



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

Vicky Santana, Los Angeles County, Rio Hondo Community College

Thursday, October 11, 2012

Special Meeting 4:30 p.m.

Council Chambers

6615 Passons Blvd.

Pico Rivera, California

Resolution No. OB-08-12

Agreement No. OB-002

**PLEDGE OF ALLEGIANCE:**

**AGENDA ITEMS:**

**1. Minutes.**

**Recommendation:**

- Approve special meeting of Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency minutes of October 4, 2012.

**2. Approving City Loans.**

**Recommendation:**

1. Adopt resolution finding the City Loans (as described below) were for legitimate redevelopment purposes and represent enforceable obligations of the Successor Agency.

Resolution No. \_\_\_\_\_ A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, FINDING THE 1972 CITY REVOLVING LOAN AND THE 1990 SALES TAX LOAN FOR BOND COVERAGE BY AND BETWEEN THE CITY OF PICO RIVERA AND THE FORMER REDEVELOPMENT AGENCY WERE FOR LEGITIMATE REDEVELOPMENT PURPOSES, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 34191.4(B)(1)

**3. Due Diligence Review of Low and Moderate Income Housing.**

**Recommendation:**

1. Adopt a resolution approving the due diligence review report and approving the retention of Low and Moderate Income Housing Funds.

Resolution No. \_\_\_\_\_ A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY APPROVING THE DUE DILIGENCE REVIEW PERFORMED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5 AND APPROVING RETENTION OF FUNDS BY THE SUCCESSOR AGENCY PURSUANT TO HEALTH & SAFETY CODE SECTION 34179.6(c)

**4. Approving Conflict-of-Interest Code.**

**Recommendation:**

1. Adopt a resolution approving the Conflict-of-Interest Code, which shall be forwarded to the City Council, for receive and file.

Resolution No. \_\_\_\_\_ A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY APPROVING A CONFLICT-OF-INTEREST CODE FOR THE OVERSIGHT BOARD AND DIRECTING STAFF TO SUBMIT THE SAME TO THE PICO RIVERA CITY COUNCIL

**OTHER ITEMS:**

**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 8<sup>th</sup>, day of October, 2012.

Dated this 8<sup>th</sup>, day of October, 2012

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Anna M. Jerome, CMC  
Assistant City Clerk

**SB343 NOTICE**

In compliance with and pursuant to the provisions of SB343 any public writing distributed by the City Clerk to at least a majority of the City Council Members regarding any item on this regular meeting agenda will be available on the back table at the entrance of the Council Chamber at the time of the City Council meeting and at the counter of City Hall at 6615 Passons Boulevard, Pico Rivera, California during normal business hours.



Thursday, October 4, 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.

Alternate Vice Chairperson Camacho called the meeting to order at 5:30 p.m.

**PLEDGE OF ALLEGIANCE:** Led by Gustavo Camacho, Alternate Vice Chairperson

**PUBLIC COMMENTS:** None.

**AGENDA ITEMS:**

**1. Minutes.**

Motion by Boardmember Bates, seconded by Boardmember Moreno to approve special meeting of Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency minutes of July 19, 2012. Motion carried by the following roll call vote:

**AYES:** Bates, Gutierrez-Lohrman, Moreno, Camacho

**NOES:** None

**ABSENT:** Kreimann, Santana, Faustinos

**2. Agreement for Independent Counsel and Amend Recognized Obligation Payment Schedule.**

Motion by Boardmember Bates, seconded by Boardmember Gutierrez-Lohrman to: 1) approve the engagement agreement among Cummins & White and the Oversight Board to the Successor Agency to the Pico Rivera Redevelopment Agency; and 2) adopt Resolution No. OB-07-12 amending the Recognized Obligation Payment Schedule (ROPS) for the period January 1, 2013 through June 30, 2013 to include the Oversight Board Independent Counsel fees.

Resolution No. OB-07-12 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, AMENDING THE  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY  
THROUGH JUNE 2013

**3. Due Diligence Review of Low and Moderate Income Housing.**

Alternate Vice Chairperson Camacho opened the public comment period. No speakers came forward to provide public comment and no written communications were received.

Motion by Boardmember Moreno, seconded by Boardmember Gutierrez-Lohrman to close the public comment period and table the item to the meeting of October 11, 2012.

**AYES:** Bates, Gutierrez-Lohrman, Moreno, Camacho

**NOES:** None

**ABSENT:** Kreimann, Santana, Faustinos

**ADJOURNMENT:**

Alternate Vice Chairperson Camacho adjourned the meeting at 5:40 p.m. There being no objection it was so ordered.

**AYES:** Bates, Gutierrez-Lohrman, Moreno, Camacho

**NOES:** None

**ABSENT:** Kreimann, Santana, Faustinos

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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 October 4, 2012 and approved by the Oversight Board on October 11, 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:** October 11, 2012

**Subject:** APPROVING CITY LOANS

**Recommendation:**

Adopt resolution finding the City Loans (as described below) were for legitimate redevelopment purposes and represent enforceable obligations of the Successor Agency.

**Discussion:**

On June 28, 2011, the Governor of California signed ABx1 26 which dissolves all California redevelopment agencies effective February 1, 2012. The purpose of the Dissolution Act is to wind down the affairs of the Redevelopment Agency. 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 34171(d) provides that loans from the sponsoring organization are not enforceable unless one of two exceptions are met. Exception #1 deals with debt security where loans entered into at the time of issuance that are solely for the purpose of securing or repaying the debt, and Exception #2 provides that loan agreements entered into within two years of formation of the Redevelopment Agency can be deemed enforceable obligations.

In June 2012, the State adopted AB 1484 which provides that upon a finding of completion issued by the Department of Finance to the Successor Agency, City loans can be deemed enforceable obligations if the Oversight Board makes a finding that the loans were for legitimate redevelopment purposes. However, the relevant provision (Health & Safety Code sec. 34191.4(b)(1) requires that the Department of Finance also issue a finding of completion to the Successor Agency, which has not occurred yet and likely will not occur until sometime in Spring 2013. Nevertheless, in anticipation of the Successor Agency eventually seeking and obtaining a finding of completion pursuant to Health & Safety Code section 34179.7, the Oversight Board has requested the opportunity to look at the

OVERSIGHT BOARD AGENDA MEMO – MTG. OF 10/11/12  
REPORT ON AB 1484 CHANGES AFFECTING THE OVERSIGHT BOARD

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City loans in advance, so they can determine whether the loans are indeed legitimate loans that should be deemed enforceable obligations.

The City and Successor Agency believe the loans are enforceable obligations and were made for legitimate redevelopment purposes; however, the Department of Finance may believe they have deemed the City loans unenforceable.

**City Revolving Loan**

The Redevelopment Agency was formed on September 5, 1972 by the adoption of Resolution 490. On December 18, 1972, the Redevelopment Agency and the City signed the revolving loan agreement approved by CRA Resolution 6-72 and City Resolution 1688. Throughout the years, the City provided additional amounts (sometimes referred to as "advances") to the former RDA, which were reflected by a series of formal Resolutions adopted by the former RDA.

The attachment is a spreadsheet the City had maintained for years, and the schedule shows the additions to the loan by year and the accrued interest. We have attached copies of the resolutions and Journal Entries ("JEs") for the loans. We do not have a copy of JE0112.345 from June 2001. The County requested copies of the JEs listed, and we provided the copies on March 9, 2012. We learned that JE0112.34 had been destroyed years ago because of the age (JEs are no longer needed five years after the audit is completed).

The largest addition by year was the 1991 addition of \$5,500,000.

- The Resolution mentions prior and future expenses.
- It is my understanding that this is very close in time to the closure of the Ford plant, and possibly several expenses related to rehabilitating that property.

The Department of Finance (DOF) requested additional information regarding this loan while reviewing ROPS #3 for January 1, 2013 through June 30, 2013. DOF stated that they had previously determined this loan was not an enforceable obligation, but DOF asked for supporting documentation. The City provided a copy of the 1972 agreement to DOF on September 12, 2012, and we have not yet heard back from DOF.

It appears the amounts loaned were for legitimate redevelopment purposes, the CRA has recorded the loans as liabilities all along, and the amounts have been audited every year.

**Sales Tax Loan for Bond Coverage**

On December 17, 1990, the Redevelopment Agency and the City entered into a separate loan agreement that referred to the 1972 agreement. The Redevelopment Agency needed support for the outstanding bonds, so the City agreed to pledge a portion of the sales tax. At the same Council Meeting where the sales tax shift was approved, the loan agreement was approved. The City believes this loan meets the requirements of H&S Code Section 34171(d) under both Exception #1 (relating to the 2001 refunding bonds) and Exception #2. Additionally, because the loan was to support outstanding RDA bonds, it appears this loan serves a redevelopment purpose as required by Section 34191.4(b)(1).

The attachment is a spreadsheet the City had maintained for years, and the schedule shows the additions to the loan by year and the accrued interest. No resolutions were done for each annual addition to the loan.

The Department of Finance (DOF) did not question the Sales Tax Loan while reviewing ROPS #3 for January 1, 2013 through June 30, 2013.

It appears the City has recorded this as a liability all along in the City's general ledger, but until June 30, 2011, the liability was identified in the audit reports as a commitment. The audit reports describe the commitment as an agreement to advance money which bore interest at 7%; the audit reports also disclosed an amount due. During fiscal year 2010-11, the auditors agreed to report the Sales Tax Loan as a liability. While the presentation in the audit report may have been different because the auditors were unsure about the ability of the CRA to make the payment, the audit reports nevertheless included the amounts due (including accrued interest every year). The audit reports have always shown the obligation to repay the City.

**Conclusion**

Staff believes the City Revolving Loan and the Sales Tax loan were for legitimate redevelopment purposes as provided in Section 34191.4(b)(1) and therefore the discussion included above constitutes sufficient findings for the Oversight Board to approve these loans as enforceable obligations.



Michael Matsumoto  
Director of Finance

MM

Attachments

1. Resolution finding the City Loans were for legitimate redevelopment purposes and represent enforceable obligations of the Successor Agency
2. Schedule of City Revolving Loan
3. Schedule of Sales Tax Loan
4. 1972 Loan Agreement
5. Loan Resolutions for Revolving Loan
6. JEs from 2008 for City Revolving Loan
7. Selected portions of Audit Footnotes for June 30 1985, 1990, 1995, 2000, 2005, 2010, and 2011.

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

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY FINDING THE 1972 CITY REVOLVING LOAN AND THE 1990 SALES TAX LOAN FOR BOND COVERAGE BY AND BETWEEN THE CITY OF PICO RIVERA AND THE FORMER REDEVELOPMENT AGENCY WERE FOR LEGITIMATE REDEVELOPMENT PURPOSES, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34191.4(B)(1)**

**WHEREAS**, the City of Pico Rivera (“City”) is a California municipal corporation; and

**WHEREAS**, the Pico Rivera Redevelopment Agency (“Agency”) was a public body, corporate and politic, exercising governmental functions and powers under the Community Redevelopment Law, Health and Safety Code section 33000 *et seq.* (“CRL”); and

**WHEREAS**, the Agency was established to exercise and undertake redevelopment activities including, but not limited to, implementing its redevelopment plan;

**WHEREAS**, under the CRL, the City had the express authority to provide the Agency with financial assistance for purposes of implementing redevelopment activities (*see, e.g.*, Health and Safety Code sections 33220, 33600, 33601, and 33610); and

**WHEREAS**, pursuant to the authority granted under the CRL, on December 18, 1972, the City and Agency entered into a revolving loan agreement, and on December 17, 1990, the City and Agency entered into a separate loan agreement that referred to the original 1972 agreement (collectively, “City Loan Agreements”); and

**WHEREAS**, pursuant to Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature (“ABx1 26”), as modified by the California Supreme Court decision, *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231, all redevelopment agencies in California were dissolved on February 1, 2012; and

**WHEREAS**, pursuant to Health & Safety Code section 34173(a) and (b), added by ABx1 26, on February 1, 2012, the City, as the Successor Agency to the Agency, assumed all authority, rights, powers, duties and obligations previously vested with the Agency, except for those provisions of the CRL that were repealed, restricted or revised pursuant to Part 1.85 of Division 24 of the Health and Safety Code; and

**WHEREAS**, pursuant to Health and Safety Code section 34179, added by ABx1 26, members of the Oversight Board to the Successor Agency to the former Agency have been duly appointed; and

**WHEREAS**, Assembly Bill 1484 (“AB 1484”), which amended the CRL, and Health and Safety Code section 34191.4(b)(1) in particular, provides that “upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city ... that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes”; and

**WHEREAS**, in anticipation of the Successor Agency seeking and obtaining a finding of completion pursuant to Health and Safety Code section 34179.7, the Successor Agency staff has provided the above-referenced City Loan Agreements to the Oversight Board, and has requested the

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Oversight Board to make a finding that the City Loan Agreements were for legitimate redevelopment purposes pursuant to Health and Safety Code section 34191.4(b); and

**WHEREAS**, the City Loan Agreements and this resolution were considered by the Oversight Board at its meeting of October 11, 2012.

**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 above recitals are true and correct and incorporated herein.

**SECTION 2.** The Oversight Board hereby finds and declares as follows:

- A. On December 18, 1972, the Redevelopment Agency and the City signed the revolving loan agreement approved by CRA Resolution No. 6-72 and City Resolution No. 1688 (“1972 Loan Agreement”).
- B. On December 17, 1990, the Redevelopment Agency and the City entered into a separate loan agreement that referred to the 1972 agreement (“1990 Loan Agreement”). Under the 1990 Loan Agreement, the City agreed to pledge a portion of the sales tax to support the Agency and the outstanding bonds.
- C. Both the 1972 Loan Agreement and the 1990 Loan Agreement were lawfully entered into by the City and Agency. The Community Redevelopment Law expressly authorized the City to provide financial assistance in the form of a loan to the Agency (Health and Safety Code sections 33220, 33600, 33601).
- D. Both the 1972 Loan Agreement and the 1990 Loan Agreement were entered into to finance legitimate redevelopment purposes as required by Health and Safety Code section 34191.4(b).

**SECTION 3.** The Oversight Board finds that the 1972 Loan Agreement and the 1990 Loan Agreement between the City of Pico Rivera and the former Agency were for legitimate redevelopment purposes and in so finding, the Oversight Board finds and determines both above-referenced agreements are enforceable obligations and should be recognized as such pursuant to Health and Safety Code section 34191.4(b)(1).

**SECTION 4.** The adoption of this Resolution by the Oversight Board does not, nor does it intend, to alter, affect, or undermine the position of the Successor Agency that the 1972 Loan Agreement and the 1990 Loan Agreement are enforceable obligations under provisions of AB x1 26 as amended by AB 1484.

**SECTION 5.** Pursuant to Section 15061(b)(3) of the Guidelines for the Implementation of the California Environmental Quality Act (CEQA), the Oversight Board finds there is no possibility that the activity in question may have a significant effect on the environment. Therefore, this activity is not subject to the provisions of CEQA.

**SECTION 6.** 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. Notice of this Resolution shall be transmitted to the

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Department of Finance by electronic means and shall take effect at the time provided in Health and Safety Code Section 34179(h).

**APPROVED AND ADOPTED this 11th day of October 2012.**

ATTEST:

OVERSIGHT BOARD

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

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

APPROVED AS TO FORM:

\_\_\_\_\_  
Michael R.W. Houston, Board Counsel

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

CITY OF PICO RIVERA												
ADVANCES TO RDA FROM THE GENERAL FUND AND WATER FUND												
ADVANCES FROM THE GENERAL FUND												
RESO #	DATE	INTEREST RATE	DESCRIPTION	ORIGINAL PRINCIPAL	Payments	PRINCIPAL As of 6/30/11	Annual Interest @ 7%	Total Years Adjusted	INTEREST Total Payment as of 1/31/12	FY2012 Interest for JE @ 7%	Accum Int as of 6/30/12	Balance as of 6/30/12
2711	3/15/82	7.00%	PROJECT COSTS	41,921		41,921	2,934	29	(85,100)	2,934	2,934	44,855
3765	4/14/82	7.00%	REPMT OF DEFERRAL TO COUNTY	234,156		234,156	16,391	29	(475,337)	16,391	16,391	250,547
2916	1/16/84	7.00%	PRCH 9301 GALLATIN	52,300		52,300	3,661	27	(98,847)	3,661	3,661	55,961
3039	12/3/84	7.00%	PROPERTY-WHITTIER	343,000		343,000	24,010	26	(91,553)	24,010	556,717	899,717
3130	9/16/85	7.00%	SVC CENTER REHAB	1,600,000	PD 860K-6/30/91	740,000	112,000	5	0	0	560,000	560,000
3357	8/17/87	7.00%	PROJECT COSTS	684,000	10/89-INT ONLY	684,000	47,880	21	0	0	1,087,800	1,827,800
3809	7/15/91	7.00%	PAST AND FUTURE AGENCY EXPENSE	5,500,000		5,500,000	385,000	19	0	0	1,053,360	1,737,360
340-92	8/3/92	7.00%	REPMT OF DEFERRAL TO COUNTY	393,504		393,504	27,545	18	0	0	523,360	916,864
394-98	11/2/98	7.00%	PRCH-PARAMOUNT/GALLATIN	325,000		325,000	22,750	12	0	0	295,750	620,750
JE0112.345	6/30/01		Slauson/San Gabriel River(C4) 5 Sites (Burke) Land Held for Resale	512,210		512,210				0	0	512,210
JE0812.199/201	6/30/08		Budgeted transfer JE based on available working capital	336,479		336,479				0	0	336,479
TOTAL GENERAL FUND ADVANCES				10,022,570		9,162,570			(750,837)	581,972	11,799,973	20,962,543
										GL 010-13300/010-22200		
ADVANCE FROM WATER FUND												
3626	1/15/90	7.00%	A.C. PROPERTIES	130,000		130,000	9,100		0	9,100	200,200	330,200
										GL 550-13300/650-33100		
TOTAL ADVANCES				10,152,570		\$ 9,292,570			(750,837)	591,072	12,000,173	21,292,743
										GL 851-46990/851-25300		

