



Chairperson, Belinda V. Faustinos, Los Angeles County

Vice Chairperson, Bob J. Archuleta, City of Pico Rivera

Board Members:

Ronald Bates, City of Pico Rivera

Christopher Gutierrez-Lohrman, Los Angeles County Board of Education

Santos H. Kreimann, Los Angeles County

Armando V. Moreno, Los Angeles County

Thursday, April 26, 2012

Special Meeting 5:00 p.m.

Council Chambers

6615 Passons Blvd.

Pico Rivera, California

**PLEDGE OF ALLEGIANCE:**

**1<sup>st</sup> PERIOD OF PUBLIC COMMENTS: (Speakers have three (3) minutes to make their remarks on agenda items only.)**

**AGENDA ITEMS:**

**1. Minutes**

**Recommendation:**

- Approve Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency minutes of April 12, 2012.

**2. Oversight Board Counsel.**

**Recommendation:**

1. Staff recommends against seeking counsel to represent the entire Oversight Board. Each member of the Oversight Board can discuss matters with the counsel for their appointing body.

**3. Errors and Omissions Insurance.**

**Recommendation:**

1. Each member of the Oversight Board can check with their appointing body to see whether they are already covered by Errors and Omissions (E&O) Insurance.

**4. Administrative Budget.**

**Recommendation:**

1. Adopt the resolution of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency approving the Administrative Budget.

Resolution No. OB-01-12 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34177, APPROVING THE ADMINISTRATIVE BUDGET.

**5. Second Recognized Obligation Payment Schedule.**

**Recommendation:**

1. Adopt the resolution of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency establishing the Second Recognized Obligation Payment Schedule (ROPS) on the condition the State Department of Finance does not direct revision to the first ROPS approved April 12, 2012.

Resolution No. \_\_\_\_\_ A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34180, ESTABLISHING THE SECOND RECOGNIZED OBLIGATION PAYMENT SCHEDULE

**ADJOURNMENT:**

**AFFIDAVIT OF POSTING**

I, Anna Jerome, Assistant City Clerk, for the City of Pico Rivera, DO HEREBY CERTIFY, under penalty of perjury under the laws of the State of California, that the foregoing notice was posted at the Pico Rivera City Hall bulletin board, the Pico Rivera Post Office and Pico Rivera Parks (Pico, Smith and Rivera) and distributed to members of the media on this the 23<sup>rd</sup>, day of April, 2012.

Dated this 23<sup>rd</sup>, day of April, 2012

  
Anna M. Jerome, CMC  
Assistant City Clerk



Thursday, April 12, 2012

A Special Meeting of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency was held in the Council Chamber, Pico Rivera City Hall, 6615 Passons Boulevard, Pico Rivera, California.

Meeting was called to order at 5:00 p.m.

**PLEDGE OF ALLEGIANCE:** Led by Bob Archuleta, City of Pico Rivera

**PUBLIC COMMENTS:** None.

**AGENDA ITEMS:**

**1. Designate a Chairperson and Vice-Chairperson of the Oversight Board.**

Assistant City Clerk Anna Jerome called for the nomination for the Office of Chairperson. Boardmember Belinda Faustinos was nominated by Boardmember Ron Bates. Noting no further names, the nomination period closed.

Boardmember Belinda Faustinos was nominated and selected to serve as Chairperson of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency for the calendar year 2012 pursuant to a 5-0 vote.

**AYES:** Archuleta, Bates, Kreimann, Moreno, Faustinos

**NOES:** None

**ABSENT:** Gutierrez-Lohrman

Chairperson Faustinos called for nominations for the Office of Vice Chairperson. Boardmember Bates nominated Boardmember Bob Archuleta. Noting no further names, the nomination period closed.

Boardmember Bob Archuleta was nominated and selected to serve as Vice Chairperson of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency for the calendar year 2012 pursuant to a 5-0 vote.

**AYES:** Archuleta, Bates, Faustinos, Kreimann, Moreno

**NOES:** None  
**ABSENT:** Gutierrez-Lohrman

## **2. Administrative Budget.**

Director of Finance Mike Matsumoto stated that the Health & Safety Code Section 34177 requires the Successor Agency to prepare an Administrative Budget and submit it to the Oversight Board for approval.

Motion by Boardmember Armando Moreno, seconded by Boardmember Santos Kreimann to pay for Errors & Omission Insurance and seek independent counsel.

