

RESOLUTION NO. OB-16-20

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, ESTABLISHING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 16-17 FOR JULY 1, 2016 THROUGH JUNE 30, 2017, APPROVING THE EXPENDITURE OF RESERVE FUNDS FROM THE JANUARY THROUGH JUNE 2016 ROPS PERIOD ON PAYMENT OF AN ENFORCEABLE OBLIGATION IN THE JULY TO DECEMBER 2016 ROPS PERIOD, APPROVING THE RESERVE OF FUNDS FROM THE JANUARY THROUGH JUNE 2017 PERIOD TO BE SPENT ON PAYMENT OF AN ENFORCEABLE OBLIGATION IN THE JULY TO DECEMBER 2017 ROPS PERIOD, AND APPROVING THE ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2016-17.

WHEREAS, pursuant to the dissolution of redevelopment agencies per Assembly Bill ("AB") ABX1 26 (Chapter 5, Statutes of 2011) and ABX1 27 (Chapter 6, Statutes of 2011), and subsequent legislation, AB 1484 (Chapter 26, Statutes of 2012) (altogether, "Dissolution Act"), the City of Pico Rivera ("City") adopted Resolution No. 6652 on January 10, 2012, electing to serve as Successor Agency to the Pico Rivera Redevelopment Agency ("Successor Agency"); and

WHEREAS, pursuant to HSC Section 34177, the Successor Agency is required to prepare the ROPS for the period from July 1, 2016 through June 30, 2017 ("16-17"), attached hereto as Exhibit A, and transmit it to the Oversight Board, the California Department of Finance ("DOF"), the California State Controller's Office, and the Los Angeles County Auditor-Controller ("County") no later than February 1, 2016 for their approval pursuant to HSC Section 34177(o); and

WHEREAS, on March 29, 2013, the DOF approved the retention of \$2,226,463 of former Redevelopment Agency affordable housing funds held in reserve for bond debt service payments in the Successor Agency's Redevelopment Obligation Retirement Fund to assist with the payment of future Successor Agency bond debt service payments; 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, in conjunction with the approval of ROPS 15-16B, the Successor Agency was authorized by the DOF to retain \$350,000 of RPTTF revenues to meet debt service payments due during the 16-17A period

WHEREAS, the Successor Agency estimates it will need to retain up to \$200,000 in Redevelopment Property Tax Trust Fund revenue from the January through June 2017 ROPS period to pay the enforceable obligation of the 2001 tax allocation bond debt service payment in the July through December 2017 (17-18A) ROPS period; and

WHEREAS, the Successor Agency approved the ROPS 16-17, the expenditure of previously reserved funds, the reserve of funds for future expenditure, and the Successor Agency's fiscal year 2016-17 administrative budget at its meeting on January 12, 2016; 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 approval of an administrative budget.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency, California 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 July 1, 2016 through June 30, 2017 ("16-17"), attached hereto as Exhibit A, subject to the approval of the California Department of Finance ("DOF").

SECTION 3. The Oversight Board approves the expenditure of up to \$350,000 from the January through June 2016 ROPS period for the debt service payment of the 2001 Tax Allocation Bond in the July through December 2016 ROPS period, as shown in Exhibit A.

SECTION 4. The Oversight Board approves the reserve of up to \$200,000 from the January through June 2017 ROPS period for the debt service payment of the 2001 Tax Allocation Bond in the July through December 2016 ROPS period, as shown in Exhibit A.

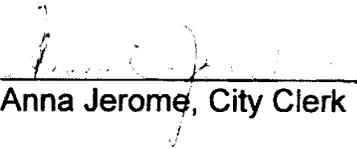
SECTION 5. The Oversight Board approves the Administrative Budget (Exhibit B) that is incorporated in the Recognized Obligation Payment Schedule.

SECTION 6. Successor Agency staff is directed to post the ROPS 16-17 on the City of Pico Rivera's website and submit the ROPS 16-17 to DOF, the California State Controller's Office, and the Los Angeles County Auditor-Controller prior to February 1, 2016 as required by law.

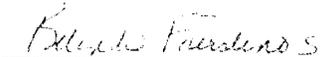
APPROVED AND ADOPTED this 1st day of February 2016.