CITY OF PICO RIVERA  
 MEMORANDUM ACTIVITY  
 RDA/CITY REVOLVING (851-30100)  
 FUND DEBT 7.00% ADVANCE OF SALES TAX  
 TO RDA FROM CITY

	PRINCIPAL BALANCE 07/01/11	TOTAL ACCU INT 07/01/11	BALANCE AS OF 07/01/11	PRINCIPAL PAYMENTS/ ADJUSTM	INTEREST PAYMENTS/ ADJUSTM	FOR JE FY2012 INTEREST	TOTAL ACCU INT 06/30/12	BALANCE AS OF 06/30/12
FYE 6/30/92	170,338	226,553	396,891	(12,044.00)	(226,553)	11,081	11,081	169,375
FYE 6/30/93	986,555	1,243,061	2,229,616		(900,566)	69,059	411,554	1,398,109
FYE 6/30/94	1,132,433	1,347,592	2,480,025			79,270	1,426,862	2,559,295
FYE 6/30/95	1,192,394	1,335,485	2,527,879			83,468	1,418,953	2,611,347
FYE 6/30/96	1,114,274	1,169,986	2,284,260			77,999	1,247,985	2,362,259
FYE 6/30/97	-	-	-			-	-	-
FYE 6/30/98	1,018,722	927,041	1,945,763			71,311	998,352	2,017,074
FYE 6/30/99	949,214	797,340	1,746,554			66,445	863,785	1,812,999
FYE 6/30/00	1,031,082	793,934	1,825,016			72,176	866,110	1,897,192
FYE 6/30/01	477,988	334,591	812,579			33,459	368,050	846,038
FYE 6/30/02	915,324	576,655	1,491,979			64,073	640,728	1,556,052
FYE 6/30/03	1,461,982	818,711	2,280,693			102,339	921,049	2,383,032
FYE 6/30/04	2,195,729	1,075,907	3,271,636			153,701	1,229,608	3,425,337
FYE 6/30/05	1,744,487	732,684	2,477,171			122,114	854,798	2,599,285
FYE 6/30/06	35,461	12,411	47,873			2,482	14,894	50,355
FYE 6/30/07	42,133	11,797	53,930			2,949	14,747	56,880
FYE 6/30/08	2,003,356	420,705	2,424,060			140,235	560,940	2,564,295
FYE 6/30/09	1,783,982	249,758	2,033,740			124,879	374,636	2,158,619
FYE 6/30/10	79,191	5,543	84,734			5,543	11,087	90,278
FYE 6/30/11	1,650,094	-	1,650,094			115,507	115,507	1,765,600
FYE 6/30/12	1,711,250	-	-			-	-	1,711,250
<b>TOTAL</b>	<b>21,695,989</b>	<b>12,079,755</b>	<b>32,064,494</b>	<b>(12,044)</b>	<b>(1,127,119)</b>	<b>1,398,089</b>	<b>12,350,725</b>	<b>34,034,670</b>

Notes: FY2012 Details of Sales Tax Loan Payment

JE1201.88	500,000
JE1206.2	380,000
JE1206.83	129,163
JE1207.5	70,000
JE1207.105	47,956
Total Interest Payment	1,127,119 See Amtz Sched
JE1207.105 Principal Pment	12,044
Grand Total	1,139,163

RE: Res. 6-72

AGREEMENT FOR COOPERATION  
BETWEEN THE CITY OF PICO RIVERA AND  
THE PICO RIVERA REDEVELOPMENT AGENCY

THIS AGREEMENT is entered into this 18th day of December, 1972, by and between the City of Pico Rivera, California ("City") and the Pico Rivera Redevelopment Agency ("Agency").

City and Agency hereby agree as follows:

Section 1. Pursuant to Ordinance No. 490 of the City of Pico Rivera, the Pico Rivera Redevelopment Agency has been established within the City under authority of the California Community Redevelopment Law.

Section 2. City and Agency have a common interest in and wish to facilitate redevelopment within the City and to provide for the cooperation of City and Agency in carrying out redevelopment activities.

Section 3. Agency shall have access to the services and facilities of the City and City staff. The City's Planning Commission shall also cooperate with the Agency in providing for redevelopment activities within the City.

Section 4. The Agency shall have all powers provided to the Agency pursuant to the California Community Redevelopment Law or Ordinances and Resolutions of the City.

Section 5. Agency shall supply to City such information and reports as from time to time the City may require.

Section 6. City will establish a Community Redevelopment Agency administrative fund with money appropriated to that fund to be paid to the Agency as a loan to be repaid upon the terms and conditions as may be established by the City Council of City.

Agency agrees to reimburse the City for services rendered the Agency and for costs incurred by the City on behalf of the Agency, which amounts may include the payment of a part of the salaries of City officers and employees, where such officers and employees perform services for the Agency. No officer or employee of the City shall be entitled to extra compensation for work performed for the Agency unless such compensation is authorized by the City Council of the City of Pico Rivera.

All sums paid by the City from the Community Redevelopment Agency Administrative Fund, shall be deemed loans to the Agency, to be repaid to the City at such times as funds become available to the Agency for repayment. Any such sums advanced as loans shall bear interest at the rate of seven percent (7%) per annum from the date of payment by the City. Repayment of such loans need

not be made by the Agency until all other debts or obligations of the Agency which may hereafter be incurred by it, have been satisfied, and the repayment obligation of the Agency may be made subordinate to any interim or permanent financing of the Agency.

Section 7. The City may also establish a Redevelopment Revolving Fund as authorized by the Community Redevelopment Law.

Section 8. City will assist Agency in the planning, financing, acquisition, construction and maintenance or operation of redevelopment activities undertaken by the Agency within City in accordance with applicable state and federal law.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

ATTEST:

Juan D. Lopez  
Deputy City Clerk

CITY OF PICO RIVERA

By William J. Loch  
Mayor

ATTEST:

Emmal Woodruff  
Deputy Secretary

PICO RIVERA REDEVELOPMENT AGENCY

Harold Schaefer  
Executive Director

RESOLUTION NO. 2711

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA ADVANCING FUNDS FROM THE GENERAL FUND TO THE PICO RIVERA REDEVELOPMENT AGENCY (\$41,921)

WHEREAS, the Community Redevelopment Agency requires an advance of funds in the amount of Forty-One Thousand Nine-Hundred and Twenty-One Dollars (\$41,921) for use by the Agency to cover project expenses incurred by the Pico Rivera Redevelopment Agency.

NOW, THEREFORE, the City Council of the City of Pico Rivera does hereby resolve as follows:

SECTION 1. That there shall be advanced from the General Fund of the City of Pico Rivera the amount of Forty-One Thousand Nine-Hundred and Twenty-One Dollars (\$41,921) to the Redevelopment Agency's Redevelopment Fund.

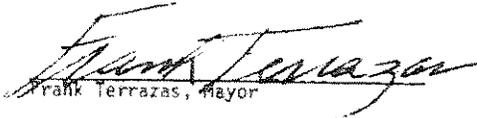
SECTION 2. That said funds shall constitute a loan to the Agency as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 3. When funds become available to the Agency for payment, said cash advance shall be repaid to the General Fund of the City of Pico Rivera, as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 4. That a duly certified copy of this Resolution is to be delivered to the City Manager and the Finance Director of the City of Pico Rivera.

SECTION 5. The City is to receive interest at the rate of twelve percent (12%) per annum on this loan to the Redevelopment Agency.

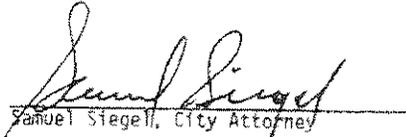
APPROVED AND ADOPTED this 15th day of March, 1982.

  
Frank Terrazas, Mayor

ATTEST:

APPROVED AS TO FORM:

  
Thelma M. Kail, City Clerk

  
Samuel Siegel, City Attorney

- AYES: Councilmen Chavez, Gardner, Loehr, Patronite, Terrazas
- NOES: None
- ABSENT: None
- ABSTAIN: None

RESOLUTION NO. 3765

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA ADVANCING FUNDS FROM THE CITY SPECIAL FUND TO THE PICO RIVERA REDEVELOPMENT AGENCY IN THE AMOUNT OF \$234,156 FOR REPAYMENT OF ADDITIONAL DEFERRALS TO THE COUNTY OF LOS ANGELES PURSUANT TO SECTION 3 (C-1) OF CITY AGREEMENT NO. 90-453

WHEREAS, the Pico Rivera Redevelopment Agency requires an advance in the amount of Two Hundred Thirty-Four Thousand One Hundred Fifty-Six Dollars (\$234,156) for use by the Agency to repay additional deferrals for 1989-90 and 1990-91 to the County of Los Angeles.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That there be advanced Two Hundred Thirty-Four Thousand One Hundred Fifty-Six Dollars (\$234,156) to the Redevelopment Agency.

SECTION 2. That said funds shall constitute a loan to the Agency as provided for in the Agreement for cooperation between the City and Agency.

SECTION 3. When funds become available to the Agency for payment, said cash advance shall be repaid to the Special Fund of the City of Pico Rivera, as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 4. That a duly certified copy of this Resolution is to be delivered to the City Manager and the Finance Director of the City of Pico Rivera.

SECTION 5. That City is to receive simple interest at the rate of twelve per cent (12%) per annum on this loan to the Redevelopment Agency.

ADOPTED AND APPROVED this 15th day of April, 1991.



Garth G. Gardner, Mayor

ATTEST:

APPROVED AS TO FORM:



Thelma M. Kail, City Clerk



Samuel Siegel, City Attorney

AYES: Chavez, Mercado, Natividad, Patronite, Gardner  
NOES: None  
ABSENT: None  
ABSTAIN: None

RESOLUTION NO. 2916

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA ADVANCING FUNDS FROM THE GENERAL FUND TO THE PICO RIVERA REDEVELOPMENT AGENCY (\$52,300) FOR PURCHASE OF PROPERTY LOCATED AT 9031 GALLATIN ROAD IN PICO RIVERA

WHEREAS, the Community Redevelopment Agency requires an advance of funds in the amount of Fifty Two Thousand Dollars, Three Hundred (\$52,300) for use by the Agency to cover project expenses incurred by the Pico Rivera Redevelopment Agency.

NOW, THEREFORE, the City Council of the City of Pico Rivera does hereby resolve as follows:

SECTION 1. That there shall be advanced from the General Fund of the City of Pico Rivera the amount of Fifty Two Thousand, Three Hundred (\$52,300) to the Redevelopment Agency's Redevelopment Fund.

SECTION 2. That said funds shall constitute a loan to the Agency as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 3. When funds become available to the Agency for payment, said cash advance shall be repaid to the General Fund of the City of Pico Rivera, as provided for in the Agreement for Cooperation between the City and Agency.

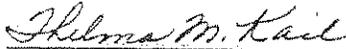
SECTION 4. That a duly certified copy of this Resolution is to be delivered to the City Manager and the Finance Director of the City of Pico Rivera.

SECTION 5. The City is to receive interest at the rate of twelve per cent (12%) per annum on this loan to the Redevelopment Agency.

APPROVED AND ADOPTED THIS 16th day of January, 1984

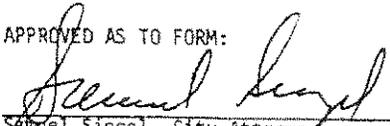
  
James M. Patronite, Mayor

ATTEST:

  
Thelma M. Kail, City Clerk

AYES: Chavez, Gardner, Natividad,  
NOES: None Patronite.  
ABSENT: De La Rosa  
ABSTAIN: None

APPROVED AS TO FORM:

  
Sander Siegel, City Attorney

RESOLUTION NO. 3039

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA ADVANCING FUNDS FROM THE GENERAL FUND TO THE PICO RIVERA REDEVELOPMENT AGENCY (\$343,000) FOR THE PURCHASE OF PROPERTY LOCATED AT 9561 E. WHITTIER BOULEVARD.

WHEREAS, the Community Redevelopment Agency requires to advance funds in the amount of Three Hundred and Forty-Three Thousand Dollars (\$343,000) for use by the Agency to cover project expenses incurred by the Pico Rivera Redevelopment Agency.

NOW THEREFORE, the City Council of the City of Pico Rivera does hereby resolve as follows:

SECTION 1. That there shall be advanced from the General Fund of the City of Pico Rivera the amount of Three Hundred and Forty-Three Thousand Dollars (\$343,000) to the Redevelopment Agency's Redevelopment Fund.

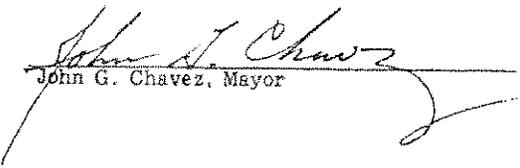
SECTION 2. That said funds shall constitute a loan to the Agency as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 3. When funds become available to the Agency for payment, said cash advance shall be repaid to the General Fund of the City of Pico Rivera, as provided for in the Agreement for Cooperation between the City and Agency.

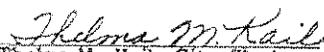
SECTION 4. That a duly certified copy of this Resolution is to be delivered to the City Manager and the Finance Director of the City of Pico Rivera.

SECTION 5. That City is to receive interest at the rate of twelve per cent (12%) per annum on this loan to the Redevelopment Agency.

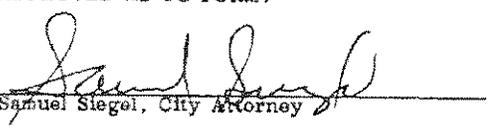
APPROVED AND ADOPTED THIS 3rd day of December, 1984.

  
John G. Chavez, Mayor

ATTEST:

  
Thelma M. Kail, City Clerk

APPROVED AS TO FORM:

  
Samuel Siegel, City Attorney

AYES: De La Rosa, Gardner, Natividad, Patronite, Chavez  
NOES: None  
ABSENT: None  
ABSTAIN: None

RESOLUTION NO. 3130

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA ADVANCING FUNDS FROM THE GENERAL FUND TO THE PICO RIVERA REDEVELOPMENT AGENCY (\$1,700,000) FOR THE CONSTRUCTION AND RELATED EXPENDITURES OF THE CITY HALL AND SERVICE CENTER REHABILITATION PROJECT

WHEREAS, the Pico Rivera Redevelopment Agency requires to advance funds in the amount of One Million Seven Hundred Thousand Dollars (\$1,700,000) for use by the Agency to cover project expenses incurred by the Pico Rivera Redevelopment Agency for the City Hall and Service Center Rehabilitation Project.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That there shall be advanced One Million Seven Hundred Thousand Dollars (\$1,700,000) to the Redevelopment Agency's Redevelopment Fund.

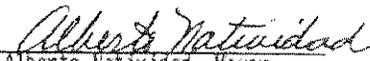
SECTION 2. That said funds shall constitute a loan to the Agency as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 3. When funds become available to the Agency for payment, said cash advance shall be repaid to the General Fund of the City of Pico Rivera, as provided for in the Agreement for Cooperation between the City and Agency.

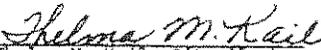
SECTION 4. That a duly certified copy of this Resolution is to be delivered to the City Manager and the Finance Director of the City of Pico Rivera.

SECTION 5. That City is to receive interest at the rate of twelve per cent (12%) per annum on this loan to the Redevelopment Agency.

ADOPTED AND APPROVED this 16th day of September, 1985.

  
Alberto Natividad, Mayor

ATTEST:

  
Thelma M. Kail, City Clerk

APPROVED AS TO FORM:

  
Samuel Siegel, City Attorney

AYES: Chavez, De La Rosa, Gardner, Patronite, Natividad  
NOES: None  
ABSENT: None  
ABSTAIN: None

RESOLUTION NO. 3357

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
PICO RIVERA ADVANCING FUNDS FROM THE GENERAL FUND  
TO THE PICO RIVERA REDEVELOPMENT AGENCY (\$684,000)  
FOR VARIOUS EXPENDITURES

WHEREAS, the Pico Rivera Redevelopment Agency requires to advance funds in the amount of Six Hundred Eighty Four Thousand Dollars (\$684,000) for use by the Agency to cover project expenses incurred by the Pico Rivera Redevelopment Agency.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That there shall be advanced Six Hundred Eighty Four Thousand Dollars (\$684,000) to the Redevelopment Agency's Fund.

SECTION 2. That said funds shall constitute a loan to the Agency as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 3. When funds become available to the Agency for payment, said cash advance shall be repaid to the General Fund of the City of Pico Rivera, as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 4. That a duly certified copy of this Resolution is to be delivered to the City Manager and the Finance Director of the City of Pico Rivera.

SECTION 5. That City is to receive interest at the rate of twelve per cent (12%) per annum on this loan to the Redevelopment Agency.

ADOPTED AND APPROVED this 17th day of August, 1987

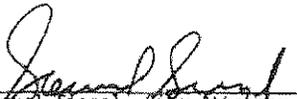
  
Garth G. Gardner, Mayor

ATTEST:

  
Thelma M. Kail, City Clerk

I hereby certify that  
the foregoing is a full,  
true and correct  
copy of Resolution No. 3357  
Approved by City Council 8-17-87  
  
City Clerk

APPROVED AS TO FORM:

  
Samuel Siegel, City Attorney

AYES: Chavez, De La Rosa, Natividad, Patronite, Gardner  
NOES: None  
ABSENT: None  
ABSTAIN: None

RESOLUTION NO. 3809

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
PICO RIVERA ADVANCING \$5,500,00 FROM THE CITY  
SPECIAL FUND TO THE PICO RIVERA REDEVELOPMENT  
AGENCY TO FUND PRIOR AND FUTURE AGENCY  
EXPENDITURES

WHEREAS, the Pico Rivera Redevelopment Agency requires an advance in the amount of Five Million Five Hundred Thousand Dollars (\$5,500,000) for use by the Agency to fund prior and future expenses.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That there be advanced Five Million Five Hundred Thousand Dollars (\$5,500,000) to the Redevelopment Agency.