Boardmember Moreno stated his concerns with a conflict of interest between the city and the Oversight Board. He stated that the law is complex and that the only way he will serve is that 1) if the city agrees to provide Errors & Omission Insurance and pay for the premiums for all board members and 2) that the city hires independent counsel and pays for the fees for independent counsel to provide advice. He stated that if these two requirements could not be met, he respectfully resigns.

Boardmember Bates stated that there is no funding provided by the county for the Oversight Board. Mr. Bates further stated that the Pico Rivera Redevelopment Agency is fairly simple and that the county is the major beneficiary of the Redevelopment Agency taking 65% of the increment. The only two sources of revenue, he stated, are sales tax and the tax increment so it's not as complex as other cities and agencies.

Boardmember Kreimann suggested bifurcating the 2013 budget with the 2011-2012 budgets by discussing the allocations of the expenditures in 2011-2012 and in a subsequent meeting discussing the 2012-2013 budget.

After a brief discussion amongst the board members regarding cash flow, contracted services, severance, list of consultants, Errors & Omission Insurance, conflict of interest, and independent counsel, direction was given by Chairperson Faustinos to: 1) obtain three quotes for E & O Insurance not to exceed \$1000 (\$5000 collectively) as of April 12, 2012; 2) provide requested backup information for severance and list of consultants; and 3) seek independent counsel.

Original motion by Boardmember Moreno was withdrawn.

Motion by Boardmember Bates, seconded by Vice Chairperson Archuleta to: 1) obtain three quotes for E & O Insurance not to exceed \$1000 (\$5000 collectively) as of April 12, 2012; 2) provide requested backup information for severance and list of consultants; 3) seek independent counsel; and 4) table the adoption of the administrative budget to the following meeting. Motion carries by the following roll call vote:

**AYES:** Archuleta, Bates, Kreimann, Moreno, Faustinos  
**NOES:** None  
**ABSENT:** Gutierrez-Lohrman

### **3. Recognized Obligation Payment Schedule.**

Director of Finance Matsumoto stated that the Health & Safety code requires a six month Recognized Obligation Payment (ROP) schedule and the first schedule has a due date of April 15, 2012, the second has a due date of April 27, 2012. He stated that he prepared an eight month ROP schedule which has been submitted to the County Auditor Controller on February 15, 2012. The County Auditor, he stated, has arranged for the audit to begin at the end of April early May.

Boardmember Kreimann suggested bifurcating the ROP payment to give the Oversight Board more time to review documents on the second part of the payment.

Chairperson Faustinos asked if the county has not completed their review how would we know what their feedback is. She further asked what the implications would be if requirements are not met. Director of Finance Matsumoto stated that according to the law, the Successor Agency had to submit ROPS by March 1, 2012.

Vice Chairperson Archuleta stated that the Successor Agency received mandated dates that needed to be met under the umbrella of the county which staff has done, so any deviation of that would be going counter to what the county has already instructed.

Boardmember Moreno stated that the Oversight Board could follow the April 15, 2012 deadline but that is only mandated for this fiscal year so the board could bifurcate this budget.

Boardmember Bates suggested bifurcating the budget by approving May and June and bringing back July through December at the next meeting.

Boardmember Kreimann asked questions regarding tax increments, debt service and fund balances, and requested supporting documentation in regard to audits from 1972, all fund balances and expenditures. Director of Finance Matsumoto stated that he may not have the 1972 records based on the city's retention schedule.

Motion by Vice Chairperson Archuleta, seconded by Boardmember Bates to adopt and amend the resolution of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency establishing the Recognized Obligation Payment Schedule (ROPS) for May and June and amending the July through December payment schedule which would include insurance and administration cost, severance pay, taxes and benefits, cash flow, timing of dispersement, audited statements and expenditures to be brought back at a subsequent meeting. Motion carries by the following roll call vote:

Resolution No. OB-02-12 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34180, ESTABLISHING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE

**AYES:** Archuleta, Bates, Kreimann, Moreno, Faustinos  
**NOES:** None  
**ABSENT:** Gutierrez-Lohrman

#### **4. Designate Official For State.**

Motion by Vice Chairperson Archuleta, seconded by Boardmember Bates to adopt Resolution No. OB-03-12 of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency designating the Director of Finance for the City of Pico Rivera as the official to whom the State Department of Finance can contact to request a review of information submitted by the Oversight Board. Motion carries by the following roll call vote:

Resolution No. OB-03-12 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34179, DESIGNATING THE DIRECTOR OF FINANCE FOR THE CITY OF PICO RIVERA AS THE OFFICIAL TO WHOM THE STATE DEPARTMENT OF FINANCE CAN CONTACT TO

REQUEST A REVIEW OF INFORMATION SUBMITTED BY THE  
OVERSIGHT BOARD

**AYES:** Archuleta, Bates, Kreimann, Moreno, Faustinos  
**NOES:** None  
**ABSENT:** Gutierrez-Lohrman

**5. Transfer Housing Responsibilities and Assets.**

Director of Finance Matsumoto stated that Health & Safety Code Section 34181c requires the Oversight Board to direct the Successor Agency to transfer the Housing responsibilities, rights, powers and duties to the Housing Successor and the City of Pico Rivera designated the Pico Rivera Housing Assistance Agency as the Housing Successor in January 2012.

Boardmember Kreimann asked if there was a specific timeline to make this decision as he is having difficulty determining, based on the information provided, whether these assets are Housing Assets or Agency Assets. He requested to see all resolutions and supporting documentation (agreements) that encumbers those funds for these particular projects.

Motion by Boardmember Kreimann, seconded by Boardmember Moreno to table the item. Motion carries by the following roll call vote:

**AYES:** Archuleta, Bates, Kreimann, Moreno, Faustinos  
**NOES:** None  
**ABSENT:** Gutierrez-Lohrman

**6. Approve Resolution Adopting Bylaws and Rules of Procedures.**

Chairperson Faustinos recommended that the fiscal procedures of the City of Pico Rivera be included in the by-laws.

For clarification purposes in regard to public comment, Boardmember Kreimann asked how much time the speaker has to comment and if that is for each item. Director of Finance Matsumoto stated that the speaker has a total of three (3) minutes to comment on all items.

Motion by Boardmember Bates, seconded by Vice Chairperson Archuleta to adopt and amend the resolution of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency ("Oversight Board") adopting the Bylaws and Procedures of the Oversight Board and amending the by-laws by including the city's purchasing procedures. Motion carries by the following roll call vote.

Resolution No. OB-04-12 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY APPROVING AND ADOPTING BYLAWS AND REGULATIONS FOR OPERATIONS OF ITS MEETINGS PROCEEDINGS AND BUSINESS

**AYES:** Archuleta, Bates, Kreimann, Moreno, Faustinos  
**NOES:** None  
**ABSENT:** Gutierrez-Lohrman

**7. Establishing a Regular Meeting Schedule for the Oversight Board of the Successor Agency for the Pico Rivera Redevelopment Agency.**

After a brief discussion, board members decided to approve the recommended meeting schedule as stated and at the next board meeting review the schedule for any further changes.

Motion by Vice Chairperson Archuleta, seconded by Boardmember Bates that the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency ("Oversight Board") meet the third Thursday of the first month of each calendar quarter at 4:30 p.m. in the Council Chambers at 6615 Passons Boulevard, Pico Rivera, California. Motion carries by the following roll call vote:

**AYES:** Archuleta, Bates, Kreimann, Moreno, Faustinos  
**NOES:** None  
**ABSENT:** Gutierrez-Lohrman

**ADJOURNMENT:**

Chairperson Faustinos adjourned the meeting at 6:56 p.m. There being no objection is was so ordered.

**AYES:** Archuleta, Bates, Kreimann, Moreno, Faustinos

**NOES:** None  
**ABSENT:** Gutierrez-Lohrman

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Chairperson, Belinda Faustinos

**ATTEST:**

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Anna M. Jerome, Assistant City Clerk

I hereby certify that the foregoing is a true and correct report of the proceedings of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency special meeting dated April 12, 2012 and approved by the Oversight Board on April 26, 2012.

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Anna M. Jerome, Assistant City Clerk



**To:** Oversight Board of the Successor Agency to the Pico Rivera  
Redevelopment Agency

**From:** Director of Finance

**Meeting Date:** April 24, 2012

**Subject:** OVERSIGHT BOARD COUNSEL

**Recommendations:**

Staff recommends against seeking counsel to represent the entire oversight board. Each member of the Oversight Board can discuss matters with the Counsel for their appointing body.

**Fiscal Impact:**

There is no fiscal impact to the Oversight Board.

