

RESOLUTION NO. OB -14-16

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 34177 AND 34180, ESTABLISHING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD FROM JANUARY THROUGH JUNE 2015 AND APPROVING THE RESERVE OF UNSPENT FUNDS FROM THE CURRENT ROPS PERIOD TO BE SPENT ON PAYMENT OF AN ENFORCEABLE OBLIGATION IN THE FOLLOWING ROPS PERIOD.

WHEREAS, Assembly Bills AB 26 and AB 1484 amended the Health and Safety Code (“HSC”), including but not limited to statutes referenced in this Resolution, and provided for the winding down the affairs of the redevelopment agencies throughout the State of California as of February 1, 2012; and

WHEREAS, the City of Pico Rivera (“City”) elected to serve as the Successor Agency to the Pico Rivera Redevelopment Agency under AB 26 and AB 1484 (“Successor Agency”); and

WHEREAS, pursuant to HSC Section 34177(1), each successor agency is required to adopt a Recognized Obligation Payment Schedule (“ROPS”) before each six month fiscal period establishing its enforceable obligations for that period, identifying sources to satisfy those obligations, and tracking its fund balances; and

WHEREAS, in accordance with HSC Section 34180, the Oversight Board of the Successor Agency (“Oversight Board”) is authorized and required to review and approve actions taken by the Successor Agency, including the establishment of each ROPS; and

WHEREAS, the ROPS for the period from January 1 through June 30, 2015 (“14-15B”), attached hereto as Exhibit A, is required to be approved by the Oversight Board and transmitted to the California Department of Finance (“DOF”) and the Los Angeles County Auditor-Controller no later than October 3, 2014 pursuant to HSC Section 34177(m); and

WHEREAS, pursuant to HSC Section 34187(a)(2), a successor agency may, with DOF authorization, retain and reserve property tax revenue from one ROPS period that otherwise would be distributed to affected taxing entities to the extent that DOF determines the successor agency requires those funds for the payment of enforceable obligations in a following ROPS period; and

WHEREAS, it is estimated that there will be approximately a \$250,000 shortfall in Redevelopment Property Tax Trust Fund revenue for the Successor Agency to use to pay the enforceable obligation of the 2001 tax allocation bond debt service payment in the ROPS period for July 1, 2015 to December 31, 2015 (“15-16A”); and

WHEREAS, the approval of ROPS 14-15B is needed so the County can properly disburse property taxes on January 2, 2015.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency as follows:

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

SECTION 2. The Oversight Board hereby establishes and approves the Recognized Obligation Payment Schedule (“ROPS”) for the period from January 1 through June 30, 2015 (“14-15B”), attached hereto as Exhibit A, subject to the approval of the California Department of Finance (“DOF”). The ROPS is that “Recognized Obligation Payment Schedule” referred to in Health and Safety Code section 34177, subdivisions (l)(1), (l)(2), and (m), and shall be interpreted and applied in all respects in accordance with such sections and all applicable authority, including but not limited to AB 26 and 1484, to the fullest extent permitted by law; however, the ROPS shall only be applicable to and binding on the Successor Agency to the extent that AB 26, as amended in AB 1484, is applicable to the Successor Agency.

SECTION 3. The approval of the ROPS 14-15B through this Resolution does not commit the Oversight Board or the Successor Agency to any action that may have a significant impact on the environment.

SECTION 4. The City Manager and the Finance Director in their respective capacities as officials of the Successor Agency (and their designees) are hereby authorized and directed to evaluate and execute necessary changes to the ROPS, if any, as may be appropriate and/or as required by AB 26 and/or AB 1484 whether pursuant to its terms, by court order, or as otherwise required by law for the continued payment on and performance of enforceable obligations.

SECTION 5. The Oversight Board approves the reservation of two hundred fifty thousand dollars (\$250,000.00) from ROPS 14-15B to ROPS 15-16A for the debt service payment of the 2001 Tax Allocation Bond as shown in ROPS 14-15B, attached as Exhibit A.

SECTION 6. Successor Agency staff is directed to post the ROPS 14-15B on the City of Pico Rivera’s website and submit the ROPS 14-15B to DOF, the California State Controller’s Office, and the Los Angeles County Auditor-Controller prior to October 3, 2014.

SECTION 7. The City Clerk of the City of Pico Rivera shall attest to the passage of this Resolution.

SECTION 8. Pursuant to Health and Safety Code Section 34179(h), all Oversight Board actions may be reviewed by the State Department of Finance; therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State Department of Finance.

APPROVED AND ADOPTED this 25th day of September 2014.