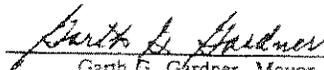
SECTION 2. That said funds shall constitute a loan to the Agency as provided for in the Agreement for cooperation between the City and Agency.

SECTION 3. When funds become available to the Agency for payment, said cash advance shall be repaid to the Special Fund of the City of Pico Rivera, as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 4. That a duly certified copy of this Resolution is to be delivered to the City Manager and the Finance Director of the City of Pico Rivera.

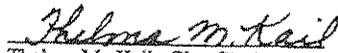
SECTION 5. That City is to receive simple interest at the rate of twelve per cent (12%) per annum on this loan to the Redevelopment Agency.

ADOPTED AND APPROVED this 15th day of July, 1991

  
Garth G. Gardner, Mayor

ATTEST:

APPROVED AS TO FORM:

  
Thelma M. Kail, City Clerk

  
Samuel Siegel, City Attorney

AYES: Chavez, Mercado, Natividad, Patronite, Gardner  
NOES: None  
ABSENT: None  
ABSTAIN: None

RESOLUTION NO. 340-92

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PICO RIVERA ACCEPTING AN ADVANCE OF FUNDS FROM THE CITY OF PICO RIVERA IN THE AMOUNT OF \$393,504 FOR THE REPAYMENT OF ADDITIONAL DEFERRALS TO THE COUNTY OF LOS ANGELES PURSUANT TO SECTION 3 (C-1) OF AGENCY AGREEMENT NO. R90-164

The Redevelopment Agency of the City of Pico Rivera does resolve as follows:

SECTION 1. The Redevelopment Agency hereby accepts from the City of Pico Rivera an advance in the amount of Three Hundred and Ninety Three Thousand Five Hundred and Four Dollars and No/100 (\$393,504) to repay the additional deferrals for 1991-92 to the County of Los Angeles.

SECTION 2. When funds become available to the Agency, said cash advance shall be repaid to the City General Fund of the City of Pico Rivera, as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 3. Until sufficient funds are available to repay the loan, interest shall accumulate at 12% simple interest from the date of the loan and shall constitute a debt of the Agency.

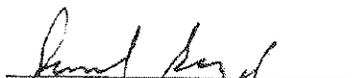
ADOPTED AND APPROVED this 3rd day of August, 1992.

  
John G. Chavez, Chairman

ATTEST:

APPROVED AS TO FORM:

  
David A. Caretto, Agency Secretary

  
Samuel Siegel, Agency Counsel

AYES: Gardner, Mercado, Natividad, Proo, Chavez  
NOES: None  
ABSENT: None  
ABSTAIN: None

903 74

RESOLUTION NO 394-98

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PICO RIVERA ACCEPTING AN ADVANCE OF FUNDS FROM THE CITY OF PICO RIVERA IN THE AMOUNT OF \$325,000 FOR THE PURCHASE OF PROPERTY

The Redevelopment Agency of the City of Pico Rivera does resolve as follows:

SECTION 1. The Redevelopment Agency hereby accepts from the City of Pico Rivera an advance in the amount of Three Hundred and Twenty Five Thousand Dollars and No/100 (\$325,000) to purchase property.

SECTION 2. When funds become available to the Agency, said cash advance shall be repaid to the City General Fund of the City of Pico Rivera, as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 3. Until sufficient funds are available to repay the loan, interest shall accumulate at 12% simple interest from the date of the loan and shall constitute a debt of the Agency.

ADOPTED AND APPROVED this 2nd day of November, 1998.

Garth G. Gardner  
Garth G. Gardner, Chairperson

ATTEST:  
Christine J. Schaefer  
Christine J. Schaefer, Agency Secretary

APPROVED AS TO FORM:  
Scott Nichols  
Scott Nichols, Agency Counsel

- AYES: Garcia, O'Hara, Proo, Ramirez, Gardner
- NOES: None
- ABSENT: None
- ABSTAIN: None

RESOLUTION NO. 3626

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PICO RIVERA ADVANCING FUNDS FROM THE WATER FUND TO THE PICO RIVERA REDEVELOPMENT AGENCY IN THE AMOUNT OF \$130,000 FOR THE A. C. PROPERTY PROJECT

WHEREAS, the Pico Rivera Redevelopment Agency requires an advance of funds in the amount of One Hundred Thirty Thousand Dollars (\$130,000) for use by the Agency for the A. C. Property Project.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PICO RIVERA DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That there be advanced One Hundred Thirty Thousand Dollars (\$130,000) to the Redevelopment Agency's Fund.

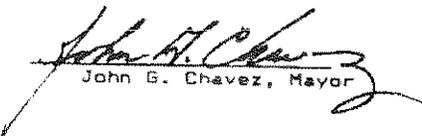
SECTION 2. That said funds shall constitute a loan to the Agency as provided for in the Agreement for Cooperation between the City and Agency.

SECTION 3. When funds become available to the Agency for payment, said cash advance shall be repaid to the Water Fund of the City of Pico Rivera, as provided for in the Agreement for Cooperation between the City and Agency.

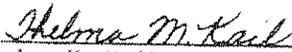
SECTION 4. That a duly certified copy of this Resolution is to be delivered to the City Manager and the Finance Director of the City of Pico Rivera.

SECTION 5. That City is to receive interest at the rate of twelve per cent (12%) per annum on this loan to the Redevelopment Agency.

ADOPTED AND APPROVED this 15th day of January, 19 90

  
John G. Chavez, Mayor

ATTEST:

  
Thelma M. Kail, City Clerk

APPROVED AS TO FORM:

  
Samuel Siegel, City Attorney

AYES: De La Rosa, Gardner, Natividad, Patronite, Chavez  
NOES: None  
ABSENT: None  
ABSTAIN: None

Asset 756' .48  
 Liab: 17169.32  
739 293.16

CITY OF PICO RIVERA									
ENTRY VOUCHER								JUNE 2008	
ACCOUNT NUMBER				ACCOUNT TITLE				DESCRIPTION	
FUND	DEPT	OBJECT	PROJECT		DEBIT	CREDIT			
510	0000	10100		Cash	796,405.00				7812.198
510	9800	37900		Transfer In		796,405.00			To correct down to actual amount of 20% share of Low & Med Fund on Bond Payments for FY07-08
550	9800	48900		Transfer Out	796,405.00				
550	0000	10100		Cash		796,405.00			0812.199
510	0000	10100		Transfer Out	739,293.16				To record Transfer budgeted
510	0000	10100		ASST		462,813.83			between Fund 510 and 510.01 based on available working capital
510	0000	10100		Due to Other Funds		336,479.33			Total Transfer budgeted off asset
510	0000	10100		Cash	402,813.83				and 1650,000
510	0000	10100		Due From Other Funds	336,479.33				
510	0000	10100		Transfer In		739,293.16			
Totals					1,592,810.00	1,592,810.00			11/7/2008
Prepared by		Approved by		Batch	J.E.				
				47311	0812.198				
					0812.199				

**Elisa Gratil**

---

**From:** John Herrera  
**Sent:** Monday, December 22, 2008 1:20 PM  
**To:** Elisa Gratil  
**Cc:** Mike Suarez  
**Subject:** Re: Final question on RDA

Please reclass.

Thanks.

Sent via BlackBerry by AT&T

---

**From:** "Elisa Gratil"  
**Date:** Mon, 22 Dec 2008 13:17:36 -0800  
**To:** John Herrera<jherrera@pico-rivera.org>  
**Subject:** RE: Final question on RDA

John,  
The last JE of \$336k was credited to 520-000-25300 (Loan Payable) instead of 520-000-20900 (Due to Other Funds). Although they are both liability account....do you want me to reclass it to the proper account (GL 20900: Due to Other Funds)? The Accounts Receivable and Taxes Receivable balance matches with the audit schedule we submitted to them. Same is true with the Deferred Revenue and Loan Payable accounts (excluding the \$336K that should have been posted to Due to Other Funds).

Thanks,  
Elisa

---

**From:** John Herrera  
**Sent:** Monday, December 22, 2008 12:46 PM  
**To:** Elisa Gratil  
**Subject:** Re: Final question on RDA

Thanks.

Please look over the advances liabilities and other items on the balance sheet to financials and give me your feedback.

Thank you.

Sent via BlackBerry by AT&T

---

**From:** "Elisa Gratil"  
**Date:** Mon, 22 Dec 2008 12:36:27 -0800  
**To:** John Herrera<jherrera@pico-rivera.org>  
**Subject:** FW: Final question on RDA  
Here's the balance sheet report for the three funds if you still need them. Thanks.

Elisa

12/22/2008

2015

**From:** Mike Suarez  
**Sent:** Monday, December 22, 2008 11:50 AM  
**To:** John Herrera  
**Cc:** Elisa Gratil  
**Subject:** RE: Final question on RDA

Attached are the TBs for 510, 520, and 850.

Mike

---

**From:** John Herrera  
**Sent:** Monday, December 22, 2008 11:44 AM  
**To:** Mike Suarez  
**Cc:** Elisa Gratil; Bob Callanan  
**Subject:** Re: Final question on RDA

Mike,

Ralph made a mistake on the RDA financial statements.

Please verify the account number for Due to Other Funds in Fund 520 - I believe I used the correct account number, but at any rate, the account is a Liability (not fund equity) and is labeled Due to Other Funds (Gen Fund).

Make sure this change is made so I can review draft #2 of RDA statements and final the audit.

I'm waiting for the RDA reports for Funds 510, 520, and 850 from Wintegrate.

Thanks.

John

Sent via BlackBerry by AT&T

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**From:** "Mike Suarez"  
**Date:** Mon, 22 Dec 2008 08:58:54 -0800  
**To:** John Herrera<jherrera@pico-rivera.org>  
**Subject:** Final question on RDA

**John,**

1. Below is the email that Jeff sent to you on Wed at 5:04 pm to answer your final question before he can go smooth on the RDA FTS and FS.

**Mike**

**From:** Jeff Palmer  
**Sent:** Wednesday, December 17, 2008 5:04 PM  
**To:** 'John Herrera'  
**Cc:** 'Mike Suarez'; Robert Callanan  
**Subject:** RE: RDA Financial Statements and Financial Transactions Report Draft

John,

12/22/2008

3025

The journal entry was recorded. The TB which was provided the account is labeled "Loan Payable" (25300). See the Attached TB. Per the AJE support provided the AJE is named "Due to Other Funds" (25300). The account number was used to make the entry.

Let me know if you have any questions.

Jeff Palmer

**From:** John Herrera [mailto:jherrera@pico-rivera.org]  
**Sent:** Wednesday, December 17, 2008 4:57 PM  
**To:** Jeff Palmer; Mike Suarez  
**Cc:** Robert Callanan  
**Subject:** RE: RDA Financial Statements and Financial Transactions Report Draft

Jeff,

I prepared a journal entry for the RDA Capital Projects Fund as follows:

Dr. Transfer Out \$739,293  
Cr. Cash \$402,814  
Cr. Due to Other Funds \$336,479

I do not see the \$336,479 in the Liabilities section of the Balance Sheet but I do see \$336,480 in the Fund Equity section.

Please explain how the JE was recorded. Thank you.

John Herrera, CPA  
Finance Director/City Treasurer  
**City of Pico Rivera**  
6615 Passons Blvd  
Pico Rivera, CA 90660  
(562) 801-4391 Office  
(562) 942-8828 Fax

**From:** Jeff Palmer [mailto:jeffp@diehlevans.com]  
**Sent:** Wednesday, December 17, 2008 2:37 PM  
**To:** Mike Suarez  
**Cc:** John Herrera; Robert Callanan  
**Subject:** Re: RDA Financial Statements and Financial Transactions Report Draft

Hello Mike,

Attached to this email are the following draft reports related to the audit for your review:

1. RDA Financial Statements
2. Financial Transactions Report

Please let us know if you have any changes so that we can finalize the reports. Feel free to let me know if you have any additional questions.

Thanks,

Jeff Palmer  
Diehl, Evans and Company, LLP  
5 Corporate Park, Suite 100  
Irvine, CA 92606-5165  
Office phone (949)399-0600 Office fax (949)399-0610  
Visit our website [www.diehlevans.com](http://www.diehlevans.com) for firm information and useful links.

This message and any files or text attached to it are intended only for the recipients named above, and contain information that may be confidential or privileged. If you are not an intended recipient, you must not read, copy, use or disclose this communication. Please also notify the sender by replying to this message, and then delete all copies of it from your system. Thank you.

12/22/2008

4045

To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code or promoting, marketing or recommending to another party any transaction or matter addressed herein.

12/22/2008

5025

CITY OF PICO RIVERA  
ENTRY VOUCHER

JUNE 2008

ACCOUNT NUMBER				ACCOUNT TITLE	DEBIT	CREDIT	DESCRIPTION
FUND	DEPT	OBJECT	PROJECT				
526	0000	25300		Loan Payable	336,479.33		Reclass JE0812.199 Budgeted Transfer between Fund 520 and 010
525	0000	20900		Due To Other Funds		336,479.33	
Totals:					336,479.33	336,479.33	12/22/2008
Prepared by <i>[Signature]</i> IMG		Approved by <i>[Signature]</i>		Batch 48056	J.E. 0812.201		

ADVANCES TO RDA FROM THE GENERAL FUND AND WATER FUND  
FY07-2008

FILE: Advances by Funds.XLS  
PREPARED BY: EGRATIL

ADVANCES FROM THE GENERAL FUND

RESO #	DATE	RATE	INTEREST	DESCRIPTION	ORIGINAL PRINCIPAL	DATE PAID	PRINCIPAL BALANCE 07/01/07	CURRENT YEAR INTEREST	TOTAL ACCUM INTEREST	PAYMENTS	NEW LOANS/ ADJUSTM	TOTAL BALANCE 6/30/08	
2711	3/15/82	12.00%		PROJECT COSTS	41,921		41,921	5,031	102,384			144,305	
2916	1/16/84	12.00%		PROCH 9301 GALLATIN	52,300		52,300	6,276	131,796			184,086	
3039	12/3/84	12.00%		PROPERTY-WHITTIER	343,000		343,000	41,160	864,360			1,207,360	
3130	9/16/85	12.00%		SVC CENTER REHAB	1,600,000	PO 850K-6/30/91	740,000	88,800	1,509,600			2,249,600	
3357	8/17/87	12.00%		PROJECT COSTS	684,000	10/89-INT ONLY	684,000	82,080	1,265,475			1,949,475	
3765	4/14/82	12.00%		REPMIT OF DEFERRAL TO COUNTY	234,156		234,156	28,099	483,536			717,692	
3809	7/15/91	12.00%		PAST AND FUTURE AGENCY EXPENSES	5,500,000		5,500,000	660,000	11,192,500			16,692,500	
340-92	8/3/92	12.00%		REPMIT OF DEFERRAL TO COUNTY	393,504		393,504	47,220	751,586			1,145,090	
394-98	11/2/98	12.00%		PRCH-PARAMOUNT/ GALLATIN	325,000		325,000	39,000	390,000			715,000	
JE0112.345				Slouson/San Gabriel River(C4) 5 Sites (Burke) Land Held for Resale			512,210					512,210	
JE0812.199/201				Budgeted transfer based on available working capital							336,479	336,479	
<b>TOTAL GENERAL FUND ADVANCES</b>							<b>9,273,881</b>	<b>997,656</b>	<b>16,091,237</b>	<b>0</b>	<b>336,479</b>	<b>25,853,807</b>	
<b>ADVANCE FROM WATER FUND</b>													
3626	1/15/90	12.00%		A.C. PROPERTIES	130,000		130,000	15,600	288,600			418,600	
<b>TOTAL ADVANCES (520-25300 &amp; 520-20900)</b>							<b>8,443,881</b>	<b>1,013,266</b>	<b>16,979,837</b>	<b>0</b>	<b>336,479</b>	<b>26,272,407</b>	

TOTAL GENERAL FUND ADVANCES 9,273,881 997,656 16,091,237 0 336,479 25,853,807 GL 010-13300 & GL 010-12500

ADVANCE FROM WATER FUND 3626 1/15/90 12.00% A.C. PROPERTIES 130,000 15,600 288,600 418,600 GL 550-13300

TOTAL ADVANCES (520-25300 & 520-20900) 8,443,881 1,013,266 16,979,837 0 336,479 26,272,407

## PICO RIVERA REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS  
(Continued)

June 30, 1985

3 - Bonds Payable (Continued)

Tax Allocation Bonds, issue of 1984 on October 4, 1984, at a discount of \$774,690. The bonds mature serially on each May 1 through 2000 in principal amounts ranging from \$225,000 to \$1,010,000 with the principal balance of \$11,700,000 being redeemed on May 1, 2007. The bonds bear interest rates ranging from 8% to 10.8% per annum.

In accordance with the terms of the bond indentures, a reserve for bond debt equal to the minimum reserve requirement (an amount equal to the interest coming due on all outstanding bonds on the next two interest payment dates) has been recorded in the Debt Service Fund.