**Discussion:**

On June 28, 2011, the Governor of California signed ABx1 26 which dissolves all California redevelopment agencies unless certain payments were made that reduce the State's deficit. Effective February 1, 2012, all redevelopment agencies in California were dissolved, and the City is now acting as the Successor Agency to manage and curtail the operation of the dissolved Pico Rivera Redevelopment Agency.

Health and Safety Code Section 34179(d) provides that "Oversight board members shall have personal immunity from suit for their actions taken within the scope of their responsibilities as oversight board members." At the April 12, 2012 meeting, the Oversight Board requested that the Director of Finance work with the Board Chairperson to determine options for the Oversight Board.

Staff contacted three law firms, and the firms commented:

- 1) Likely all the large firms who work in the government area will have conflicts because they likely represent at least one taxing entity.

- 2) Under the legislation, there is no money available for independent counsel for the Oversight Board.
- 3) Several Oversight Boards are having the members talk to the attorneys for the organizations that appointed them.

Staff recommends the Oversight Board members seek legal advice from the organizations that appointed them instead of obtaining separate counsel to represent the entire oversight board.



Michael Matsumoto  
Director of Finance

MM



**To:** Oversight Board of the Successor Agency to the Pico Rivera  
Redevelopment Agency

**From:** Director of Finance

**Meeting Date:** April 24, 2012

**Subject:** ERRORS AND OMISSIONS INSURANCE

**Recommendations:**

Each member of the Oversight Board can check with their appointing body to see whether they are already covered by Errors and Omissions (E&O) Insurance.

**Fiscal Impact:**

There is no fiscal impact by checking to see if members are covered.

**Discussion:**

On June 28, 2011, the Governor of California signed ABx1 26 which dissolves all California redevelopment agencies unless certain payments were made that reduce the State's deficit. Effective February 1, 2012, all redevelopment agencies in California were dissolved, and the City is now acting as the Successor Agency to manage and curtail the operation of the dissolved Pico Rivera Redevelopment Agency.

Health and Safety Code Section 34179(d) provides that "Oversight board members shall have personal immunity from suit for their actions taken within the scope of their responsibilities as oversight board members." At the April 12, 2012 meeting, Oversight Board member Moreno stated that the immunity may not cover all actions. The Oversight Board requested staff obtain quotes for E&O insurance and to purchase the insurance if the cost is less than \$1,000 per Board Member.

Staff has requested three quotes; however, no quotes have been provided by the time the agenda was prepared. The California Joint Powers Insurance Authority (CJPIA) provides

insurance to the City of Pico Rivera, and the CJPIA has confirmed that the City's appointees to the Oversight Board are covered by the City's insurance.

Staff will continue to work with the insurance companies to obtain quotes for E&O insurance. Staff suggests the Oversight Board members confirm with their appointing agencies to determine whether they are already covered by the appointing Authority's Errors and Omissions insurance.



Michael Matsumoto  
Director of Finance

MM



**To:** Oversight Board of the Successor Agency to the Pico Rivera  
Redevelopment Agency

**From:** Director of Finance

**Meeting Date:** April 24, 2012

**Subject:** ADMINISTRATIVE BUDGET

**Recommendations:**

Adopt the resolution of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency approving the Administrative Budget.

**Fiscal Impact:**

There is no direct fiscal impact.

**Discussion:**

On June 28, 2011, the Governor of California signed ABx1 26 which dissolves all California redevelopment agencies unless certain payments were made that reduce the State's deficit. Effective February 1, 2012, all redevelopment agencies in California were dissolved, and the City is now acting as the Successor Agency to manage and curtail the operation of the dissolved Pico Rivera Redevelopment Agency.

**Requirement**

Health and Safety Code Section 34177(j) requires the Successor Agency to prepare an Administrative Budget and submit it to the Oversight Board for approval. The Administrative Budget is for a six month period, but because of the delay in implementation, the first Administrative Budget will only cover May 1, 2012 through June 30, 2012. Because of the short period and because the July 1, 2012 through December 31, 2012 Administrative Budget will be due soon, the Administrative Budget was prepared for both periods.

The amounts are estimates of the amounts that will actually be spent. The City eliminated some positions in February, but with required notices the final payouts may not happen prior to May 1. Therefore, severance costs are included in the proposed Administrative Budget for May and June 2012.