ATTEST:

OVERSIGHT BOARD



Anna Jerome, City Clerk



Belinda Faustinos, Chairperson

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

APPROVED AS TO FORM:



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

Recognized Obligation Payment Schedule (ROPS 16-17) - Summary
 Filed for the July 1, 2016 through June 30, 2017 Period

Successor Agency: Pico Rivera
 County: Los Angeles

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		16-17A Total	16-17B Total	ROPS 16-17 Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding				
A	Sources (B+C+D):	\$ 350,000	\$ -	\$ 350,000
B	Bond Proceeds Funding	-	-	-
C	Reserve Balance Funding	350,000	-	350,000
D	Other Funding	-	-	-
E	Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 2,398,225	\$ 1,388,875	\$ 3,787,100
F	Non-Administrative Costs	2,398,225	1,138,875	3,537,100
G	Administrative Costs	-	250,000	250,000
H	Current Period Enforceable Obligations (A+E):	\$ 2,748,225	\$ 1,388,875	\$ 4,137,100

certification of Oversight Board Chairman:
 Pursuant to Section 34177 (a) 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 successor
 Agency.

BELINDA V FAUSTINOS, Chair
 Name Title
 is/ Belinda V Faustinos 2/1/16
 Signature Date

Pico Rivera Recognized Obligation Payment Schedule (ROPS 16-17) - Report of Cash Balances
(Report Amounts in Whole Dollars)

ursuant 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 [CASH BALANCE ROPS SHEET](#).

A	B	C	D	E	F	G	H	I						
									Fund Sources					
									Bond Proceeds		Reserve Balance		Other	RPTTF
									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
Cash Balance Information by ROPS Period														
ROPS 15-16A Actuals (07/01/15 - 12/31/15)														
Beginning Available Cash Balance (Actual 07/01/15)														
				1,292,172	244,400									
Revenue/Income (Actual 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015														
				4,585		12,821	2,101,943							
Expenditures for ROPS 15-16A Enforceable Obligations (Actual 12/31/15)														
Retention of Available Cash Balance (Actual 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)														
					244,400	8,082	2,101,943	E4 is from the bond debt service reserve of housing funds. Retention of these funds, as approved in the LMIHF DDR, is necessary in 15-16A to ensure future debt service obligations are met						
ROPS 15-16A RPTTF Balances Remaining														
No entry required														
Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)														
	\$	-	\$	-	\$	-	\$	-						
ROPS 15-16B Estimate (01/01/16 - 06/30/16)														
Beginning Available Cash Balance (Actual 01/01/16) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)														
	\$	-	\$	-	\$	1,296,757	\$	-						
Revenue/Income (Estimate 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016														
							1,436,368							
Expenditures for ROPS 15-16B Enforceable Obligations (Estimate 06/30/16)														
						4,739	1,233,486							
Retention of Available Cash Balance (Estimate 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)														
								E10 is from the bond debt service reserve of housing funds. Retention of these funds, as approved in the LMIHF DDR, is necessary in 15-16B to ensure future debt service obligations are met						
Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)														
	\$	-	\$	-	\$	-	\$	-						

Pico Rivera Recognized Obligation Payment Schedule (ROPS 16-17) - Notes July 1, 2016 through June 30, 2017

Item #	Notes/Comments
1	<p>The 16-17A debt service payment is \$2,398,225. The Successor Agency has projected how much RPTTF will be available, but cannot be certain about it. In case the available RPTTF exceeds expectations, the Successor Agency would like to use as much RPTTF as is available for the debt service payment, up to 100% of the payment.</p> <p>At the same time, the Successor Agency was approved in the 15-16B ROPS period to reserve up to \$350,000 for the 16-17A debt service payment. The Successor Agency is requesting the maximum that it may spend from either source (RPTTF and reserve balance) to provide flexibility to adjust in response to fund availability. The total spent on this item in the 16-17A period will not exceed the debt service payment of \$2,398,225.</p>
10	<p>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.</p>
14	<p>The Successor Agency anticipates a shortfall in the 17-18A period due to the large debt service payment scheduled in that period. The \$200,000 requested for the 16-17B period represents the Successor Agency's best estimate at how much reserve will be needed to satisfy that debt service payment.</p>

Exhibit B

**PICO RIVERA SUCCESSOR AGENCY
ADMINISTRATIVE BUDGET FY 2016-17
FOR JULY 1, 2016 to JUNE 30, 2017**

Expense Category	FY 2016-17 Proposed Budget
Salaries and Wages	
Salaries	\$131,000
Benefits and payroll taxes	\$33,000
TOTAL	\$164,000
Maintenance and Operation	
Contracted Services	\$76,500
Insurance and Legal Services	\$9,500
TOTAL	\$86,000
TOTAL EXPENDITURES	\$250,000