4 - Changes in General  
Long-Term Debt

The following is a summary of bond transactions of the Agency for the year ended June 30, 1985:

Bonds payable at July 1, 1984	\$ 6,260,000
Bond issue of 1984	20,000,000
Bonds retired	<u>(365,000)</u>
Bonds payable at June 30, 1985	<u>\$25,895,000</u>

The annual requirements to amortize all debts outstanding as of June 30, 1985, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1986	\$ 400,000	\$ 2,563,375	\$ 2,963,375
1987	435,000	2,531,375	2,966,375
1988	475,000	2,495,200	2,970,200
1989	515,000	2,454,200	2,969,200
1990	555,000	2,409,100	2,964,100
1991-1995	3,780,000	11,167,950	14,947,950
1996-2000	5,910,000	9,008,010	14,918,010
Thereafter	<u>13,825,000</u>	<u>9,355,200</u>	<u>23,180,200</u>
	<u>\$25,895,000</u>	<u>\$41,984,410</u>	<u>\$67,879,410</u>

## PICO RIVERA REDEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS  
(Continued)

June 30, 1985

5 - Transactions with The  
City of Pico Rivera

From time to time, the City of Pico Rivera advances funds to the Agency as needed. Net advances made during the year ended June 30, 1985 totaled \$115,845.

As of June 30, 1985, cumulative advances owed to the City aggregated \$1,008,079. In connection with these advances, accrued interest payable is \$248,350.

6 - Commitments

In accordance with an agreement between the Agency and low and moderate housing income individuals residing in the Pico Rivera Redevelopment Plan, Amendment No. 1 area, the Agency is obligated to place \$1 million in a "low or moderate and very low income housing fund" by February 1985 and \$3 million by 1998. As of June 30, 1985, the Agency deposited \$1,025,126, expended \$457,155 in the fund and recorded \$103,000 credits in the fund related to senior citizen housing construction.

## PICO RIVERA REDEVELOPMENT AGENCY

### Notes to Component Unit Financial Statements, Continued

The Washington-Rosemead Project Bonds were issued to finance acquisition and relocation costs for the construction of certain public improvements. The Agency sold the \$20,000,000 Pico Rivera Redevelopment Agency, Washington-Rosemead Project Tax Allocation Bonds, issue of 1984 on October 4, 1984, at a discount of \$774,690. The bonds mature serially on each May 1 through 2000 in principal amounts ranging from \$325,000 to \$1,010,000, with the principal balance of \$11,700,000 to be redeemed on May 1, 2007. The bonds bear interest rates ranging from 8.0% to 10.8% per annum.

The Tax Allocation Refunding Bonds were issued on June 18, 1987 to refinance the Washington-Rosemead Project Bonds, described in the preceding paragraph, on May 1, 1994, when they become callable. The Agency sold the \$20,595,000 Pico Rivera Redevelopment Agency, Tax Allocation Refunding Bonds, issue of 1987 on June 18, 1987, at a discount of \$202,860. The bonds mature serially on each May 1, beginning in 1995 through 2007, in principal amounts ranging from \$815,000 to \$4,135,000. The bonds bear an interest rate of 8.15% per annum. The net proceeds of this issuance have been invested with an insurance company under a guaranteed investment contract in connection with their agreement to service the debt and receive the income on these funds through May 1, 1994 in exchange for a one-time payment of \$684,000 to the Agency. With respect to the issuance of the Tax Allocation Refunding Bonds, the criteria for "in-substance" defeasance of the Washington-Rosemead Project Bonds has not been met.

The Tax Allocation Bonds were issued on September 7, 1989 in the amount of \$63,245,000 with interest at 7.65% and at a discount of \$316,225. The bonds were issued for the purpose of refunding on a current basis the Agency's 1978 Tax Allocation Bonds, refunding on a cross-over basis (a basis in which interest is paid by investment earnings until a future date when the principal indebtedness is paid off) the Agency's 1987 Tax Allocation Refunding Bonds, remitting to the County of Los Angeles a \$5,000,000 payment pursuant to a pass-through agreement and providing funds for various redevelopment and low- and moderate-income housing. The bonds were issued for sale to the Pico Rivera Public Financing Authority, which concurrently sold the bonds to the underwriter. The bonds are term bonds and are due August 1, 2022. With respect to the issuance of the 1989 Tax Allocation Bonds, the criteria for "in-substance" defeasance of the 1987 Tax Allocation Refunding Bonds has not been met; however, one criteria for legal defeasance was met for the 1978 Tax Allocation Bonds.

#### (6) Changes in General Long-Term Debt

The following is a summary of bond transactions of the Agency for the year ended June 30, 1990:

Bonds payable at June 30, 1989	\$ 44,665,000
Bonds issued	63,245,000
Bonds retired - 1978 issue	<u>(5,795,000)</u>
Bonds payable at June 30, 1990	<u>\$ 102,115,000</u>

From 1990 CRA FINANCIAL STATEMENT

## PICO RIVERA REDEVELOPMENT AGENCY

### Notes to Component Unit Financial Statements, Continued

The annual requirements to amortize all outstanding bonded indebtedness as of June 30, 1990, excluding interest on the Tax Allocation Refunding Bonds (note 5), are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
1991	\$ 400,000	6,778,843	7,178,843
1992	450,000	6,740,443	7,190,443
1993	975,000	6,696,343	7,671,343
1994	1,695,000	6,610,005	8,305,005
1995	3,365,000	6,466,863	9,831,863
1996-2000	22,335,000	28,407,430	50,742,430
2001-2005	12,415,000	27,120,263	39,535,263
2006-2010	24,225,000	17,871,188	42,096,188
Thereafter	36,255,000	19,674,267	55,929,267
	<u>\$ 102,115,000</u>	<u>126,365,645</u>	<u>228,480,645</u>

At June 30, 1990, the Pico Rivera Redevelopment Agency had \$2,889,669 held by the trustee for future debt service in accordance with the bond indenture requirements.

The Agency believes it is in compliance with the covenants found in the bond indentures.

#### (7) Transactions with the City of Pico Rivera

From time to time, the City of Pico Rivera advances funds to the Agency as needed. The Agency accrues interest on all such advances at a rate of 12% per annum.

At June 30, 1990, cumulative advances from the City aggregate \$5,154,080 with accrued interest of \$2,124,657.

#### (8) Land Held for Resale

On August 24, 1989, the Agency sold land held for resale to a developer for the purpose of constructing a parking facility in support of the existing restaurant development adjacent to the site. The land, which was purchased for \$309,000, was sold for \$307,798, for a loss of \$1,202.

#### (9) Commitments and Contingencies

In accordance with an agreement between the Agency and low- and moderate-income housing individuals residing in the Pico Rivera Redevelopment Plan, Amendment No. 1 area, the Agency is obligated to place \$1,000,000 in a low- or moderate- and very low-income housing account increasing to \$3,000,000 by 1998. As of June 30, 1990, the Agency allocated \$11,799,310 and expended \$2,783,389 for such purposes. Redevelopment agencies in California are required to set aside 20% of their tax revenues for the purpose of increasing or improving their community's low- or moderate-income housing.

## **PICO RIVERA REDEVELOPMENT AGENCY**

### **Notes to Component Unit Financial Statements, Continued**

The repayment of the 1989 Pico Rivera Redevelopment Agency Tax Allocation Bonds (note 5) was projected to be paid out of tax increment revenues and other revenues available to the Agency as described in the Official Statement. Subsequent to the sale of the bonds, it was discovered that the tax increment revenues were apparently insufficient to meet the debt service obligations on the bonds. The Agency has negotiated with the County of Los Angeles to obtain additional revenues with which to meet the anticipated shortfall in the debt service.

PICO RIVERA REDEVELOPMENT AGENCY  
Notes to Financial Statements (Continued)  
June 30, 1995

The Tax Allocation Bonds, issue of 1989 were issued on September 7, 1989 in the amount of \$63,245,000 with interest at 7.65%. The bonds were issued for the purpose of refunding on a current basis the Agency's 1978 Tax Allocation Bonds, refunding on a cross-over basis (a basis in which interest is paid by investment earnings until a future date when the principal indebtedness is paid off) the Agency's 1987 Tax Allocation Refunding Bonds, remitting to the County of Los Angeles a \$5,000,000 payment pursuant to a pass-through agreement and providing funds for various redevelopment and low-and moderate-income housing. The bonds were issued for sale to the Pico Rivera Public Financing Authority, which concurrently sold the bonds to the underwriter. The bonds are subject to optional redemption in whole or in part on any interest payment date on or after August 1, 1999, by lot, at redemption prices ranging from 100% to 102%. The bonds are term bonds and are due August 1, 2022 and bear an interest rate of 7.65% per annum. With respect to the issuance of the 1989 Tax Allocation Bonds, the criteria for "in-substance" defeasance of the 1987 Tax Allocation Refunding Bonds has not been met. The bond indenture requires the minimum balance in the reserve account to be the lesser of (i) 10% of net proceeds of the bonds and any Parity Debt or (ii) Maximum Annual Debt Service provided that prior to May 1, 1997, the reserve requirement with respects to the bonds shall be \$4,300,683. At June 30, 1995 the reserve account balance was \$4,300,683. The bonds were subjected to a mandatory redemption on February 1, 1995 from amounts transferred from the excess reserve in the Special Escrow fund. The total amount of bonds redeemed was \$9,840,000.

It is the opinion of management that the Agency has complied with all major aspects of the bond covenants and loan agreements for fiscal year ended June 30, 1995

7. CHANGES IN GENERAL LONG-TERM DEBT

Changes in general long-term debt were as follows:

	<u>Balance at</u> <u>June 30, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 1995</u>
Compensated absences	\$ 18,908	\$ 1,204		\$ 20,112
*Advances from the City of Pico Rivera	11,256,258	986,266		12,242,524
Tax allocation bonds payable	<u>83,365,000</u>	<u>          </u>	<u>\$11,800,000</u>	<u>71,565,000</u>
	<u>\$94,640,166</u>	<u>\$987,470</u>	<u>\$11,800,000</u>	<u>\$83,827,636</u>

PICO RIVERA REDEVELOPMENT AGENCY  
Notes to Financial Statements (Continued)  
June 30, 1995

The annual requirements to amortize all outstanding bonded indebtedness as of June 30, 1995 are as follows:

Year Ended <u>June 30,</u>	<u>Total RDA Tax Allocation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1996	\$ 2,825,000	\$ 5,499,035	\$ 8,324,035
1997	3,300,000	5,263,438	8,563,438
1998	3,095,000	5,016,924	8,111,924
1999	4,165,000	4,737,521	8,902,521
2000	4,665,000	4,398,573	9,063,573
Thereafter	<u>53,515,000</u>	<u>52,880,887</u>	<u>106,395,887</u>
	<u>\$71,565,000</u>	<u>\$77,796,378</u>	<u>\$149,361,378</u>

The aggregate amount of principal and interest on all outstanding bonds may not exceed the maximum amount of tax revenues permitted to be allocated and paid to the Agency according to the Agency Plan.

8. COMMITMENTS AND CONTINGENCIES

The City, Agency and County entered into an agreement whereby the County will defer tax increment generated within the project area (County Deferral) and beginning in July of 1992 the City will defer certain sales tax revenues generated within the project area (City Deferral). The County Deferrals and City Deferrals accrue interest at 7%. The County Deferrals are to be repaid with the sales tax and property tax revenues received by the Agency. The County Deferrals and City Deferrals are recorded as revenue when received by the Agency. At June 30, 1995, the balance of the County Deferrals including interest was \$7,359,437 and the balance of the City Deferrals including interest was \$2,542,485.

9. PRIOR PERIOD ADJUSTMENT

During fiscal year 1994-95, fund equity in Capital Projects Funds has been restated due to implementation of GASB No. 22, "Accounting for Taxpayer-Assessed Tax Revenues in Governmental Funds," as follows:

	<u>Balance as Previously Reported</u>	<u>To Accrue Additional Sales Tax</u>	<u>June 30, 1994 Fund Balance as Restated</u>
Capital Projects Funds:			
Fund Balance	\$18,949,657	\$130,753	\$19,080,410

**PICO RIVERA REDEVELOPMENT AGENCY**  
**Notes to Financial Statements (Continued)**  
**June 30, 2000**

6. **ADVANCES FROM THE CITY OF PICO RIVERA**

The City of Pico Rivera has an agreement with the Agency providing for the advance of funds to finance improvements and operations relating to and within the project area. The Agency accrues interest on the original advances at a rate of 12% per annum. At June 30, 2000, the City has advanced \$17,576,854.

7. **CHANGES IN GENERAL LONG-TERM DEBT**

Changes in general long-term debt were as follows:

	<u>Balance at</u> <u>July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2000</u>
Compensated absences	\$ 16,869	\$ 10,211		\$ 27,080
*Advances from the City of Pico Rivera (Note 6)	16,538,588	1,038,266		17,576,854
Tax allocation bonds payable	<u>42,380,000</u>	<u>                    </u>	<u>\$3,430,000</u>	<u>38,950,000</u>
	<u>\$58,935,457</u>	<u>\$1,048,477</u>	<u>\$3,430,000</u>	<u>\$56,553,934</u>

The Tax Allocation Bonds, issue of 1989 were issued on September 7, 1989 in the amount of \$63,245,000 with interest at 7.65%. The bonds were issued for the purpose of refunding on a current basis the Agency's 1978 Tax Allocation Bonds, refunding on a cross-over basis (a basis in which interest is paid by investment earnings until a future date when the principal indebtedness is paid off), the Agency's 1987 Tax Allocation Refunding Bonds, remitting to the County of Los Angeles a \$5,000,000 payment pursuant to a pass-through agreement and providing funds for various redevelopment and low-and moderate-income housing. All 1987 bonds have been retired. The bonds were issued for sale to the Pico Rivera Public Financing Authority, which concurrently sold the bonds to the underwriter. The bonds are subject to optional redemption in whole or in part on any interest payment date on or after August 1, 2000, by lot, at redemption prices ranging from 100% to 102%. The bonds are term bonds and are due August 1, 2022 and bear an interest rate of 7.65% per annum. The bond indenture requires the minimum balance in the reserve account to be the lesser of (i) 10% of net proceeds of the bonds and any Parity Debt or (ii) Maximum Annual Debt Service. At June 30, 2000, the reserve requirement with respect to the bonds was \$6,300,941. The reserve account balance was \$2,217,509. All debt service payments are current.

It is the opinion of management that the Agency has complied with all major aspects of the bond covenants and loan agreements for fiscal year ended June 30, 2000, except for the reserve requirement mentioned above.

**PICO RIVERA REDEVELOPMENT AGENCY**  
**Notes to Financial Statements (Continued)**  
**June 30, 2000**

The annual requirements to amortize all outstanding bonded indebtedness as of June 30, 2000 are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>RDA Tax Allocation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 560,000	\$ 2,958,255	\$ 3,518,255
2002	600,000	2,913,886	3,513,886
2003	650,000	2,866,073	3,516,073
2004	705,000	2,814,244	3,519,244
2005	755,000	2,758,399	3,513,399
Thereafter	<u>35,680,000</u>	<u>32,985,651</u>	<u>68,665,651</u>
	<u>\$38,950,000</u>	<u>\$47,296,508</u>	<u>\$86,246,508</u>

The aggregate amount of principal and interest on all outstanding bonds may not exceed the maximum amount of tax revenues permitted to be allocated and paid to the Agency according to the Agency Plan.

**8. COMMITMENTS AND CONTINGENCIES**

The City, Agency and County entered into an agreement whereby the County will defer tax increment generated within the project area (County Deferral) and beginning in July of 1992 the City deferred certain sales tax revenues generated within the project area (City Deferral). The County Deferrals and City Deferrals accrue interest at 7%. The County Deferrals are to be repaid with sales tax and future tax increment revenue beginning when the net increment received by the Agency exceeds \$6.5 million annually. The County Deferrals and City Deferrals are recorded as revenue when received by the Agency. At June 30, 2000, the balance of the County Deferrals including interest was \$26,764,895 and the balance of the City Deferrals including interest was \$9,587,838.

**9. RESTATEMENTS**

The beginning fund balance at July 1, 1999 was restated as follows:

- (a) Fund balance in the Redevelopment Agency Capital Projects Fund has been restated to correct the accrual of certain tax revenues.
- (b) The fund balance in the Redevelopment Agency Capital Projects Fund has been restated to reflect the loss on the sale of land held for resale that occurred in the prior year and was not recorded.

PICO RIVERA REDEVELOPMENT AGENCY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 (CONTINUED)

June 30, 2005

6. LONG-TERM LIABILITIES:

A. Changes in long-term liabilities:

Long-term liability activity for the year ended June 30, 2005, was as follows:

	Balance <u>July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2005</u>	Due Within <u>One Year</u>
County deferral	\$ 31,794,940	\$ 1,929,913	\$ -	\$ 33,724,853	\$ -
Compensated absences	32,649	8,268	-	40,917	-
* Advances from City of Pico Rivera	22,190,128	1,013,463	(307,545)	22,896,046	-
Advances from Pico Rivera Water Authority	<u>37,038,360</u>	<u>325,604</u>	<u>(855,008)</u>	<u>36,508,956</u>	<u>896,362</u>
Total	<u>\$ 91,056,077</u>	<u>\$ 3,277,248</u>	<u>\$ (1,162,553)</u>	<u>\$ 93,170,772</u>	<u>\$ 896,362</u>

B. County Deferral:

The Agency and Los Angeles County entered into an agreement whereby the County will defer its share of tax increment (County Deferral) generated within the project area and remit it to the Agency to meet the Agency's debt service obligations. The County Deferrals accrue simple interest of 5% starting February 2002. The County Deferrals are to be paid from incremental property tax revenues received by the Agency in excess of its debt service requirements. The County Deferrals are recorded as revenue when received by the Agency. At June 30, 2005, the balance of the County Deferrals including interest was \$33,724,853. There is no fixed payment schedule for the repayment of the County deferral.

C. Compensated Absences:

There is no fixed payment schedule for earned but unpaid compensated absences.

D. Advances from the City of Pico Rivera:

The City has an agreement with the Agency providing for the advance of funds to finance improvements and operations relating to and within the project area. The Agency accrues interest on the original advances at a rate of 12% per annum. At June 30, 2005, the City has advanced \$22,896,046, including accrued interest of \$13,939,955.