Since January 2012, staff has requested the County Auditor-Controller provide estimates of the property tax payments. The County informed us in early March that we would not receive any property taxes for the remainder of 2011-12. We do not yet have an estimate of the June 1, 2012 payment, so we are unsure whether we will receive any money for administration. The administrative budget may have no fiscal impact because we might not obtain funding.



Michael Matsumoto  
Director of Finance

MM

Attachment – Resolution approving the Administrative Budget.

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34177, APPROVING THE ADMINISTRATIVE BUDGET**

**WHEREAS**, on June 28, 2011, the Governor of California signed ABx1 26 which added Health and Safety Code Section 34169; and

**WHEREAS**, pursuant to Health & Safety Code Section 34177(j), successor agencies are required to submit an administrative budget to the Oversight Board; and

**WHEREAS**, pursuant to the California Supreme Court decision December 29, 2011, the first administrative budget must be submitted to the County Auditor Controller by April 1, 2012; and

**WHEREAS**, prior to April 3, 2012, there were only two appointed board members to the Oversight Board, so the Oversight Board could not meet with a required quorum; and

**WHEREAS**, the first administrative budget for the period May 1, 2012 through June 30, 2012 was submitted to the County Auditor Controller prior to April 1, 2012; and

**WHEREAS**, pursuant to Health & Safety Code Section 34177(j), the administrative budget is to cover the same time frame as the recognized obligation payment schedule; and

**WHEREAS**, the administrative budget was designed to cover eight month from May through December to ensure the obligations due through December 2012 are properly shown to other parties; and

**WHEREAS**, pursuant to Health & Safety Code Section 34177(j), the successor agency is submitting the administrative budget to the Oversight Board for approval;

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency, California, pursuant to California Health and Safety Code Section 34180, as follows:

**SECTION 1.** The Oversight Board approves the administrative budget (Attachment A).

**SECTION 2.** The City Clerk of the City of Pico Rivera shall attest to the passage of this Resolution and it shall be in full force and effect.

**APPROVED AND ADOPTED this 24<sup>th</sup> day of April 2012.**

**ATTEST:**

**OVERSIGHT BOARD**

\_\_\_\_\_  
Anna Jerome, Assistant City Clerk

\_\_\_\_\_  
Belinda Faustinos, Chairperson

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

PICO RIVERA SUCCESSOR AGENCY  
 ADMINISTRATIVE BUDGET  
 For 2011-12 and 2012-13

Expense Category	Two Months May & June 2012	Six Months July - December 2012 Proposed
<b><u>Salaries &amp; Wages</u></b>		
Salaries	6,967	41,800
Severance Costs	40,000	-
Benefits and payroll taxes	3,448	20,688
<b>TOTAL</b>	<b>50,415</b>	<b>62,488</b>
<b><u>Maintenance &amp; Operation</u></b>		
Postage	500	2,500
Departmental Supplies	2,000	6,000
Printing & Duplicating	1,000	2,500
Special Dept Expense	2,000	6,000
Contracted Services	20,000	60,000
Legal Services	10,000	30,000
<b>TOTAL</b>	<b>35,500</b>	<b>107,000</b>
<b><u>Capital Outlay</u></b>		
Furniture & Equipment	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>85,915</b>	<b>169,488</b>

Proposed Sources of Payments H&S Code 34177

Administrative Cost Allowance - unable to determine how much we will receive.  
 County Deferral  
 Property Tax Trust Fund  
 City of Pico Rivera



**To:** Oversight Board of the Successor Agency to the Pico Rivera  
Redevelopment Agency

**From:** Director of Finance

**Meeting Date:** April 26, 2012

**Subject:** SECOND RECOGNIZED OBLIGATION PAYMENT  
SCHEDULE

**Recommendations:**

Adopt the resolution of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency establishing the Second Recognized Obligation Payment Schedule (ROPS) on the condition the State Department of Finance does not direct revision to the first ROPS approved April 12, 2012.

**Fiscal Impact:**

The fiscal impact is not known, but the money is needed to cover obligations through December 2012. The primary obligation is the December 1, 2012 bond payment of \$2,230,350.

**Discussion:**

On June 28, 2011, the Governor of California signed ABx1 26 which dissolves all California redevelopment agencies unless certain payments were made that reduce the State's deficit. Effective February 1, 2012, all redevelopment agencies in California were dissolved, and the City is now acting as the Successor Agency to manage and curtail the operation of the dissolved Pico Rivera Redevelopment Agency.