OVERSIGHT BOARD OF SUCCESSOR AGENCY

A G E N D A

To: Oversight Board
From: Director of Finance
Meeting Date: February 1, 2016
Subject: CONSIDERATION OF RESOLUTION ESTABLISHING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE, APPROVING THE EXPENDITURE OF RESERVE FUNDS FROM THE JANUARY THROUGH JUNE 2016 PERIOD IN THE JULY THROUGH DECEMBER 2016 PERIOD, RESERVING FUNDS FROM THE JANUARY THROUGH JUNE 2017 PERIOD TO BE SPENT IN THE JULY THROUGH DECEMBER 2017 PERIOD AND APPROVING AN ADMINISTRATIVE BUDGET FOR FY 2016-17

Recommendation:

Staff is recommending that the Oversight Board 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 July 1, 2016 to June 30, 2017 period ("16-17"), approving the expenditure of reserve funds from the January through June 2016 ROPS period on payment of an enforceable obligation in the July to December 2016 ROPS period, approving the reserve of funds from the January through June 2017 period to be spent on payment of an enforceable obligation in the July to December 2017 ROPS period, and approving the administrative budget for fiscal year 2016-17.

Fiscal Impact:

Funding is needed to cover the Successor Agency's financial obligations for the period beginning July 1, 2016 through June 30, 2017. During FY 2016-17, the primary obligations are:

- the December 1, 2016 bond payment of \$2,398,225 and
- the June 1, 2017 bond payment of \$938,875.

If approved by the Oversight Board and California Department of Finance ("DOF"), the 16-17 ROPS would provide necessary funding to make these obligations, along with associated administrative expenses as shown in the budget also submitted to the Oversight Board for consideration.

Discussion:

The City of Pico Rivera ("City"), acting as the Successor Agency to the Pico Rivera Redevelopment Agency ("Successor Agency"), continues to prepare ROPS to ensure the former Redevelopment Agency's financial obligations are met.

The Oversight Board is scheduled to consider approval of the accompanying ROPS, attached as Exhibit A, and administrative budget, attached as Exhibit B, and transmit these to the California Department of Finance (“DOF”) to allow for collection of revenue to meet upcoming obligations.

As part of the ROPS, the Successor Agency will consider the expenditure of reserve funds previously set aside and setting aside reserve funds for future expenditure. This is required due to the imbalance between available funding and debt service payments.

Recent Pertinent Changes to ROPS Process

On September 22, 2015, Governor Brown signed SB 107, which went into effect immediately. SB 107 made several key changes to the Health and Safety Code sections that establish the ROPS process. These changes are summarized below:

Annual Submission Beginning for Fiscal Year 2016-17

Beginning in 2016, ROPS will be due to the DOF annually by February 1st, instead of biannually as in previous years. ROPS periods will cover July 1 to June 30. Once per ROPS period, but not later than October 1, successor agencies may submit to their oversight board and the DOF one amendment to the DOF-approved ROPS if the oversight board makes a finding that the revision is necessary for the payment of approved enforceable obligations during the second half of the ROPS period.

<u>ROPS Period</u>	<u>Time Period Covered</u>	<u>ROPS Due</u>	<u>\$ Received for ROPS</u>
“A”	July 1 – December 31	February 1	June 1
“B”	January 1 – June 30		January 2

Bifurcation of ROPS and Prior Period Adjustment Processes

Previously, on ROPS, successor agencies provided the DOF both an itemized list of payments of enforceable obligations for the upcoming ROPS period and an itemized list of differences between actual payments and past estimated obligations for the preceding ROPS period (known as “Prior Period Adjustment”). SB 107 specifies that, beginning in 2018, the Prior Period Adjustment process will be handled separately from the ROPS by county auditor-controllers and on an annual basis, instead of biannually as in previous years. Successor agencies will provide information regarding their Prior Period Adjustment annually to county auditor-controllers beginning October 1, 2018. The law does not specify a change to when or how the successor agencies will provide this information before October 1, 2018.