See independent auditors' report.

PICO RIVERA REDEVELOPMENT AGENCY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 (CONTINUED)

June 30, 2005

6. LONG-TERM LIABILITIES (CONTINUED):

E. Advances from the Pico Rivera Water Authority:

On January 30, 2001, the Agency issued \$40,710,000 of tax allocation refunding bonds. These bonds were purchased by the Pico Rivera Water Authority (the Authority), a component unit of the City of Pico Rivera, California for \$38,020,100 cash. The cash received was funded by the Authority from its own issuance of \$40,710,000 Revenue Bonds, Series 2001, less cash discounts, underwriter's discount and cost of issuance. The Agency utilized the bond proceeds to advance refund its Series 1989 bond issue. The Agency's \$40,710,000 tax allocation refunding bonds are recorded as an advance from the Authority and the debt service requirements, which cover and coincide with the Authority's debt service requirements on its Revenue Bonds, Series 2001, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 670,000	\$ 2,692,900	\$ 3,362,900
2007	715,000	2,644,425	3,359,425
2008	765,000	2,592,625	3,357,625
2009	820,000	2,537,150	3,357,150
2010	880,000	2,477,650	3,357,650
2011-2015	5,400,000	11,340,000	16,740,000
2016-2020	7,585,000	9,088,625	16,673,625
2021-2025	10,635,000	5,928,825	16,563,825
2026-2030	7,525,000	2,518,425	10,043,425
2031-2033	3,810,000	411,950	4,221,950
Total	<u>\$ 38,805,000</u>	<u>\$ 42,232,575</u>	<u>\$ 81,037,575</u>

At June 30, 2005, the balance of the advance from the Pico Rivera Water Authority is comprised of the following:

Outstanding balance on revenue bonds	\$ 38,805,000
Less: Unamortized revenue bond discount (A)	(2,522,406)
Plus: Accrued unpaid interest	<u>226,362</u>
	<u>\$ 36,508,956</u>

(A) Unamortized revenue bond discount is amortized on a straight-line basis over the life of the revenue bonds in order to reflect the effective interest rate of this advance transaction.

See independent auditors' report.

PICO RIVERA REDEVELOPMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2005

7. COMMITMENT AND CONTINGENCIES:

The City and the Agency entered into separate agreements with a developer and a retail establishment in connection with the occupancy of the retail establishment in the Pico Rivera Towne Center. The agreements require the City and Agency to pay the developer and the retail establishment of approximately \$2,240,000 over the remaining life of the lease term, which is 13 years as of June 30, 2005.

In prior years the Pico Rivera Public Financing Authority, a component unit of the City of Pico Rivera, California, and the Agency have defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements.

The City and the Agency entered into an agreement whereby the City will defer certain sales tax revenues (City Deferral) generated within the project area to allow the Agency to meet its debt service obligations. The City deferrals accrue interest at 7%. At June 30, 2005, the balance of the City Deferrals including interest was \$18,208,143.

8. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

The following funds reported expenditures in excess of appropriations:

Debt Service Fund	\$ 1,444,409
Redevelopment Agency Capital Projects Fund	1,209,796

See independent auditors' report.

**Pico Rivera Redevelopment Agency**  
**Notes to Financial Statements**  
**Year ended June 30, 2010**

**NOTE 6 LONG-TERM LIABILITIES**

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balances at June 30, 2009	Additions	Retirements	Balances at June 30, 2010	Due Within One Year
<b>Governmental activities:</b>					
County deferral	\$ 38,904,643	\$ -	\$ (454,512)	\$ 38,450,131	\$ -
Compensated absences	52,729	-	(39,099)	13,630	-
Advances from City of Pico Rivera	26,949,193	1,013,266	-	27,962,459	-
Advances from Pico Rivera Water Authority	33,918,600	-	(785,891)	33,132,709	1,033,821
<b>Total long-term liabilities</b>	<b>\$ 99,825,165</b>	<b>\$ 1,013,266</b>	<b>\$ (1,279,502)</b>	<b>\$ 99,558,929</b>	<b>\$ 1,033,821</b>

**County Deferral**

The Agency and Los Angeles County entered into an agreement whereby the County will defer its share of tax increment (County Deferral) generated within the project area and remit it to the Agency to meet the Agency's debt service obligations. The current year County Deferrals accrue one-time simple interest of 5%. The County Deferrals are to be paid from incremental property tax revenues received by the Agency in excess of its debt service requirements. The County Deferrals are recorded as revenue when received by the Agency. At June 30, 2010, the balance of the County Deferrals including interest was \$38,450,131. There is no fixed payment schedule for the repayment of the County deferral.

**Compensated Absences**

There is no fixed payment schedule for incurred but unpaid compensated absences.

**Advances from the City of Pico Rivera**

The City has an agreement with the Agency providing for the advance of funds to finance improvements and operations relating to and within the project area. The Agency accrues interest on the original advances at a rate of 12% per annum. At June 30, 2010, the City has advanced \$27,962,459, including accrued interest of \$18,682,169.

**Advances from the Pico Rivera Water Authority**

On January 30, 2001, the Agency issued \$40,710,000 of tax allocation refunding bonds. These bonds were purchased by the Pico Rivera Water Authority (the Authority), a component unit of the City of Pico Rivera, California, for \$38,020,100 cash. The cash received was funded by the Authority from its own issuance of \$40,710,000 Revenue Bonds, Series 2001, less cash discounts, underwriter's discount and cost of issuance. The Agency utilized the bond proceeds to advance refund its Series 1989 bond issue. The Agency's \$40,710,000 tax allocation refunding bonds are recorded as an advance from the Authority and the debt service requirements, which cover and coincide with the Authority's debt service requirements on its Revenue Bonds, Series 2001, are as follows:

**Pico Rivera Redevelopment Agency**  
**Notes to Financial Statements**  
**Year ended June 30, 2010**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

Year ending June 30,	Principal	Interest	Total
2011	\$ 940,000	\$ 2,413,950	\$ 3,353,950
2012	1,005,000	2,345,875	3,350,875
2013	1,075,000	2,273,075	3,348,075
2014	1,150,000	2,195,200	3,345,200
2015	1,230,000	2,111,900	3,341,900
2016-2020	7,585,000	9,088,625	16,673,625
2021-2025	10,635,000	5,928,825	16,563,825
2026-2030	7,525,000	2,518,425	10,043,425
2031-2032	3,810,000	411,950	4,221,950
Totals	\$ <u>34,955,000</u>	\$ <u>29,287,825</u>	\$ <u>64,242,825</u>

At June 30, 2010, the balance of the advance from the Pico Rivera Water Authority is comprised of the following:

Outstanding balance on revenue bonds	\$ 34,955,000
Less: Unamortized revenue bond discount	(2,026,195)
Plus: Accrued unpaid interest	203,904
	<u>\$ 33,132,709</u>

The ability of the Agency to meet its debt service requirements, including repayment of the County deferral, is dependent on future increases in tax increment revenue or ongoing advances from the City. During fiscal year 2010, the Agency received advances from the City of Pico Rivera amounting to \$1,013,266 to be used toward payment of the Agency's debt service. The City and Agency management doubt that economic conditions will allow for repayment of the Agency's advances from the City of Pico Rivera and its debt to the County of Los Angeles for tax increment deferral.

**NOTE 7 COMMITMENTS**

The City and the Agency entered into separate agreements with a developer and a retail establishment in connection with the occupancy of the retail establishment in the Pico Rivera Towne Center. The agreements require the City and Agency to pay the developer and the retail establishment approximately \$1,762,500 over the remaining life of the lease term, which is 8 years as of June 30, 2010.

The City and the Agency entered into an agreement whereby the City will defer certain sales tax revenues (City Deferral) generated within the project area to allow the Agency to meet its debt service obligations. The City deferrals accrue interest at 7%. At June 30, 2010, the balance of the City Deferrals including interest was \$29,130,975.

Pico Rivera Redevelopment Agency  
Notes to Financial Statements  
Year ended June 30, 2011

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

Governmental activities:	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
Capital assets, not being depreciated				
Land	\$ 1,317,600	\$ -	\$ -	\$ 1,317,600
Capital assets, being depreciated				
Structures and improvements	162,237	-	-	162,237
Furniture and equipment	5,110	-	-	5,110
Infrastructure	50,615	-	-	50,615
Total capital assets, being depreciated	<u>217,962</u>	<u>-</u>	<u>-</u>	<u>217,962</u>
Less accumulated depreciation for:				
Structures and improvements	(92,847)	(3,527)		(96,374)
Furniture and equipment	(5,110)	-		(5,110)
Infrastructure	(6,205)	(1,235)		(7,440)
Total accumulated depreciation	<u>(104,162)</u>	<u>(4,762)</u>	<u>-</u>	<u>(108,924)</u>
Total capital assets being depreciated, net	<u>113,800</u>	<u>(4,762)</u>	<u>-</u>	<u>109,038</u>
Governmental activities capital assets, net	<u>\$ 1,431,400</u>	<u>\$ (4,762)</u>	<u>\$ -</u>	<u>\$ 1,426,638</u>

Depreciation of \$4,762 was charged to the community development function.

**NOTE 6 LONG-TERM LIABILITIES**

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Balances at July 1, 2010	Additions	Retirements	Balances at June 30, 2011	Due Within One Year
Governmental activities:					
County deferral	\$ 38,450,131	\$ 2,471,506	\$ -	\$ 40,921,637	\$ -
Compensated absences	13,630	5,297	-	18,927	-
Advances from City of Pico Rivera	27,962,459	1,013,266	-	28,975,725	588,894
Advances from Pico Rivera					
Water Authority	33,132,709	-	(846,241)	32,286,468	1,005,000
Sales tax loan from the City *	<u>30,414,400</u>	<u>1,650,094</u>	<u>-</u>	<u>32,064,494</u>	<u>647,323</u>
Total long-term liabilities	<u>\$ 129,973,329</u>	<u>\$ 5,140,163</u>	<u>\$ (846,241)</u>	<u>\$ 134,267,251</u>	<u>\$ 2,241,217</u>

\* Restated

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

**County Deferral**

The Agency and Los Angeles County entered into an agreement whereby the County will defer its share of tax increment (County Deferral) generated within the project area and remit it to the Agency to meet the Agency's debt service obligations. The County Deferral accrues simple interest of 5% annually. The County Deferrals are to be paid from incremental property tax revenues received by the Agency in excess of its debt service requirements. The County Deferrals are recorded as revenue when received by the Agency. At June 30, 2011, the balance of the County Deferrals including interest was \$40,921,637. There is no fixed payment schedule for the repayment of the County Deferral (see Note 10).

**Compensated Absences**

There is no fixed payment schedule for incurred but unpaid compensated absences.

**Advances from the City of Pico Rivera**

The City has an agreement with the Agency providing for the advance of funds to finance improvements and operations relating to and within the project area. The Agency accrues interest on the original advances at a rate of 7% per annum. At June 30, 2011, the City has advanced \$28,975,725, including accrued interest of \$20,019,635. Fixed payment terms are as follow:

Year ending June 30,	Principal	Interest	Total
2012	\$ 588,894	\$ 2,040,634	\$ 2,629,528
2013	630,838	1,998,690	2,629,528
2014	675,769	1,953,759	2,629,528
2015	723,900	1,905,627	2,629,527
2016	775,461	1,854,067	2,629,528
2017-2021	4,788,787	8,358,851	13,147,638
2022-2026	6,755,054	6,392,582	13,147,636
2027-2031	9,528,673	3,618,965	13,147,638
2032-2033	4,508,349	429,824	4,938,173
	<u>\$ 28,975,725</u>	<u>\$ 28,552,999</u>	<u>\$ 57,528,724</u>

**Advances from the Pico Rivera Water Authority**

On January 30, 2001, the Agency issued \$40,710,000 of tax allocation refunding bonds. These bonds were purchased by the Pico Rivera Water Authority (the Authority), a component unit of the City of Pico Rivera, California, for \$38,020,100 cash. The cash received was funded by the Authority from its own issuance of \$40,710,000 Revenue Bonds, Series 2001, less cash discount, underwriter's discount and cost of issuance. The Agency utilized the bond proceeds to advance refund its Series 1989 bond issue. The Agency's \$40,710,000 tax allocation refunding bonds are recorded as an advance from the Authority and the debt service requirements, which cover and coincide with the Authority's debt service requirements on its Revenue Bonds, Series 2001, are as follows:

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

Year ending June 30,	Principal	Interest	Total
2012	\$ 1,005,000	\$ 2,345,875	\$ 3,350,875
2013	1,075,000	2,273,075	3,348,075
2014	1,150,000	2,195,200	3,345,200
2015	1,230,000	2,111,900	3,341,900
2016	1,320,000	2,022,650	3,342,650
2017-2021	8,115,000	8,539,125	16,654,125
2022-2026	10,460,000	5,190,500	15,650,500
2027-2031	7,035,000	2,008,825	9,043,825
2032-2033	2,625,000	186,725	2,811,725
Totals	<u>\$ 34,015,000</u>	<u>\$ 26,873,875</u>	<u>\$ 60,888,875</u>

At June 30, 2011, the balance of the advance from the Pico Rivera Water Authority is composed of the following:

Outstanding balance on revenue bonds	\$ 34,015,000
Less unamortized revenue bond discount	(1,926,953)
Plus accrued interest	198,421
	<u>\$ 32,286,468</u>

**Sales Tax Loan from the City**

The City and the Agency entered into an agreement whereby the City will defer certain sales tax revenues (City Deferral) generated within the project area to allow the Agency to meet its debt service obligations. The City deferrals accrue interest at 7%. At June 30, 2011, the balance of the City Deferrals including interest was \$32,064,494. Fixed payment terms are as follow:

Year ending June 30,	Principal	Interest	Total
2012	\$ 647,323	\$ 2,243,105	\$ 2,890,428
2013	693,429	2,196,999	2,890,428
2014	742,818	2,147,610	2,890,428
2015	795,726	2,094,702	2,890,428
2016	852,401	2,038,027	2,890,428
2017-2021	5,263,926	9,188,213	14,452,139
2022-2026	7,425,289	7,026,851	14,452,140
2027-2031	10,474,101	3,978,037	14,452,138
2032-2033	5,169,481	472,470	5,641,951
	<u>\$ 32,064,494</u>	<u>\$ 31,386,014</u>	<u>\$ 63,450,508</u>

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

In previous years, the Sales Tax Loan from the City was reported as a commitment with the interest rate and outstanding balance described in the footnotes, but the Sales Tax Loan was not recorded as a liability in the financial statements due to uncertainty as to the City's intent to enforce collection. In March 2011, the City Council took action and approved a resolution acknowledging the receivable owed by the Redevelopment Agency and affirming the City's willingness to enforce collection of the amount. Accordingly, the liability of \$30,414,400 has been recorded in the fiscal year 2010-11 financial statements as of July 1, 2010, and the net assets have been reduced by the same amount (see Note 12). Under the terms of the agreement, payments are to be made by the Agency to the City to the extent money is available.

**NOTE 7 FUND BALANCES**

Fund balances are composed of the following elements:

	Debt Service	Capital Projects Funds		Total Governmental Funds
		Low and Moderate Income Housing	Redevelopment Agency	
<b>Fund Balances:</b>				
<b>Nonspendable</b>				
Long-term receivables	\$ -	\$ 93,000	\$ 437,471	\$ 530,471
Land held for resale	-	-	587,610	587,610
<b>Restricted for</b>				
Low and moderate income housing	-	4,623,012	-	4,623,012
Unassigned	(606,943)	-	763,968	157,025
<b>Total Fund Balances</b>	<b>\$ (606,943)</b>	<b>\$ 4,716,012</b>	<b>\$ 1,789,049</b>	<b>\$ 5,898,118</b>

*Nonspendable Fund Balance*

The financial statements show an aggregate amount of \$1,118,081 for nonspendable fund balances. Details of this amount are shown below:

Fund	Amount	Details
Low and Moderate Income Housing	\$ 93,000	Long-term receivables
Redevelopment Agency	437,471	Long-term receivables
Redevelopment Agency	587,610	Land held for resale

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the Agency's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the Agency's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.



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

**From:** Director of Finance

**Meeting Date:** October 11, 2012

**Subject:** DUE DILIGENCE REVIEW OF LOW AND MODERATE  
INCOME HOUSING

**Recommendations:**

Adopt a resolution approving the due diligence review report and approving the retention of Low and Moderate Income Housing Funds.

**Discussion:**

On June 28, 2011, the Governor of California signed ABx1 26 which dissolved all California redevelopment agencies. On June 28, 2012, the Governor signed AB1484 which created several new requirements. Health and Safety Code Section 34179.5 requires two Due Diligence Reviews (DDR). The first DDR covers the transfer of assets from the former Low and Moderate income housing fund to the Housing Successor (the Pico Rivera Housing Assistance Agency).

The law prescribes several due dates for the Low and Moderate Income housing DDR:

- The DDR was due October 1, 2012 to the Oversight Board, County Auditor-Controller, State Controller, and State Department of Finance. The DDR was sent out on Monday October 1, 2012.
- The Oversight Board must convene a public comment session. This was held October 4, 2012. Notice of this comment session was posted in compliance with the Brown Act seventy-two hours prior to this meeting.
- The Oversight Board can consider and approve the DDR five or more business days after the public comment session, but the approval must be by October 15, 2012. This item is scheduled for the October 11, 2012 Oversight Board meeting.
- Although there are no apparent penalties for failing to meet these deadlines, staff worked diligently to meet all the deadlines.

On August 27, 2012, the State Department of Finance issued the DDR procedures, and the Successor Agency obtained a quote from Moss, Levy & Hartzheim to perform the DDR. Moss, Levy & Hartzheim was familiar with Pico Rivera because the County of Los Angeles had hired them to perform the first Agreed Upon Procedure required during early 2012.