ATTEST:

OVERSIGHT BOARD



Anna Jerome, City Clerk



Belinda Faustinos, Chairperson

AYES: Bobadilla, Galindo, Kreimann, Camacho, Faustinos
NOES: None
ABSENT: Moreno, Santana
ABSTAIN: None

APPROVED AS TO FORM:



Edward Z. Kotkin, Board Counsel



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

From: Interim Finance Director

Meeting Date: September 25, 2014

Subject: RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR
THE PERIOD FROM JANUARY THROUGH JUNE 2015 (14-
15B)

Recommendation:

Adopt the resolution of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency establishing the Recognized Obligation Payment Schedule ("ROPS") for the January 1, 2015 to June 30, 2015 time period ("14-15B") and approving the reserve of unspent funds from the current ROPS period (14-15B) to be spent on payment of an enforceable obligation in the following ROPS period (15-16A).

Fiscal Impact:

Funding is needed to cover obligations from January through June 2015, and reserve funding is needed to cover obligations from July through December 2015. During the January through June 2015 period, the primary obligation is the June 1, 2015 bond payment of \$1,034,425.

Discussion:

Under the Dissolution Act, successor agencies prepare statements of anticipated expenditures for the ensuing six month period for review and approval by their local oversight board and the State Department of Finance. The next ROPS period begins January 2015 and the Oversight Board is scheduled to consider approval of the accompanying ROPS and transmit this to the California Department of Finance ("DOF") to allow for collection of revenue to meet upcoming obligations.

Requirement

Pursuant to Health and Safety Code (“HSC”) section 34177(l), the DOF provides a ROPS form that each successor agency must use to report enforceable obligations for each six month fiscal period. The completed and Oversight Board-approved ROPS 14-15B must be transmitted to DOF, the California State Controller’s Office, and the Los Angeles County Auditor-Controller no later than October 3, 2014. In addition, the successor agency should post a copy to its website.

ROPS 14-15B

The only three items scheduled for payment on ROPS 14-15B are the debt service payment for the 2001 Tax Allocation Bonds, the administrative budget, and a reserve for the debt service payment due during ROPS 15-16A.

As typical, 2001 Bond debt service payments are based on the bond debt service schedule and due during the January-June period.

The administrative budget was originally approved by the Oversight Board and DOF for the 14-15A period. However, the Successor Agency did not receive sufficient revenues from the Redevelopment Property Tax Trust Fund (“RPTTF”) to satisfy more than the debt service payment in the 14-15A period. Therefore, the Successor Agency is requesting the same amount for the administrative budget in the 14-15B period to cover administrative expenses throughout Fiscal Year 2014-15.

Finally, the Successor Agency estimates that RPTTF revenue in the period from July 1, 2015 to December 31, 2015 (“ROPS 15-16A”) will be insufficient to make the debt service payment during that period. (This has been the pattern given the fact that principal payments are only due during the July-December period, making the “A” period debt service higher than the RPTTF revenues available.) Consistent with past DOF-approved practices, the Successor Agency would like to reserve \$250,000 in ROPS 14-15B to satisfy the obligation in ROPS 15-16A.

Prior Period Adjustments

Each ROPS includes reporting of a comparison between estimated and actual expenditures for the most recently completed six month fiscal period, in this case January 1 through June 30, 2014 (“13-14B”). The Successor Agency spent \$54,991 less than it anticipated spending in the 13-14B period. This amount will be deducted from the upcoming RPTTF distribution on January 2, 2015. While it has the option to do so, the Successor Agency is not proposing to try to retain these funds for the 15-16A debt service obligation because of

the locked structure in the ROPS form provided by DOF and because the requested \$250,000 reserve will compensate for the withholding of \$54,991 from the requested RPTTF distribution in the 14-15B period.

Line items #7 and #8, Retiree Medical Obligations and Unfunded Pension Obligations, respectively, were paid off during the 13-14B period and have been retired starting with ROPS 14-15A. As a result, these no longer appear on the ROPS form.

SERAF Loan Repayment

Due to cash flow limitations in Fiscal Year 2013-14, the Successor Agency does not have funds available for repayment of SERAF loans during Fiscal Year 2014-15, as originally planned and approved by the Oversight Board with Resolution OB 13-14 on September 12, 2013. The SERAF loan repayment should begin in ROPS 15-16B, as long as projected RPTTF revenues over the next year are not significantly less than expected.



Emilio Campos

Interim Director of Finance

EC

Attachment 1: Resolution establishing the Recognized Obligation Payment Schedule 14-15B and approving the reserve of unspent funds