

RESOLUTION NO. OB-15-19

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 34180 AND 34177, ESTABLISHING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 15-16B FOR JANUARY THROUGH JUNE 2016 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**, on June 28, 2011, the Governor of California signed Assembly Bill (“AB”) x1 26, which added Health and Safety Code (“HSC”) Section 34170 et seq., leading to the dissolution of all Redevelopment Agencies in 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 (“Successor Agency”); and

**WHEREAS**, pursuant to HSC Section 34177(l), 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 the ROPS; and

**WHEREAS**, the ROPS for the period from January 1 through June 30, 2016 (“15-16B”), attached hereto as Exhibit A, is required to be approved by the Oversight Board and transmitted to the California Department of Finance (“DOF”), the California State Controller’s Office, and the Los Angeles County Auditor-Controller no later than October 5, 2015 pursuant to HSC Section 34177(m); and

**WHEREAS**, pursuant to Health & Safety Code Section 34187(a)(2), a successor agency may 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 \$350,000 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, 2016 to December 31, 2016 ("16-17A"); and

**WHEREAS**, the ROPS 15-16B is needed so the County can properly disburse property taxes on June 1, 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 establishes the Recognized Obligation Payment Schedule ("ROPS") for the period from January 1 through June 30, 2016 ("15-16B"), attached hereto as Exhibit A, subject to the approval of the California Department of Finance ("DOF").

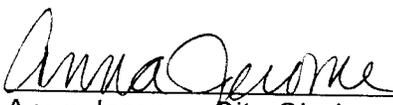
**SECTION 3.** The Oversight Board approves the reserve of up to \$350,000 from ROPS 15-16B to ROPS 16-17A for the debt service payment of the 2001 Tax Allocation Bonds as shown in ROPS 15-16B, attached as Exhibit A.

**SECTION 4.** Successor Agency staff is directed to post the ROPS 15-16B on the City of Pico Rivera's website and submit the ROPS 15-16B to DOF, the California State Controller's Office, and the Los Angeles County Auditor-Controller prior to October 5, 2015 as required by law.

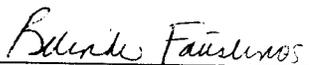
**SECTION 5.** The City Clerk of the City of Pico Rivera shall attest to the passage of this Resolution and it shall be in full force and effect.

**APPROVED AND ADOPTED** this 24th day of September 2015.

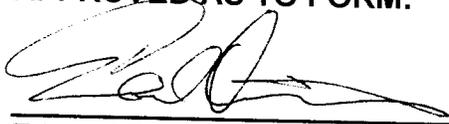
**ATTEST:**

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

**OVERSIGHT BOARD**

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

**APPROVED AS TO FORM:**



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Edward Z. Kotkin, Law Offices of Edward Z. Kotkin  
Board Counsel

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

**Exhibit A**

Recognized Obligation Payment Schedule for the period from January 1 through June 30,  
2016 ("ROPS 15-16B")

**Recognized Obligation Payment Schedule (ROPS 15-16B) - Summary**

Filed for the January 1, 2016 through June 30, 2016 Period

Name of Successor Agency: Pico Rivera  
 Name of County: Los Angeles

<u>Current Period Requested Funding for Outstanding Debt or Obligation</u>		<u>Six-Month Total</u>
<b>Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):</b>		
A	Bond Proceeds Funding (ROPS Detail)	\$ -
B	Reserve Balance Funding (ROPS Detail)	-
C	Other Funding (ROPS Detail)	-
D	Enforceable Obligations Funded with RPTTF Funding (F+G):	-
E	Non-Administrative Costs (ROPS Detail)	\$ 1,588,225
F	Administrative Costs (ROPS Detail)	1,338,225
G	Total Current Period Enforceable Obligations (A+E):	250,000
H		\$ 1,588,225

<u>Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding</u>		
I	Enforceable Obligations funded with RPTTF (E):	1,588,225
J	Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	
K	Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 1,588,225

<u>County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding</u>		
L	Enforceable Obligations funded with RPTTF (E)	1,588,225
M	Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	
N	Adjusted Current Period RPTTF Requested Funding (L-M)	1,588,225

Certification of Oversight Board Chairman:  
 Pursuant to Section 34177 (m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Belinda V. Faustinos  
 Name Chairperson  
 Belinda Faustinos  
 Title  
 9/24/15  
 Signature Date



**Pico Rivera Recognized Obligation Payment Schedule (ROPS 15-16B) - Report of Cash Balances**  
**(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [INSERT URL LINK TO CASH BALANCE TIPS SHEET]