As required by law, the Successor Agency obtained approval from Los Angeles County prior to hiring Moss, Levy & Hartzheim.

The DDR identifies two issues already being discussed with the State Department of Finance.

Burke Property - the Burke property is vacant contaminated land. The plans for development are for senior housing, but additional funds are needed for cleanup before a project can commence.

Restricted Cash - the 2001 tax allocation bond payments are secured by property taxes, sales taxes, and low and moderate income housing money. Staff have provided numerous documents to the Department of Finance, and staff is awaiting a meet and confer session with the Department of Finance. Staff believes the retention of these funds are necessary to comply with the requirements of the 2001 tax allocation bonds.

Because the Successor Agency believes that retention of funds is necessary for the satisfaction of Successor Agency obligations, Health & Safety Code section 34179.6(c) requires that the Oversight Board authorize the Successor Agency to retain such funds. Staff believes that the retention of funds is both necessary and appropriate and therefore requests that the Oversight Board authorize the Successor Agency to retain funds in the amount of \$2,220,437. Further, staff believes absent these funds being retained, the Successor Agency may be unable to meet all bond payments, potentially exposing the Successor Agency to a protracted dispute with holders of enforceable obligations, with the potential to result in more costly delay in winding down the operations of the Successor Agency.

In Summary, the DDR identifies no areas of concern, and it supports the accuracy of the Successor Agency's financial analysis and reporting. Staff has done an excellent job at complying with the cumbersome requirements of ABx1-26 and AB1484. The outcome of the two issues will depend on the determination by the Department of Finance.



Michael Matsumoto  
Director of Finance

OVERSIGHT BOARD AGENDA MEMO – MTG. OF 10/11/12  
Due Diligence Review for Low and Moderate Income Housing  
Page 3

MM

Attachment - Resolution approving the due diligence review and approving retention of funds by the successor agency

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

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY APPROVING THE DUE DILIGENCE REVIEW PERFORMED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34179.5 AND APPROVING RETENTION OF FUNDS BY THE SUCCESSOR AGENCY PURSUANT TO HEALTH & SAFETY CODE SECTION 34179.6(c)**

**WHEREAS**, on June 28, 2012, the Governor of California signed AB 1484 which added Health and Safety Code Section 34179.5 requiring a due diligence review be sent to the Department of Finance and others by October 15, 2012; and

**WHEREAS**, the Successor Agency retained an accounting firm approved by the County of Los Angeles to conduct the due diligence review; and

**WHEREAS**, pursuant to Health and Safety Code Section 34176(e)(2), the Successor Agency and Housing Successor believe the cash on hand from Low and Moderate Income Housing set asides are encumbered by the 2001 Tax Allocation Bonds; and

**WHEREAS**, pursuant to Health and Safety Code Section 34176(a)(2), the Housing Successor submitted a list of the assets transferred to the Housing Successor to the Department of Finance; and

**WHEREAS**, the cash in the Low and Moderate Income Housing Fund was reported as transferred to the Housing Successor; and

**WHEREAS**, on August 30, 2012, the Department of Finance questioned the transfer of the cash to the Housing Successor; and

**WHEREAS**, later on August 30, 2012, the Department of Finance asked that we request a meet and confer to discuss the housing transfer; and

**WHEREAS**, on September 4, 2012, the Successor Agency requested meet and confer; and

**WHEREAS**, Health and Safety Code Section 34179.6(c) requires the Oversight Board to include the amount, source and purpose of the retention in the resolution; and

**WHEREAS**, the amount of funds to be retained is \$2,220,437 as identified in the due diligence review report; and

**WHEREAS**, the source of the \$2,220,437 is low and moderate income housing set aside funds; and

**WHEREAS**, the \$2,220,437 is restricted as security to the 2001 tax allocation bonds; and

**WHEREAS**, the due diligence review was sent to the Oversight Board on October 1 for a meeting held October 4, 2012; and

**WHEREAS**, Health and Safety Code Section 34179.6 requires the due diligence be submitted to the Department of Finance and the County Auditor Controller by October 15, 2012;

**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 foregoing Recitals are incorporated into this Resolution by this reference.

**SECTION 2.** The Oversight Board approves the due diligence review report prepared by Moss, Levy & Hartzheim dated September 24, 2012 (Attachment A).

**SECTION 3.** The City Manager and Director of Finance of the Successor Agency (and their designees) are hereby authorized and directed to evaluate and execute necessary changes to the due diligence review report (including changes to formatting as required by DOF) as may be appropriate and/or required by ABx1 26 and/or AB 1484 whether pursuant to its terms, by court order, or as otherwise required by law.

**SECTION 4.** The City Manager and Director of Finance are further authorized and directed to notify and forward a copy of this Resolution and the due diligence review report to the County Auditor-Controller, State Department of Finance, the State Controller's Office, and any other entity required by law.

**SECTION 5.** Pursuant to Health and Safety Code Section 34179.6(c), the OB authorizes the retention of \$2,220,437 by the Successor Agency, if DOF does not approve the transfer to the Housing Successor. The source of these funds is found to be Low-Moderate Housing Set Aside Funds as further identified and described on pages 8-9 and in Exhibit E of the Due Diligence Report. The purposes for which these funds are to be retained are found by the Oversight Board to be for the purpose of securing 2001 Tax Allocation Bonds.

**SECTION 6.** The Oversight Board, in furtherance of its fiduciary duties to the taxing entities and the holders of enforceable obligations, hereby finds that the retention of the funds identified for the purposes described in Section 5 of this Resolution is in the best interest of the taxing entities and the holders of the obligations secured by the 2001 Tax Allocation Bonds because retaining the identified funds to satisfy these obligations of the tax allocation bonds is necessary as enforceable obligations. Further, the Oversight Board finds that retaining these funds, in the long run, is in the interest of the taxing entities because absent these funds being retained, the Successor Agency may be unable to meet the obligations for the 2001 Tax Allocation Bonds, potentially exposing the Successor Agency to a protracted dispute with holders of enforceable obligations, with the potential to result in more costly delay in winding down the operations of the Successor Agency.

Resolution No. \_\_\_\_\_

Page 3 of 3

**SECTION 7.** 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 \_\_\_\_<sup>th</sup> day of October 2012.**

**ATTEST:**

**OVERSIGHT BOARD**

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

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

APPROVED AS TO FORM:

\_\_\_\_\_  
Michael R.W. Houston, Board Counsel

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**SUCCESSOR AGENCY TO THE  
DISSOLVED REDEVELOPMENT AGENCY OF THE  
CITY OF PICO RIVERA  
Los Angeles County, California**

**Agreed Upon Procedures – AB1484  
Low and Moderate Income Housing Fund**

June 30, 2012

**SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE CITY OF PICO RIVERA**  
**County of Los Angeles, California**  
**Agreed Upon Procedures – AB1484**  
**Low and Moderate Income Housing Fund**  
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**June 30, 2012**

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A. LEVY, CPA  
CRAIG A. HARTZHEIM, CPA  
HADLEY Y. HUI, CPA

**COMMERCIAL ACCOUNTING & TAX SERVICES**

9107 WILSHIRE BLVD. SUITE 500  
BEVERLY HILLS, CA 90210  
TEL: 310.273.2745  
FAX: 310.670.1689  
www.mlhcpas.com

**GOVERNMENTAL AUDIT SERVICES**

5800 E. HANNUM, SUITE E  
CULVER CITY, CA 90230  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED UPON PROCEDURES ON  
THE LOW AND MODERATE INCOME HOUSING FUND**

Oversight Board of the Successor Agency  
City of Pico Rivera  
Pico Rivera, California

We have performed the procedures enumerated below solely to assist in ensuring that the Successor Agency of the Redevelopment Agency of the City of Pico Rivera is complying with its statutory requirements with respect to AB 1484. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Applied

**Citation:**

*34179.5(c)(1) The dollar value of assets transferred from the former Redevelopment Agency to the Successor Agency on or about February 1, 2012.*

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former Redevelopment Agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Result:

The former Redevelopment Agency transferred the total asset amount of \$4,838,187 from Fund 510 Low and Moderate Income Housing Capital Project Fund to the Successor Agency Fund 511 Low and Moderate Housing Income Asset Fund – Successor Agency (LMIHF). The assets consisted of cash and investments in the amount of \$2,220,437; Interest Receivable in the amount of \$1,384; Long-term Loans Receivable in the amount of \$93,000; Advances to RDA Operating Fund in the amount of \$2,011,156 and Land Held for Resale in the amount of \$512,210. We found no exceptions as a result of the procedures performed. See Attachment A for the listing of all assets that were transferred.

SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE  
CITY OF PICO RIVERA  
AGREED-UPON PROCEDURES OF AB 1484

**Citation:**

*34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the Redevelopment Agency or the Successor Agency to the City, County, or City and County that formed the Redevelopment Agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.*

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former Redevelopment Agency to the City, County, or City and County that formed the Redevelopment Agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

No assets were transferred from the former Redevelopment Agency Low-Mod Housing Fund to any City, County, or City and County during the period January 1, 2011 through January 31, 2012.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the City, County, or City and County that formed the Redevelopment Agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

No assets were transferred from the Successor Agency Housing Fund to any City, County, or City and County during the period February 1, 2012 through June 30, 2012. See Attachment B.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

We found no exceptions as a result of the procedures performed.

**Citation:**

*34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the Redevelopment Agency or the Successor Agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.*

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former Redevelopment Agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

No LMIHF assets were transferred from the former Redevelopment Agency Housing Fund to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012.

SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE  
CITY OF PICO RIVERA  
AGREED-UPON PROCEDURES OF AB 1484

**Citation:**

*34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the Redevelopment Agency or the Successor Agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer (continued).*

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures (continued):

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) [from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

No LMIHF assets were transferred from the former Redevelopment Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

Not applicable. No LMIHF assets were transferred to any other public agency or to private parties for the period.

**Citation:**

*34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the Successor Agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.*

4. Perform the following procedures:

- A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.
- B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.
- C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.
- D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

Result:

Procedure 4 was not applicable to LMIHF; however, this procedure will apply for the report due December 15, 2012.

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**Citation:**

*34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:*

*(A) A statement of the total value of each fund as of June 30, 2012*

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former Redevelopment Agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

Result:

See Attachment A for the listing of all assets of the LMIHF as of June 30, 2012. The listing of all assets of all other funds of the Successor Agency as of June 30, 2012 for the report that is due December 15, 2012 is not available at this time. See Attachment B for the listing of all assets of the LMIHF as of June 30, 2012.

**Citation:**

*34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.*

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:
  - A. Unspent bond proceeds:
    - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
    - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
    - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Result:

The Successor Agency does not have any unspent bond proceeds.

- B. Grant proceeds and program income that are restricted by third parties:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Result:

The Successor Agency did not have grant proceeds or program income restricted by third parties.

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*Citation: 34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use (continued).*

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes (continued):

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

Result:

The Successor Agency Housing Fund has a June 30, 2012 cash balance of \$2,220,437 which according to the 2001 Tax Allocation Bond Documents is pledged towards annual debt service payments. In reviewing documents between the Successor Agency and the State Department of Finance, this cash balance is currently being discussed.

In addition, the Successor Agency has one long-term loan receivable in the amount of \$90,567, interest receivable on this long-term loan in the amount of \$736, and Land Held for Resale identified as Slauson/San Gabriel River (C-4) – Burke Street Property in the amount of \$512,210. All are traceable to the accounting records of the former redevelopment agency and the Successor Agency. The long-term loan receivable and long-term interest receivable are appropriately restricted. Documents other than the grant deed for the Land Held for Resale appear to indicate that the land was purchased for Low and Moderate Housing purposes and include an explanation of use and a Development and Disposition Agreement with MRC Development, which indicates that "at least eight (8) of the units [out of 47 single family, detached houses] to Low- and Moderate-Income Households."

D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Result:

The amounts restricted for the long-term receivables and the debt service are restricted for the terms of the repayments. The amount dedicated to Land Held for Resale is restricted until the related assets are expended for their intended purpose or otherwise disposed of. See Attachment A.

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**Citation:**

*34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.*

7. Perform the following procedures:

- A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

Result:

The long-term loan receivable for one residential rehabilitation loan of \$90,567 is listed at purchase cost. Presently, the Successor Agency is communicating and seeking clarification with the State of California Department of Finance regarding the \$512,210 land purchase by the former Redevelopment Agency, which is in the Successor Agency Fund 511 Low and Moderate Income Housing Asset Fund: Land held for Resale. The Land held for Resale was to be used for low income housing construction and is listed at purchase cost. Advances to the RDA Operating Fund in the amount of \$2,011,156 were loans to the RDA to pay the SERAF and is recorded in the Successor Agency Fund 511 Low and Moderate Income Housing Asset Fund: Advances to RDA. See Attachment C.

- B. If the assets listed at 7A are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.

Result:

We found no exceptions as a result of the procedure performed.

- C. For any differences noted in 7B, inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

Result:

Based on the information provided, no addition or disposition of assets occurred in the Successor Agency. We found no exceptions as a result of the procedure performed.

- D. If the assets listed at 7A are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Result:

Not applicable. The values of non-liquid assets are not listed at estimated market value.

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**Citation:**

*34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the Successor Agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the Successor Agency, together with both the amount and timing of the bond debt service payments of the Successor Agency, for the period in which the oversight board anticipates the Successor Agency will have insufficient property tax revenue to pay the specified obligations.*

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
  - i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
  - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
  - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
  - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Result:

Cash in the amount of \$2,223,979 and interest receivable in the amount of \$2,484 as of June 30, 2012, were retained in addition to restricted balances discussed previously. Of the \$2,484 interest receivable, \$736 is restricted otherwise, cash and interest receivable are not dedicated or restricted. However, the City of Pico Rivera submitted a Notice of Insufficient Funds to the Los Angeles County Auditor-Controller dated April 26, 2012 detailing the expected shortfall for the period ending December 31, 2012. The Cash and interest receivable have been retained for the purpose of satisfying the 2001 Tax Allocation Refunding Bond pledge of 22.39% of Tax Revenues towards the repayment of debt service. See Attachment E.

- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
  - i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
  - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.

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*Citation: 34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the Successor Agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the Successor Agency, together with both the amount and timing of the bond debt service payments of the Successor Agency, for the period in which the oversight board anticipates the Successor Agency will have insufficient property tax revenue to pay the specified obligations.(continued)*

8. Perform the following procedures (continued):

- iii. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
- iv. For the forecasted annual revenues:
  - 1. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Result:

Major assumptions for revenue include the continued receipt of RPTTF and other revenue of the former Redevelopment Agency sales tax receipts in amounts similar to previously received tax increment and sales tax receipts.

- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
  - i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
  - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
  - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Result:

For the LMIHF Fund, sufficient funds presently exist; however, based on the Report of Insufficient Funds – Period Ending December 31, 2012 provided by the Rosenow Spevacek Group Inc. to the Successor Agency, the projected property tax revenues and other general purpose revenues to be received are estimated to be insufficient to pay bond debt service payments. As shown in the Summary of Recognized Obligation Payment Schedule Filed for the January 1, 2013 to June 30, 2013 period, the bond debt service payment for the period January 1, 2012 through June 30, 2012 was met partially by RPTTF in the amount of \$764,919 with the remainder met by reserve balance in the amount of \$390,431. No other debt was paid during the period January 1, 2012 through June 30, 2012. The computation for the December 2012 ROPS was based on July 2011 through December 2011 actual property tax increment revenues. The computation for the January 2013 through June 2013 was based on a report of estimated revenue provided by the County using 2% growth. See Attachment E for the Rosenow Spevacek Group, Inc. information.

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*Citation: 34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the Successor Agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the Successor Agency, together with both the amount and timing of the bond debt service payments of the Successor Agency, for the period in which the oversight board anticipates the Successor Agency will have insufficient property tax revenue to pay the specified obligations. (continued)*

8. Perform the following procedures (continued):

- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures:
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
  - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
  - iii. Include the calculation in the AUP report.

Result:

The current unrestricted balance in cash as well as interest receivable in the total amount of \$2,226,463 will be needed to satisfy future payments, first for the debt service payments and then for any other enforceable obligations listed. Enforceable obligations that do not show payments due or paid in the periods submitted thus far for the ROPS do not have payment schedules. However, the obligations will need to be repaid. Those obligations include loans by the City, which were disallowed, and SERAF loans with a total due of \$2,011,156. See Result in Procedure 9 below and Attachment F.

Citation:

*34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.*

9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Result:

For the LMIHF Fund, sufficient funds presently exist to cover its committed 22.39% of bond debt service based upon the Bond's Official Statement; however, the Successor Agency is concerned that without the money on hand, the debt service coverage is extremely tight, and the Successor Agency is skeptical about the County estimate of property taxes for January 2, 2013 because the pass through is shown as a negative amount and the County has not explained why the amount is negative. The Successor Agency expects that the December 1, 2012 debt service payment will be funded by a combination of Redevelopment Property Tax Trust Fund (RPTTF), cash on hand, and Sales Tax in Lieu revenues. There is insufficient property tax revenue to fund the debt service payments entirely. However, for the June 1, 2013 bond debt service payment, it is anticipated that the debt service payment will be entirely (or almost entirely) funded with RPTTF revenue. See Attachment F.

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**Citation:**

*34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the Successor Agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.*

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

Result:

The schedule for all other funds will be provided with the December 15, 2012 report. See Attachment D for the LMIHF schedule.

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former Redevelopment Agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Result:

We found no exceptions as a result of the procedure performed.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion.

