its assets and liabilities to ensure that the taxing entities receive maximum benefit from the wind down of the former-West Covina Redevelopment Agency's affairs, the Agency was required to engage in litigation to protect such assets;

WHEREAS, the Agency, in engaging in litigation, provided estimates for its litigation costs on its Recognized Obligation Payment Schedules ("ROPS") for the periods January 2013 to June 2013, July 2013 to December 2013, and January 2014 to June 2014;

WHEREAS, certain litigation costs for the ROPS periods mentioned above were inadvertently mischaracterized as part of the Agency's administrative cost allowance provided under Health & Safety Code section 34171(b) and the abovementioned estimates for litigation costs were not sufficient to cover the actual costs of litigation occurring during the abovementioned ROPS periods;

WHEREAS, in order to continue to protect the assets of the Agency during the abovementioned ROPS periods to the benefit of the Agency's taxing entities, the City loaned the Agency funds in the amounts of \$48,413.00, payable to Alvarez-Glasman in the case of City of West Covina vs. Matosantos, to cover those litigation costs mischaracterized and discussed above pursuant to Health & Safety Code section 34173(h) ("Loan");

WHEREAS, the parties now desire to memorialize the Loan such that the City may be reimbursed for such litigation costs incurred.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained the parties agree as follows:

1. **Recitals**

The recitals set forth above are true and correct and incorporated herein by this reference.

2. **Loan and Repayment.**

- (a) Amount Outstanding. Subject to the terms and conditions of this Agreement, Agency agrees and promises to pay the City in the amount of \$48,413.00.
- (b) Recognized Obligation Payment Schedule. Agency has listed the Loan on its Recognized Obligation Payment Schedule ("ROPS") 14-15B (covering period January 2015 to June 2015) and shall continue to list the Loan on its future ROPS as an enforceable obligation until the Loan has been fully repaid.
- (c) Payment. Agency shall pay City the amounts due on the Loan immediately upon allocation of funds to Agency pursuant to the Recognized Obligation Payment Schedule process under the California Health & Safety Code.

3. **General Terms.**

- (a) Books and Accounts. The Agency will keep or cause to be kept proper books of record and accounts showing the use of the Loan funds, Loan repayments and any amount outstanding.
- (b) Default. The City understands and agrees that the Agency's ability to repay the Loan depends upon the California Department of Finance's approval of the Loan as an enforceable obligation on Agency's relevant ROPS. Notwithstanding the foregoing, the failure of Agency to repay the Loan will result in a default of the terms of this Agreement.

- (c) Severability. If any section, paragraph, sentence, clause, or phrase of this Loan Agreement is found for any reason to be illegal, invalid or unenforceable, the remaining terms of the Loan Agreement will continue in the same force or effect.
- (d) Amendment. This Agreement may be amended at any time in writing, signed by both parties and with Agency's Oversight Board's approval.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

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

CITY OF WEST COVINA

Steve Herfert
Successor Agency Chairman

Steve Herfert
Mayor

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Kimberly Hall Barlow
Successor Agency Counsel

Kimberly Hall Barlow
City Attorney

ATTEST:

ATTEST:

Nickolas S. Lewis, Agency Secretary

Nickolas S. Lewis, City Clerk