A	B	C	D	E	F	G	H	I						
									Fund Sources					
									Bond Proceeds		Reserve Balance		Other	
Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments								
<b>Cash Balance Information by ROPS Period</b>														
<b>ROPS 14-15B Actuals (01/01/15 - 06/30/15)</b>														
1	Beginning Available Cash Balance (Actual 01/01/15)			1,288,786		84,881								
2	Revenue/Income (Actual 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015													
3	Expenditures for ROPS 14-15B Enforceable Obligations (Actual 06/30/15) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q			3,386		11,610	1,387,013							
4	Retention of Available Cash Balance (Actual 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)				1,292,172	96,491	1,142,613	E4 is from the bond debt service reserve of housing funds. Retention of these funds, as approved in the LMHF DDR, is necessary in 14-15B to ensure future debt service obligations are met.						
5	ROPS 14-15B RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15B PPA in the Report of PPA, Column S						244,400							
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)													
<b>ROPS 15-16A Estimate (07/01/15 - 12/31/15)</b>														
7	Beginning Available Cash Balance (Actual 07/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)													
8	Revenue/Income (Estimate 12/31/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during June 2015													
9	Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 12/31/15)						2,101,943							
10	Retention of Available Cash Balance (Estimate 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)				8,082	244,400	2,101,943	E10 is from the bond debt service reserve of housing funds. Retention of these funds, as approved in the LMHF DDR, is necessary in 15-16A to ensure future debt service obligations are met.						
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)													



Pico Rivera Recognized Obligation Payment Schedule (ROPS 15-16B) - Notes  
January 1, 2016 through June 30, 2016

Item #	Notes/Comments
10	The Oversight Board directed on July 19, 2012 that the County deferral be paid only after administrative costs and all other ROPS items are paid per Resolution OB-06-12. The balance of the deferral indicated on the ROPS may not reflect the actual balance due.
14	The Successor Agency anticipates a shortfall in the 16-17A period due to the large debt service payment scheduled in that period. \$350,000 represents the Successor Agency's best estimate at how much reserve will be needed to satisfy that debt service payment.



**From:** Lalo Trujillo, Director of Finance  
**Meeting Date:** September 24, 2015  
**Subject:** RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD FROM JANUARY THROUGH JUNE 2016 ("15-16B")

**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, 2016 to June 30, 2016 time period ("15-16B") and approving the reserve of unspent funds from the 15-16B ROPS period to be spent on payment of an enforceable obligation in the following ROPS period (16-17A).

**Fiscal Impact:**

Funding is needed to cover obligations from January through June 2016, and reserve funding is needed to cover obligations from July through December 2016. During the January through June 2016 period, the primary obligation is the June 1, 2016 bond payment of \$988,225.

**Discussion:**

The City of Pico Rivera ("City"), acting as the Successor Agency to the Pico Rivera Redevelopment Agency ("Successor Agency"), continues to prepare ROPS every six months to ensure the former Redevelopment Agency's financial obligations are met. Each ROPS currently covers a six-month period, which allows for receipt of revenues and payment of enforceable obligations, as follows<sup>1</sup>:

<u>ROPS Period</u>	<u>Time Period Covered</u>	<u>ROPS Due</u>	<u>\$ Received for ROPS</u>
"A"	July 1 – December 31	March 3	June 1
"B"	January 1 – June 30	October 3	January 2

The "B" period begins January 2016 and the Oversight Board is scheduled to consider approval of the accompanying ROPS, attached as Exhibit A, and transmit this to the

<sup>1</sup> Dates for when the ROPS are due and when funds are received for the ROPS differ by up to two days based on whether the identified dates occur on weekdays or weekends.

California Department of Finance (“DOF”) to allow for collection of revenue to meet upcoming obligations.

**Legal Requirements for ROPS**

Pursuant to Health and Safety Code (“HSC”) Section 34177(l), 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 15-16B must be transmitted to DOF, the California State Controller’s Office, and the Los Angeles County Auditor-Controller no later than October 5, 2015. In addition, the Successor Agency is to post the ROPS to its website.

**ROPS 15-16B**

The only three items scheduled for payment on ROPS 15-16B 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 16-17A.

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 requested amount is based on the Fiscal Year 2015-16 administrative budget approved by the Oversight Board on February 26, 2015. As anticipated, 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 15-16A period. Therefore, the Successor Agency is requesting the full amount of the administrative budget in the 15-16B period to cover administrative expenses throughout Fiscal Year 2015-16.

Finally, the Successor Agency estimates that RPTTF revenue in the period from July 1, 2016 to December 31, 2016 (“ROPS 16-17A”) 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 \$350,000 in ROPS 15-16B to satisfy the obligation in ROPS 16-17A.

**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, 2015 (“14-15B”). The Successor Agency spent all of the available RPTTF funds in this period, as well as rent and interest revenue, so there is no Prior Period Adjustment (“PPA”) amount for this period.

**SERAF Loan Repayment**

With continued cash flow limitations in fiscal year 2014-15, the Successor Agency does not have funds available for repayment of SERAF loans during fiscal year 2015-16, as

previously planned and approved by the Oversight Board with Resolution OB 13-14 on September 12, 2013.

The formula that determines the maximum allowable SERAF loan repayment in any given year, as described in HSC Section 34191.4 (b), limits such repayment to one half the difference between the amount distributed to the taxing entities after all County administrative fees, pass through payments, and enforceable obligations have been paid (the “Residual”) during the previous fiscal year and the Residual in fiscal year 2012-13. The Successor Agency’s Residual in fiscal year 2012-13 was \$0. Therefore, the SERAF loan repayment may begin in ROPS 16-17B if RPTTF revenue in fiscal year 2015-16 reaches expectations.



Lalo Trujillo  
Director of Finance

LT

Attachment 1: Resolution establishing the Recognized Obligation Payment Schedule  
15-16B  
Exhibit A: ROPS 15-16B