**Requirement**

Health and Safety Code Section 34177(l) requires the Successor Agency to prepare a ROPS showing all the obligations of the former Redevelopment Agency and the sources of funds for the repayments, and the ROPS was approved by the City as Successor Agency February 14, 2012. The ROPS is due to the County Auditor-Controller by April 27, 2012

OVERSIGHT BOARD AGENDA MEMO – MTG. OF 4/12/12

Recognized Obligation Payment Schedule

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for their review and certification, and the ROPS was sent in draft form to the County Auditor-Controller on February 15, 2012.

The County certified ROPS must be sent to the Oversight Committee for approval; however, the County has not yet certified the ROPS. By April 27, 2012, the approved ROPS must be sent to the State Controller and the State Department of Finance. Because the County is to make disbursements from the Property Tax Trust Fund, staff intends to send a copy of the Oversight Board approved ROPS to the County Auditor-Controller.

The State Department of Finance contacted the Successor Agency to review the first ROPS submitted April 13, 2012. The Successor Agency is working with the State Department of Finance to provide the information requested. Staff anticipates the State Department of Finance will not complete their review prior to the due date of the second ROPS.

Based on the cash flow projections, staff anticipates there will be less than \$50,000 of available revenues after the Bond Payments, County Pass Through Payments, and Administrative Fees are paid.

Staff provided copies of all the agreements including the Official Statement for the bonds, the 1972 agreement for the City loans, the 1990 agreement for the City sales tax loan, and various other documents supporting the ROPS.

The State Department of Finance is conducting their review of the first ROPS, but the review is not likely to be completed by the due date for the Second ROPS. The ROPS must be submitted to the County, State Controller, and State Department of Finance by April 27, 2012 to allow the County to pay the taxes on June 1 to make the December 1, 2012 bond payment. Staff anticipates the June 1, 2012 payment will provide no additional taxes beyond what is needed to make the December 1, 2012 bond payment of \$2,230,350. Therefore, staff recommends the Oversight Board approve the second ROPS covering the period from July 1, 2012 through December 31, 2012 on the condition that the State Department of Finance does not direct revisions to the first ROPS.



Michael Matsumoto  
Director of Finance

MM

OVERSIGHT BOARD AGENDA MEMO – MTG. OF 4/12/12

Recognized Obligation Payment Schedule

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Attachment 1 – Correspondence with State Department of Finance

Attachment 2 – Cash flow projections

Attachment 3 – Resolution establishing the Recognized Obligation Payment Schedule (ROPS).

**Mike Matsumoto**

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**From:** Mike Matsumoto  
**Sent:** Friday, April 20, 2012 3:54 PM  
**To:** 'Redevelopment Administration'  
**Subject:** Pico Rivera ROPS  
**Attachments:** 1972 Agreement.pdf; 1990 Agreement.pdf

Ms. Ruiz:

As we discussed, you wanted copies of the agreements for the two City loans (#4 and #5 on the ROPS). These documents were submitted to Danielle Brandon (same e-mail address at DOF) on September 19, 2011 based on her request regarding our EOPS.

I have your number as (916)322-2985 x3121. If you have any other questions, please let me know.

Thank you,

Michael Matsumoto  
Director of Finance  
City of Pico Rivera  
phone (562)801-4391  
facs. (562)942-8828

**Mike Matsumoto**

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**From:** Ruiz, Shirley [Shirley.Ruiz@dof.ca.gov]  
**Sent:** Thursday, April 19, 2012 9:42 AM  
**To:** Mike Matsumoto  
**Cc:** kburns@auditor.lacounty.gov; abarrera@auditor.lacounty.gov; Scott, Robert; DeAngelis, Jenny  
**Subject:** Pico Rivera Redevelopment Agency ROPS Initiation Letter 4-19-12

Dear Mike Matsumoto,

On April 16, 2012, we received the Recognized Obligation Payment Schedule (ROPS) that was approved by your Oversight Board for the Pico Rivera Redevelopment Agency. Health and Safety Code section 34179 (h) allows the California Department of Finance (Finance) three business days to request a review of an Oversight Board action.

This email serves as notice that we are requesting a review of one or more Enforceable Obligations contained in your ROPS. Pending the resolution of the questions we have on these Enforceable Obligations, your ROPS shall not be effective.