This report is intended solely for the information of the Oversight Committee, Management, California State Controller's Office, Department of Finance, and Los Angeles County Auditor-Controller, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
September 24, 2012

**CITY OF PICO RIVERA**  
**Successor Agency**  
**Asset Transfer Listing to the Successor Agency**  
**on February 1, 2012**

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Cash	\$	2,220,437
Interest Receivable		1,384
Loans Receivable		93,000
Advances to RDA		2,011,156
Land Held for Resale		512,210
Total	\$	<u>4,838,187</u>

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
<b>Assets (modified accrual basis)</b>				
Cash and Investments	\$ 2,058,649	\$ 2,600,395	\$ 2,220,437	\$ 2,223,979
Interest Receivable	4,434	3,401	1,384	2,484
Taxes Receivable	118,768	104,909	-	
Long-term Loans Receivable	95,000	93,000	93,000	90,567
Advances to RDA Operating Fund	1,667,788	2,011,156	2,011,156	2,011,156
Land Held for Resale			512,210	512,210
<b>Total Assets</b>	<b>\$ 3,944,639</b>	<b>\$ 4,812,861</b>	<b>\$ 4,838,187</b>	<b>\$ 4,840,396</b>
<b>Liabilities (modified accrual basis)</b>				
Accounts Payable	\$ (33,837)	\$ -	\$ -	\$ 1,295
Accrued Wages Payable	1,733	1,936		
PERS Liability	123	144		
Benefits Deduction	638	385		
Deferred Revenues	96,425	94,384	94,384	91,303
<b>Total Liabilities</b>	<b>\$ 65,082</b>	<b>\$ 96,849</b>	<b>\$ 94,384</b>	<b>\$ 92,598</b>
<b>Equity</b>	<b>3,879,557</b>	<b>4,716,012</b>	<b>4,743,803</b>	<b>4,747,798</b>
<b>Total Liabilities + Equity</b>	<b>\$ 3,944,639</b>	<b>\$ 4,812,861</b>	<b>\$ 4,838,187</b>	<b>\$ 4,840,396</b>
<b>Total Revenues:</b>	<b>\$ 1,727,853</b>	<b>\$ 1,582,039</b>	<b>\$ 7,287</b>	<b>\$ 5,830</b>
<b>Total Expenditures:</b>	<b>\$ (66,310)</b>	<b>\$ (68,183)</b>	<b>\$ (128)</b>	<b>\$ (1,835)</b>
<b>Total Transfers*:</b>	<b>\$ (677,690)</b>	<b>\$ (677,400)</b>	<b>\$ 20,632</b>	<b>\$ 4,743,803</b>
* Includes Cash Advances from City				
<b>Net change in equity</b>	<b>\$ 983,853</b>	<b>\$ 836,456</b>	<b>\$ 27,791</b>	<b>\$ 4,747,798</b>
<b>Beginning Equity:</b>	<b>\$ 2,895,703</b>	<b>\$ 3,879,556</b>	<b>\$ 4,716,012</b>	<b>\$ -</b>
<b>Ending Equity:</b>	<b>\$ 3,879,556</b>	<b>\$ 4,716,012</b>	<b>\$ 4,743,803</b>	<b>\$ 4,747,798</b>
<b>Other Information (show year end balances for all three years presented):</b>				
Capital assets as of end of year	\$ -	\$ -	\$ -	\$ -
Long-term debt as of end of year	\$ -	\$ -	\$ -	\$ -
<b>Long-term debt as of end of year:</b>				
2001 Tax Alloc. Ref. Bonds	\$ -	\$ -	\$ -	\$ 7,390,939

**CITY OF PICO RIVERA**  
**Successor Agency**  
**Asset Transfer Listing**  
**For the period from January 1, 2011 through June 30, 2012**

Type of Asset	Type of Transfer	Carrying Value of Asset	Date of transfer	Carrying Value of Asset	Ending Balance June 30, 2012
Cash	Housing asset transfer to Pico Rivera's housing agency	\$2,220,437	2/1/2012	\$ 2,223,979	6/30/2012
Interest Receivable	Housing asset transfer to Pico Rivera's housing agency	1,384	2/1/2012	2,484	6/30/2012
Loans Receivable	Housing asset transfer to Pico Rivera's housing agency	93,000	2/1/2012	90,567	6/30/2012
Land Held for Resale	Housing asset transfer to Pico Rivera's housing agency	512,210	2/1/2012	512,210	6/30/2012
Advances to RDA	Housing asset transfer to Pico Rivera's housing agency	2,011,156	2/1/2012	2,011,156	6/30/2012

Note: No assets were transferred from the Successor Agency Housing Fund to any City, County, or City and County.  
This attachment only lists assets within the Successor Agency Housing Fund during this timeframe.

**CITY OF PICO RIVERA**  
**Successor Agency**  
**Non-liquid Asset Listing - Low and Moderate Income Housing Fund**  
**June 30, 2012**

---

Loans Receivable	\$ 90,567
Advances to RDA	2,011,156
Land Held for Resale	<u>512,210</u>
Total	<u><u>\$ 2,613,933</u></u>

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

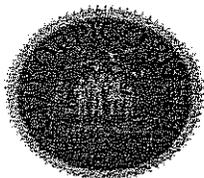
LMHFH

Total amount of assets held by the Successor Agency as of June 30, 2012 (procedure 5)	\$	4,840,396	Note 1
Add the amount of any assets transferred to the City or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)		-	
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)		-	Note 2
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)		(2,613,933)	Note 3
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)		-	
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)		-	
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance		-	
Amount to be remitted to County for disbursement to taxing entities	\$	<u>2,226,463</u>	

*Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.*

- Note 1: The Department of Finance is questioning the \$2.2 million cash balance. The City's Successor Agency states that the cash is needed to pay the Housing's obligation on the 2001 Bonds.
- Note 2: Per the 2001 Tax Increment Bond Official Statement, the Housing Fund is obligated for 22.39% of the annual debt service payment. Per the City's Successor Agency, until this is clarified, the Housing transfer to the Debt Service Fund is not occurring.
- Note 3: The total consists of \$90,567 in one residential rehabilitation loan; \$512,210 in Land Held for Resale; and \$2,011,156 SERAF loan to the RDA Operating Fund. The Department of Finance is questioning the Land Held for Resale. The City's Successor Agency states that "the property was purchased with the intent to construct low income housing when funding became available."

CITY OF PICO RIVERA  
Successor Agency  
Notice of Insufficient Funds – Low and Moderate Income Housing Fund  
June 30, 2012



Michael Matsumoto  
Director of Finance

City of Pico Rivera  
**FINANCE DEPARTMENT**

6615 Parsons Boulevard · Pico Rivera, California · 90660  
(562) 801-4392

Web: [www.pico-rivera.org](http://www.pico-rivera.org) · e-mail: [mmatsumoto@pico-rivera.org](mailto:mmatsumoto@pico-rivera.org)

*RDA/Successor Agency*

**City Council**

Bob J. Archuleta  
*Mayor*  
Gustavo V. Camacho  
*Mayor Pro Tem*  
David W. Armenta  
*Councilmember*  
Gregory Salcido  
*Councilmember*  
Brent A. Tercero  
*Councilmember*

**NOTICE OF INSUFFICIENT FUNDS  
PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34813(b)**

**FOR THE PAYMENT PERIOD OF  
JULY 1 – DECEMBER 31, 2012**

**REDEVELOPMENT SUCCESSOR AGENCY OF THE  
CITY OF PICO RIVERA**

April 26, 2012

VIA CERTIFIED MAIL – 7002 2030 0003 1937 6225  
RETURN RECEIPT REQUESTED

Ms. Wendy L. Watanabe  
LOS ANGELES COUNTY AUDITOR-CONTROLLER  
500 West Temple Street, Room 525  
Los Angeles, CA 90012

Pursuant to California Health and Safety Code Section 34183(b), enclosed please find the report of insufficient funds to make payments for the six month period ending December 31, 2012 for the Redevelopment Successor Agency of the City of Pico Rivera ("Successor Agency").

As indicated in the attached report prepared by the Successor Agency's consultant, the Successor Agency will not have sufficient funds to remit payment of a) taxing agency payments as specified under Health and Safety Code Section 34183(a)(1), b) payments listed on the Successor Agency's Recognized Obligation Payment Schedule for the period ending December 31, 2012 specified under Section 34183(a)(2) as transmitted to you on February 15, 2012, and c) the Successor Agency's administrative cost allowance specified under Section 34183(a)(3). In total, we anticipate a shortfall of \$985,317 for this period, exclusive of any pass through payment.

Pursuant to Health and Safety Code Section 34183(b), the Successor Agency requests that you expeditiously perform the required notifications and actions in order so that the Successor Agency may be able to meet its fiduciary obligations and avoid default on debts of the former Redevelopment Agency of the City of Pico Rivera.

Please contact me if you have any questions regarding this notice or the attached report.

Sincerely,

Michael Matsumoto  
Director of Finance

Enclosure

CITY OF PICO RIVERA  
Successor Agency  
Notice of Insufficient Funds – Low and Moderate Income Housing Fund  
June 30, 2012



ROSENOW SPEVACEK GROUP INC.  
309 WEST 4TH STREET  
SANTA ANA, CALIFORNIA  
92701-4502

T 714 541 4585  
F 714 541 1175  
E INFO@WEBRSG.COM  
WEBRSG.COM

April 25, 2012

Michael Matsumoto, Director of Finance  
CITY OF PICO RIVERA  
6615 Passons Boulevard  
Pico Rivera, CA 90660

REPORT OF INSUFFICIENT FUNDS – PERIOD ENDING DECEMBER 31, 2012  
SUCCESSOR AGENCY OF THE CITY OF PICO RIVERA

Dear Mr. Matsumoto:

This letter presents RSG's independent evaluation of the Successor Agency's ability to meet certain obligations for the period ending December 31, 2012 from our estimates of the amounts that may be available for distribution by the Los Angeles County Auditor-Controller's Redevelopment Property Tax Trust Fund ("RPTTF") on June 1, 2012.

As summarized in this report, the Successor Agency will not have sufficient funds necessary to meet enforceable obligations and must notify and seek a remedy with the County Auditor-Controller to avoid defaulting on existing payments including bond debt service. Notice is required by May 1, 2012, so time is of the essence.

BACKGROUND

In March 2012, RSG determined that the Successor Agency would not have sufficient funds necessary to service obligations of the former Redevelopment Agency for the period ending June 30, 2012, and has been asked to review the Successor Agency's projected revenues and expenditures for the next period ending December 31, 2012. Based on this review, a successor agency may report and notify the county auditor-controller of any insufficiency as part of a process that entails subsequent review by the auditor-controller, State Controller, and Department of Finance which may result in remedies to avoid default.

The components of the analysis required are outlined in Section 34183(b) of the Health and Safety Code, and include:

1. Review of revenues and assets, including:
  - a. Amount of the corresponding period's RPTTF disbursement
  - b. Amount of any other funds transferred from the former redevelopment agency to the successor agency
  - c. Funds that have or will become available through asset sales and all redevelopment operations

COMMUNITY INVESTMENT & IMPROVEMENT  
LOCAL GOVERNMENT SOLUTIONS  
FINANCIAL ANALYSIS  
HOUSING

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CITY OF PICO RIVERA  
 Successor Agency  
 Notice of Insufficient Funds – Low and Moderate Income Housing Fund  
 June 30, 2012

Michael Matsumoto, Director of Finance  
 CITY OF PICO RIVERA  
 April 25, 2012  
 Page 3

2. Review of payments required for the six-month period, including:
  - a. Payments to taxing agencies for various fiscal mitigation obligations with the former redevelopment agency, as described in Health and Safety Code Section 34183(a)(1)
  - b. Payments listed on the corresponding period's Recognized Obligation Payment Schedule ("ROPS")
  - c. The successor agency's administrative allowance

In the event that the payments exceed the revenues and assets available to a successor agency for that period, the agency shall first notify the county auditor-controller to report the insufficiency not later than May 1, 2012 for the scheduled June 1, 2012 disbursement. Following notification to the State Controller and Department of Finance and verification by the county auditor-controller, the State Controller, may authorize the county auditor-controller to deduct the deficiency in the following order of priority:

1. First, from any net distribution to the taxing agencies from the RPTTF after successor agency administrative costs, ROPS payments, and fiscal mitigation payments. (We note this amount would always be zero if a deficiency existed and question why the legislature put this in the law to begin with.)
2. Second, from the administrative allowance.
3. Third, from any fiscal mitigation payments explicitly subordinate to debt service payments for enforceable obligations.

The code is silent as to how any remaining deficiency may be rectified. Section 34183(c) does authorize (but not require) the county treasurer to make loans from the county treasury to ensure prompt payments of redevelopment agency debts. The terms and conditions of such loans are not described, nor are such loans clearly described as enforceable obligations for which the successor agency may receive subsequent payment to fund such debt service.

Because of these missing provisions, unless cleanup legislation is enacted by the legislature, some successor agencies may be facing default on some obligations. The Los Angeles County Auditor-Controller's Property Tax Division Chief, Arlene Barrera, stated to the March 19 Town Hall audience that she was empowered to work with special situations to avoid deficiencies, although it was unclear the extent of that authority.

#### METHODOLOGY AND ASSUMPTIONS

RSG computed the available revenues and expenditure based on records from the City Finance Department and applying various assumptions as described in the matrix below:

CITY OF PICO RIVERA  
 Successor Agency  
 Notice of Insufficient Funds – Low and Moderate Income Housing Fund  
 June 30, 2012

Michael Matsumoto, Director of Finance  
 CITY OF PICO RIVERA  
 April 25, 2012  
 Page 4

Revenue Component	Assumption
<b>Corresponding Period's RPTTF Disbursement</b>	<p>This amount is not known at this time due to the fact that the 2012-13 assessment roll is not finalized until July 2012. Preliminary estimates by the County Assessor in April 2012 indicate that <u>Countywide</u> the roll will be approximately 0.4 percent greater than 2011-12; however this is a much smaller amount of growth than the Assessor estimated in December 2011 and the assessment process is still very much preliminary. Moreover, Pico Rivera housing prices (which account for 70 percent of the total roll in Los Angeles County) fell by 6.2 percent in Pico Rivera compared to 4.4 percent Countywide during 2011 according to DataQuick.</p> <p>As a result of these factors, RSG would anticipate that 2012-13 property taxes in Pico Rivera would not exceed amounts in 2011-12. For the six-month period ending December 31, 2011, the former Redevelopment Agency collected a total of \$3,883,987 in gross tax increment revenue from the County of Los Angeles. Assuming these receipts remain constant based on the foregoing analysis, RSG estimates that the amount of the RPTTF disbursement would not exceed this same amount of <b>\$3,883,987</b>.</p>
<b>Amount of any other funds transferred to Successor Agency</b>	<p>On March 28, 2012, RSG provided an analysis of the cash flows for the period ending June 30, 2012 and concluded that the Successor Agency would face a deficiency of funds necessary to service debt for the corresponding six-month period. Presuming that the Successor Agency receives relief of not more than the shortfall, the beginning unencumbered cash balance of the Successor Agency as of July 1, 2012 would be \$0.</p> <p>Other revenues include <b>\$530,000</b> of former RDA sales tax receipts between July 1, 2012 and December 31, 2012, which are subject to a \$1,065,000 annual cap in accordance with bond covenants.</p>
<b>Funds that have or will become available through asset sales and all redevelopment operations</b>	<p>None for this period. The Successor Agency has compiled an inventory of other assets but has not yet met with the Oversight Board to direct the disposition of these properties. The largest parcel is a contaminated property with little or no market value and the only other parcel available for sale is at an estimated value of \$400,000. However, due to the fact that the Oversight Board has not</p>

CITY OF PICO RIVERA  
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 Notice of Insufficient Funds – Low and Moderate Income Housing Fund  
 June 30, 2012

Michael Matsumoto, Director of Finance  
 CITY OF PICO RIVERA  
 April 25, 2012  
 Page 5

Revenue Component	Assumption
	convened nor is it clear if title insurance or an appraisal on the property can be obtained, the Successor Agency is not in a position to market this property at this time.

Expenditure Component	Assumption
<b>Payments to taxing agencies for fiscal mitigation obligations with former redevelopment agency</b>	Total pass through to the County of Los Angeles is estimated to be <b>\$2,609,459</b> for the period ending December 31, 2012, based on actual property tax increment revenues computed for the same six month period of 2011.
<b>Payments listed on the corresponding period's ROPS</b>	According to the ROPS filed with the County Auditor-Controller on February 15, 2012, the total amount of payments exclusive of the administrative allowance is <b>\$5,020,328</b> for the period ending December 31, 2012.
<b>Administrative allowance</b>	The Successor Agency's administrative allowance for the period ending June 30, 2012 is <b>\$378,976</b> . The actual amount of administrative costs and the allowance is subject to Oversight Board and Department of Finance review.

## ANALYSIS

The table below presents a calculation of the Successor Agency's funds and expenditures for the period ending December 31, 2012. As shown in the table, the Successor Agency will not have sufficient funds for the period and faces a shortfall of \$3,594,776 including the fiscal mitigation payment to the County of Los Angeles, or \$985,317 without the fiscal mitigation payment.

*Breakdown of December 31, 2012 Revenues and Expenditures*

Revenues		<u>\$ 4,413,987</u>
Periodic RPTTF Distribution	\$ 3,883,967	
Other Funds Transferred	530,000	
Asset Sale Proceeds	-	
Expenditures		<u>(8,008,763)</u>
Fiscal Mitigation Payments	(2,609,459)	
ROPS Payments	(5,020,328)	
Administrative Allowance	(378,976)	
Insufficient Funds for Period		<u>\$ (3,594,776)</u>
Insufficiency exclusive of Fiscal Mit Pmts:		(985,317)

CITY OF PICO RIVERA  
Successor Agency  
Notice of Insufficient Funds – Low and Moderate Income Housing Fund  
June 30, 2012

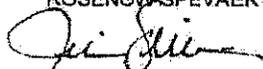
Michael Matsumoto, Director of Finance  
CITY OF PICO RIVERA  
April 25, 2012  
Page 6

CONCLUSIONS

Based on the preceding analysis, RSG has concluded that the Pico Rivera Redevelopment Successor Agency will face a shortfall of \$985,317, exclusive of any pass through payments remitted by the Auditor-Controller for the period ending December 31, 2012. RSG advises the City to notify the County of Los Angeles Auditor-Controller of the \$985,317 insufficiency no later than May 1, 2012 and pursue all statutory and legal remedies to ensure that it may obtain the necessary funding to meet debt obligations from the December 31, 2012 Recognized Obligation Payment Schedule.