ROPS Expenditure Requests

Exhibit A to the resolution is the 2016-17 ROPS, which includes expenditures for ROPS periods 16-17A and 16-17B as described below:

1. ROPS 16-17A Period: The only enforceable obligation for the ROPS 16-17A period is the \$2,398,225 debt service payment for the 2001 Tax Allocation Bond. The Successor Agency plans to defer receipt of any administrative cost

allowance to the ROPS B period, when it will have funds available to cover administrative costs.

Because, the 2001 Bond principal payments are due during the A period only, ROPS A period expenditures are usually much greater than ROPS B period. Biannual Redevelopment Property Tax Trust Fund (“RPTTF”) payments are comparatively more balanced over the course of the year. Consequently, for the past several years, the Successor Agency has needed to reserve RPTTF between ROPS periods to meet cash needs.

First, the Successor Agency uses cash retained during the prior ROPS B period to cover the shortfall during the ROPS A period. Anticipating that the 16-17A RPTTF (estimated at approximately \$2,174,000), would be insufficient to cover the entire debt service due during the period, the Successor Agency received Oversight Board and DOF approval to retain up to \$350,000 from the 15-16B RPTTF distribution to cover part of the difference. Likewise, in 2017-18, staff and consultants project a need for a carryover reserve of \$200,000 at the end of ROPS 16-17B to fund debt service again in 2017-18; this \$200,000 reserve is enumerated on the ROPS 16-17 enclosed herewith.

The Successor Agency has used a cash reserve balance of former affordable housing funds to pay debt service in past years and plans to use that reserve balance for upcoming years of debt service payments. In order to ensure sufficient funds are available to pay debt service over the next several years, the Successor Agency plans to use only a portion of the reserve balance each year. RSG projects that the current housing debt service reserve balance \$1,296,757 will last five to six years, at which point RPTTF revenue is expected to have increased to cover annual debt service payments more adequately.

2. ROPS 16-17B Period: Enforceable obligations for the 16-17B period include the \$938,875 debt service payment for the 2001 Tax Allocation Bond, the \$250,000 administrative cost allowance, and a reserve of \$200,000 for expenditure on the 2001 Tax Allocation Bond payment in the July through December 2017 period.

Successor Agency’s 2016-17 Administrative Budget

Exhibit B to the resolution is the Successor Agency’s proposed 2016-17 administrative budget, which was prepared based on actual expenditures for the past year and anticipated expenditures in the next year. The administrative expenditures summary table, attached as Exhibit C, shows how the Successor Agency has spent administrative funds recently and expects to spend these funds through fiscal year 2016-17.

The Successor Agency requests a 2016-17 administrative allowance of \$250,000 in part because of the ongoing process to sell properties held for resale. Successor Agency staff and its consultants are engaged in due diligence, site, review, responding to inquiries from potential buyers, and other actions related to the disposition of former Successor Agency real properties.

The estimated distribution of future administrative expenditures is for the Oversight Board's information and is not binding. Funds may be spent differently as long as the annual total does not exceed \$250,000. Any unspent administrative funds are either spent on other enforceable obligations, such as the bond payments, or distributed to taxing entities.

SB 107 specifies that oversight boards are no longer required to submit administrative budgets to the DOF for approval.

Outstanding SERAF Loan Repayment

With continued cash flow limitations in fiscal year 2015-16, the Successor Agency does not have funds available for repayment of SERAF loans during fiscal year 2016-17, 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 17-18 if RPTTF revenue in fiscal year 2016-17 reaches expectations.

Conclusion

Staff recommends that the Successor Agency adopt the resolution establishing the Recognized Obligation Payment Schedule ("ROPS") for the July 1, 2016 to June 30, 2017 period ("16-17"), approving the expenditure of reserve funds from the January through December 2016 ROPS period on payment of an enforceable obligation in the July to December 2016 ROPS period, approving the reserve of funds from the January through June 2017 period to be spent on payment of an enforceable obligation in the July to December 2017 ROPS period, and approving the administrative budget for fiscal year 2016-17



Michael Solorza

MS

Attachment 1: Resolution establishing the Recognized Obligation Payment Schedule 16-17, approving the expenditure of reserve funds from 15-16B on payment in 16-17A, approving the reserve of funds from 16-17B to be spent in 17-18A, and approving the administrative budget for fiscal year 2016-17

Exhibit A: ROPS 16-17

Exhibit B: Administrative Budget

Exhibit C: Administrative Expenditures Summary