Since Finance is statutorily obliged to operate within a 10-day review period, we will be contacting you shortly to obtain further clarification and supporting documentation for the Enforceable Obligations in question. We hope to work expeditiously with you to resolve these questions within the specified time frame.

*Shirley Ruiz, Analyst  
Department of Finance  
915 L Street  
Sacramento, CA 95814  
916.322.2985*

Attachment 2

Pico Rivera  
Redevelopment Agency and Successor Agency  
Cash Flows

	FY 2010-11	FY 12-13	Projection Jul-Dec 2012	Projection Jan-June 2013
<b>Revenues</b>				
Tax Increment / Property Taxes	7,843,726	7,800,000	3,900,000	3,900,000
Sales Tax	1,650,094	1,600,000	800,000	800,000
County Deferral (Loan)	704,106			
<b>Revenues</b>	<b>10,197,926</b>	<b>9,400,000</b>	<b>4,700,000</b>	<b>4,700,000</b>
<b>Expenditures</b>				
Primary Obligations				
2001 Tax Allocation Bonds	3,353,950	3,348,075	2,230,350	1,117,725
Low and Moderate Income Housing	1,568,745			
LA County Pass Through (1)	4,696,121	5,226,000	2,613,000	2,613,000
County Admin Fee	126,957			
Excess Sales Tax to City (2)	585,094	535,000		535,000
Successor Admin Fees - Statutory Min.	-	250,000		250,000
<b>Primary Obligations</b>	<b>10,330,867</b>	<b>9,359,075</b>	<b>4,843,350</b>	<b>4,515,725</b>
Available for Remaining Obligations (3)	(132,941)	40,925	(143,350)	184,275
<b>Expenditures</b>	<b>10,197,926</b>	<b>9,400,000</b>	<b>4,700,000</b>	<b>4,700,000</b>
<b>Excess Revenues (3)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

(1) The County Pass Through is 67% of the TI less the L&M payment. For 2010-11, there were some adjustments to the LA County pass through for prior years.

(2) The Sales tax pledge is \$1,065,000. The excess sales tax goes back to the City.

(3) The excess revenue of approximately \$41,000 per year is all (on average) that will be available to pay all other obligations on the ROPS once the Bonds, LA County Pass Through, and Administrative fees are paid.

For the July 1, 2012 through December 31, 2012, staff anticipates revenues will not cover the bond payment and the County Pass-Through payment. Therefore, staff anticipates the need for additional County deferral.

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34180, ESTABLISHING THE SECOND RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

**WHEREAS**, on June 28, 2011, the Governor of California signed ABx1 26 which added Health and Safety Code Section 34169; and

**WHEREAS**, pursuant to Health & Safety Code Section 34177(l), successor agencies are required to adopt the first recognized obligation payment schedules by March 1, 2012; and

**WHEREAS**, pursuant to the California Supreme Court decision December 29, 2011, the first recognized obligation schedule will become effective May 1, 2012; and

**WHEREAS**, pursuant to Health & Safety Code Section 34177(l), the recognized obligation payment schedules are designed to cover six month periods; and

**WHEREAS**, the first recognized obligation payment schedule covering May and June 2012 was approved by the Oversight Board on April 12, 2012; and

**WHEREAS**, the State Department of Finance has begun a review of the first recognized obligation payment schedule; and

**WHEREAS**, pursuant to Health & Safety Code Section 34180(g), the Oversight Board must establish the second recognized obligation payment schedule by April 27, 2012; and

**WHEREAS**, the second recognized obligation payment schedule shall cover July through December 2012; and

**WHEREAS**, the second recognized obligation payment schedule is needed, so the County can properly disburse property taxes on June 1, 2012;

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency, California, pursuant to California Health and Safety Code Section 34180, as follows:

**SECTION 1.** The Oversight Board establishes the second recognized obligation payment schedule (Attachment A) on the condition that the State Department of Finance does not direct revision to the first recognized obligation payment schedule.

**SECTION 2.** Staff are directed to post the recognized obligation payment schedule on the website and submit the recognized obligation payment schedule as required by law.

**SECTION 3.** The City Clerk of the City of Pico Rivera shall attest to the passage of this Resolution and it shall be in full force and effect.

Resolution No. \_\_\_\_\_  
Page 2 of 2

**APPROVED AND ADOPTED this 24<sup>th</sup> day of April 2012.**

**ATTEST:**

**OVERSIGHT BOARD**

\_\_\_\_\_  
Anna Jerome, Assistant City Clerk

\_\_\_\_\_  
Belinda Faustinos, Chairperson

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

### RECOGNIZED OBLIGATION PAYMENT SCHEDULE April 26, 2012

Per AB 26 - Section 34167 and 34169 (\*)

Project Name / Debt Obligation	Payee	Description	Source of Payment	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month					Total	
						July-2012	Aug	Sept	Oct	Nov		Dec-2012
1) 2001 Tax Allocation Refunding Bonds	U.S. Bank	Bonds issued to fund projects	Property Tax & Sales Tax	60,888,875.00	3,385,700.00							
2) Loan from Low and Mod Hsg.	Low and Mod. Housing Fund	5/2010 loan for SERAF	Property Tax	1,667,788.00	0.00							2,230,350.00
3) Loan from Low and Mod Hsg.	Low and Mod. Housing Fund	5/2011 loan for SERAF	Property Tax	343,368.00	0.00							
4) City Loan entered into on 18-Dec-1972	City of Pico Rivera	Loan for Redevelopment	Property Tax	56,534,837.00	2,629,528.00	1,314,764.00						1,314,764.00
5) City Loan entered into on 18-Dec-1972	City of Pico Rivera	Sales Tax Loan - for CRA Bond coverage	Property Tax	52,144,195.00	2,890,428.00	1,445,214.00						1,445,214.00
6) Administration Costs	Employees and others	Payroll and other administrative costs	Property Tax	500,000.00	500,000.00	41,667.00	41,667.00	41,667.00	41,667.00	41,667.00		250,002.00
7) Retiree Medical Obligations	Employees and retirees	Unfunded Retiree Medical Obligations	Property Tax	403,550.00	0.00							
8) Unfunded Pension Obligations	CalPERS	Unfunded Pension Obligations	Property Tax	555,900.00	0.00							
9) Insurance and maintenance - Agency	CJPIA and others	Insurance and maintenance - Agency pro	Property Tax	80,000,000.00	60,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00		30,000.00
10) Deferral of Pass Through Payments	County	Deferral of Pass Through Payments	Property Tax	80,000,000.00	0.00							
11)												
12)												
13)												
14)												
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29)												
Totals - This Page				\$ 253,637,917.00	\$ 9,465,656.00	\$ 2,806,645.00	\$ 46,667.00	\$ 46,667.00	\$ 46,667.00	\$ 46,667.00	\$ 2,277,017.00	\$ 5,270,330.00
Totals - Page 2				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 3				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 4				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Other Obligations				\$ 132,000,000.00	\$ 5,400,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,700,000.00	\$ 2,700,000.00
Grand total - All Pages				\$ 385,637,917.00	\$ 14,865,656.00	\$ 2,806,645.00	\$ 46,667.00	\$ 46,667.00	\$ 46,667.00	\$ 46,667.00	\$ 4,977,017.00	\$ 7,970,330.00

\* The Enforceable Obligation Payment Schedule (EOPS) was the basis for the Preliminary Draft Recognized Obligation Payment Schedule. The draft ROPS must be prepared by the Successor Agency by 3/1/12.

\*\* Include only payments to be made after the adoption of the EOPS.

\*\*\* Several obligations do not have set repayment schedules, so no amounts are listed for the months covered by this statement. At some point, the repayment terms will have to be determined.

Name of Redevelopment Agency: Pico Rivera Redevelopment Agency  
 Project Area(s):  
 Project Area Number: 1

**OTHER OBLIGATION PAYMENT SCHEDULE**  
 Per AB 26 - Section 34167 and 34169 (\*)

Project Name / Debt Obligation	Payee	Description	Source of Payment	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month						Total	
						July 2012	Aug	Sept	Oct	Nov	Dec 2012		
1) Pass Through Agreement	County	Payments per former CRL 33401	Property Tax	132,000,000.00	5,400,000.00							2,700,000.00	\$2,700,000.00
2)													\$ -
3)													\$ -
4)													\$ -
5)													\$ -
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28)													\$ -
<b>Totals - Other Obligations</b>				\$ 132,000,000.00	\$ 5,400,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,700,000.00	\$ 2,700,000.00

\* The Enforceable Obligation Payment Schedule (EOPS) was the basis for the Preliminary Draft Recognized Obligation Payment Schedule. The draft ROPS must be prepared by the Successor Agency by 3/31/12.

\*\* All payment amounts are estimates