If you have any questions, please do not hesitate to contact me.

Sincerely,  
ROSENOW SPEVAEK GROUP, INC.

  
Jim Simon  
Principal

CITY OF PICO RIVERA  
Successor Agency  
Notice of Insufficient Funds – Low and Moderate Income Housing Fund  
June 30, 2012

ENFORCEABLE OBLIGATIONS:

*Health & Safety Code 34171(d)* defines “enforceable obligations” to include bonds and all lawful loans etc.; however, subsection *(d)(G)(2)* states;

“For purpose of this part ‘enforceable obligation’ does **not include** any agreement, contracts or arrangements between the city that created --- the former redevelopment agency and the redevelopment agency.”

UNLESS:

(A) **Written agreement entered into at the time of issuance of indebtedness obligation**, but in no event later than December 31, 2010,  
and

(B) Solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations for purposes of this part.

HOWEVER, this section goes on to state:

“Notwithstanding this paragraph, **loan agreements** entered into between the redevelopment agency and the city that created it, within two years of the date of creation of the redevelopment agency, may be deemed to be enforceable obligations.”

QUERY: Exception under (A) requires a written agreement at the time of issuance of the loan. Pico Rivera has not provided documentation that there was a written agreement at the time of the issuance of the two loans; ostensibly relying on the December 18, 1972 resolution.

However, there is documentation the City Council did pass a resolution to loan money (“**loan agreement**”) to the agency on December 18, 1972; within two years of the creation of the agency (1972).

CITY OF PICO RIVERA

Successor Agency

Current Unrestricted Balances Necessary for Retention – Low and Moderate Income Housing Fund  
June 30, 2012

Page 1 of 7

Page 1 of 1, Page

Attachment 2

Name of Developmental Agency: Pico Rivera Redevelopment 09457  
Project name: 5545-2011-Minor 1

RECOGNIZED OBLIGATION PAYMENT SCHEDULE April 26, 2012  
Per AB 26 - Section 14157 and 14159 (f)

Project Name / Description	Payee	Description	Source of Payment	Total Outstanding Debt as of 4/26/12	Total Due Over 12 Months	Payments by month					Total	Successor Agency Retaining Obligation	
						Jul-2012	Aug	Sep	Oct	Nov			Dec-2012
1) 2001 Title Allocation (Capital Budget) U.S. Bank	U.S. Bank	Share issued to local banks	Priority Tax & Sales Tax	69,888,975.00	3,367,700.00						2,210,100.00	5	48,315
2) Van Loan and West High	Van Loan and West High	Van Loan and West High	Priority Tax	1,867,748.00	0.00							5	
3) Van Loan and West High	Van Loan and West High	Van Loan and West High	Priority Tax	343,983.00	0.00							5	
4) City of Pico Rivera	City of Pico Rivera	City of Pico Rivera	Priority Tax	56,594,917.00	1,238,518.00	1,314,764.00						5	1,114,254.00
5) City of Pico Rivera	City of Pico Rivera	City of Pico Rivera	Priority Tax	57,144,950.00	1,453,234.00	1,448,244.00						5	1,445,214.00
6) City of Pico Rivera	City of Pico Rivera	City of Pico Rivera	Priority Tax	300,000.00	553,000.00	41,667.00						5	150,000.00
7) Western Medical Obligations	Western Medical Obligations	Western Medical Obligations	Priority Tax	470,550.00	0.00							5	
8) Western Medical Obligations	Western Medical Obligations	Western Medical Obligations	Priority Tax	525,850.00	0.00							5	
9) Insurance and maintenance - Agency	Insurance and maintenance - Agency	Insurance and maintenance - Agency	Priority Tax	500,000.00	5,000.00	5,000.00						5	32,000.00
10) Deferral of Debt Through Expenditures	Deferral of Debt Through Expenditures	Deferral of Debt Through Expenditures	Priority Tax	20,000,000.00	0.00							5	
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**To:** Oversight Board of the Successor Agency to the Pico Rivera  
Redevelopment Agency

**From:** City Clerk

**Meeting Date:** October 11, 2012

**Subject:** APPROVING CONFLICT-OF-INTEREST CODE

**Recommendation:**

Adopt a resolution approving the Conflict-of-Interest Code.

**Background:**

Under the Political Reform Act (the "Act"), all public agencies are required to adopt a Conflict-of-Interest Code (code). Such code designates positions required to file Statements of Economic Interests (Form 700), and assigns disclosure categories specifying the types of interests to be reported. The Form 700 is a public document intended to alert public officials and members of the public to the types of financial interests that may create conflicts of interests.

**Discussion:**

With the passage of AB 1x 26 and AB 1484, the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency is a separate legal public entity, and thus, is required to adopt a Conflict-of-Interest Code.

Staff has prepared the attached resolution for approving a Conflict-of-Interest Code for the Oversight Board, which will then be forwarded to the City Council as the reviewing body of the code pursuant to California Political Reform Act.

Members of the Oversight Board and the designated consultants have already completed Forms 700. Staff members are staff of the City, not the Successor Agency or the Oversight Board, and are therefore not listed under the designated positions on appendix A. Staff members have already completed Forms 700 for their role in City business.

OVERSIGHT BOARD AGENDA MEMO – MTG. OF 10/11/12

CONFLICT-OF-INTEREST CODE

Page 2

The Fair Political Practices Commission has issued an opinion letter dated April 25, 2012 regarding the applicability of the Conflict-of-Interest Code and financial disclosure provisions of the Political Reform Act to new local government agencies and officials holding positions in those agencies created by Assembly Bill 1x 26. A copy of this letter is provided to the Oversight Board for its reference, as Attachment 2.

A handwritten signature in cursive script that reads "Anna Jerome".

Anna Jerome  
Assistant City Clerk

Attachments:

1. Resolution, Exhibit A – Conflict of Interest Code
2. FPPC Opinion Letter on Conflict of Interest Code dated April 25, 2012



## FAIR POLITICAL PRACTICES COMMISSION

428 J Street • Suite 620 • Sacramento, CA 95814-2329  
 (916) 322-5660 • Fax (916) 322-0886

April 25, 2012

Patrick Whitnell  
 General Counsel  
 League of California Cities  
 1400 K Street, Suite 400  
 Sacramento, California 95814

Re: Your Request for Advice  
**Our File No. I-12-060**

Dear Mr. Whitnell:

This letter responds to your request for advice on behalf of the California League of Cities regarding applicability of the conflict-of-interest code and financial disclosure provisions of the Political Reform Act (the "Act")<sup>1</sup> to new local government agencies and officials holding positions in those agencies created by Assembly Bill IX 26 ("AB IX 26"), that was passed by the Legislature and signed into law in 2011. Because you have sought general guidance not limited to a particular public official or specific set of facts, we are treating your request as one for informal, rather than formal, assistance. (See Regulation 18329(b)(8)(B), (C) and (F).)<sup>2</sup>

### FACTS

Since the 1950's, California redevelopment agencies have functioned under the Community Redevelopment Law (Health and Saf. Code § 33000 et seq.). AB IX 26 (Stats. 2011, 1st Ex. Sess. 2011-2012, ch. 5) made extensive amendments to the Community Redevelopment Law. You have provided a summary of the provisions of the legislation that you think are relevant to your questions and we rely partially on this, as well as our own reading of the legislation, to summarize the pertinent provisions. However, given the length and complexity of the legislation and the possibility of further litigation on its provisions, we caution that our advice could change if there emerges a subsequent alternative interpretation or version of the legislation that affects applicability of the Act.

<sup>1</sup> The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

<sup>2</sup> Informal assistance does not provide the requestor with the immunity provided by an opinion or formal written advice. (Section 83114; Regulation 18329(c)(3).)

The legislation provides for the dissolution of redevelopment agencies and an administrative process to wind down agency activities and dispose of agency assets, including distribution of all unencumbered redevelopment agency assets to the cities, county and various special districts in the county entitled to receive property tax proceeds. (Health and Saf. Code § 34177(d).) It creates two new public entities: successor agencies and oversight boards.

Successor agencies are designated as the successor entities to the former redevelopment agencies. (Health and Saf. Code §§ 34171(j), 34173(a).) All authority, rights, duties, and obligations previously vested with the former redevelopment agency are now vested in the successor agency. (Health and Saf. Code Secs. 34173(b), 34177.) The entity that serves as the successor agency is determined in one of several ways:

1. The city, county, city and county, or entities forming the joint powers authority that created the redevelopment agency is, in your view, by implication under the statute, designated as the successor agency unless it adopts a resolution electing not to serve as the successor agency. (Health and Saf. Code Sec. 34173(d)(1).)

2. If an agency that created the redevelopment agency elects not to be the successor agency, then the local agency (defined as “any city, county, city and county, or special district in the county of the former redevelopment agency”) in the county that first adopts a resolution electing to become the successor agency, and submits the resolution to the county auditor-controller, is deemed the successor agency. (Health and Saf. Code § 34173(d)(2).) Thus, for example and however unlikely, it is possible that a school district or another city in the county of a city that originally formed the redevelopment agency could become the successor agency for that redevelopment agency.

3. If no local agency elects to serve as successor agency, a public body referred to as a “designated local authority” is formed, and has all the powers and duties of a successor agency. The Governor appoints three residents of the county to serve as the governing board of the authority. (Health and Saf. Code § 34173(d)(3).)

Each successor agency has an oversight board composed of seven members. (Health and Saf. Code §§ 34171(f), 34179(a).) The oversight board directs staff of the successor agency to perform work in furtherance of the oversight board’s duties and responsibilities. (Health and Saf. Code §§ 34177(e), 34179(c), 34180, 34181.) The board members are selected as follows: 1. One member appointed by the county board of supervisors; 2. One member appointed by the mayor for the city that created the redevelopment agency; 3. One member appointed by the largest special district; 4. One member appointed by the county superintendent of education; 5. One member appointed by the Chancellor of the California Community Colleges; 6. One member of the public appointed by the county board of supervisors; 7. One member representing the employees of the former redevelopment agency appointed by the mayor or the chair of the board of supervisors. (Health and Saf. Code § 34179(a)(1-7).) The Governor may appoint individuals to fill oversight board member seats not filled by May 15, 2012, or that remain

vacant for more than 60 days. (Health and Saf. Code c 34179(b).) For purposes of the Act, the oversight board is deemed to be a local entity. (Health and Saf. Code §§ 34179(e).) Oversight board members do not receive compensation or reimbursement for expenses. (Health and Saf. Code §§ 34179(c).) Also, under Health and Safety Code, section 34179(j), commencing on and after July 1, 2016, all oversight boards existing in a county are consolidated under one oversight board whose members are appointed by various entities similar to those who appoint members to the original oversight boards.

You state that the relationship of the successor agency to the city or county that created the redevelopment agency is “murky at best.” With respect to the successor agency, various sections of AB 1X 26 imply that the city or county that created the redevelopment agency is the successor agency (unless they affirmatively elect not to be). (See, e.g., Health and Saf. Code §§ 34171(j), 34173(a), 34173(d)(1).) But, in your view, other sections of the legislation may indicate that a different interpretation is required. For example, Health and Safety Code section, 34190(c) provides that the successor agency is a public agency for purposes of the Meyers-Milias-Brown Act (MMBA) and Health and Safety Code Section 34190(d) provides that the successor agency shall become the employer of all employees of the redevelopment agency as of the date of the agency’s dissolution. In your view, these sections seem to imply that the successor agency is a separate public agency. Further, proposed amendments to AB 1X 26 provide that a successor agency is a public entity separate from the entity or entities that authorized the creation of each redevelopment agency.

In contrast, you state that it appears clear from the legislation that the oversight board is a separate public agency from the city or county that created the redevelopment agency. As noted above, the oversight board is a local entity for purposes of the Act (as well as the Public Records Act (Sec. 6250 et seq. and the Brown Act (Sec. 54950 et seq.)). Further, the oversight board has a fiduciary duty to the taxing entities that benefit from the distributions of property tax, which would include cities and counties. (Health and Saf. Code § 34179(i).) This same section also provides that the provisions of Section 1090 apply to oversight boards. Thus, in your view, the legislation apparently makes clear that the oversight boards are separate legal entities from the cities and counties that created the redevelopment agencies.

#### **GENERAL SUMMARY OF THE ACT’S PROVISIONS APPLICABLE TO FINANCIAL DISCLOSURE BY PUBLIC OFFICIALS AND CONFLICT-OF-INTEREST CODES**

The Act requires specified public officials of state and local government agencies to periodically file Statements of Economic Interests (FPPC Form 700) disclosing defined financial interests. These officials fall into two categories: (1) Officials holding positions specified in Section 87200, who are required to disclose the broadest range of financial interests (Sections 87200 – 87210); and (2) Officials holding agency positions that involve participation in government decisions that have financial impacts. These positions are designated in the agency’s conflict-of-interest code and disclosure for each position is tailored to the scope of the official’s job duties. (Sections 87300 – 87313.)

Each government agency is required, within certain timelines, to adopt a conflict-of-interest code (Section 87300) and amend it to reflect changes in the decision-making positions in the agency (Section 87306). It is the Act's stated policy that conflict-of-interest codes are formulated at the most decentralized level possible, with issues of what should be deemed an "agency" resolved by the code reviewing body. (Section 87301.) The code reviewing body is the government agency charged with reviewing and approving an agency's conflict-of-interest code. No code is effective unless approved by the code reviewing body. (Section 87303.)

Section 82011 details which agencies are code reviewing bodies. As is pertinent to your questions, the following are the code reviewing bodies for local government agencies: (1) The Fair Political Practices Commission (the "Commission") for any local government agency with jurisdiction in more than one county (Section 82011(a)); (2) The county board of supervisors for any county agency and any other local government agency with jurisdiction wholly within the county, other than the board itself, an agency of the judicial branch or a city agency (Section 82011(b)); and (3), the city council for any city agency except for the council itself (Section 82011(c)).

Section 87500 states where public officials are required to file their Statements of Economic Interests. As is generally pertinent to your question, officials in local government agencies file as follows: (1) With the county clerk, if the person holds the office of chief administrative officer, district attorney, county counsel, county treasurer, or member of the board of supervisors (Section 87500(e)); (2) With the city clerk, if the person holds the office of city manager or chief administrative officer, city councilmember, city treasurer, city attorney, or mayor (Section 87500(f)); (3) With his or her own agency, if the person is a planning commissioner (Section 87500(g), head of a local government agency, or member of a local board or commission for which the Commission is the code reviewing body (Section 87500(l); and (4) With his or her own agency or the agency's code reviewing body as designated by the code reviewing body, if the person is not otherwise covered under (1) – (3) above (Section 87500(p)).

## QUESTIONS AND CONCLUSIONS

### 1. **Who adopts the conflict-of-interest codes for the successor agency and the oversight board?**

**Conclusion:** Unless determined otherwise by their code reviewing body, the successor agency and the oversight board both adopt their own conflict-of-interest codes.

**Analysis:** As set forth in Section 87300, each agency is required to adopt its own conflict-of-interest code. Furthermore, the Act, in Section 87301, requires that each conflict-of-interest code be formulated at the most decentralized level possible, which indicates that it is desirable that an autonomous or semi-autonomous governmental entity be classified as an "agency" and adopt its own code because it is most familiar with the job duties of its officers and employees. However, Section 87301 ultimately leaves the determination of what constitutes an "agency," and thus the decision of which entity is obligated to adopt the code, to the code reviewing body.

For example, assume that a city elects to be the successor agency for either its own or another entity's redevelopment agency. Based on the conclusions and analysis in Questions 2 and 3 below, the city council would therefore be the code reviewing body for both the successor agency and its oversight board and, under Section 87301, could: (1) determine that the successor agency or oversight board, or both, are new "agencies" and require them to adopt new conflict-of-interest codes; or (2) determine that the city itself is the "agency" and amend its own conflict-of-interest code to cover designated employees in the successor agency and oversight board.

**2. Who are the code reviewing bodies for the successor agency and the oversight board?**

**Conclusion:** The code reviewing body for a successor agency and its oversight board (except for consolidated oversight boards formed pursuant to Health and Safety Code Sec. 34179(j), see below) are as follows:

If a city, or subdivision thereof, serves as a successor agency, the code reviewing body of the successor agency and its oversight board is the city council. (Section 82011(c).)

If a county, city and county, "designated local authority" or other local government agency with jurisdiction wholly within a county, or subdivision thereof, serves as a successor agency, the code reviewing body of the successor agency and its oversight board is the county, or city and county, board of supervisors. (Section 82011(b).)

If a "designated local authority" or other local government agency with jurisdiction in more than one county, or subdivision thereof, serves as a successor agency, the code reviewing body of the successor agency and its oversight board is the Commission. (Section 82011(a).)

The code reviewing body of an oversight board formed on or after July 1, 2016 pursuant to Health and Safety Code Section 34179(j) is the county board of supervisors.

**Analysis:** At the outset, we think that a successor agency and oversight board should have the same code reviewing body. One of the purposes of the Act is to require public officials to disclose information about their financial interests that can be materially affected by their official actions and to disqualify them from acting when they have conflicts of interest. (Section 81002(c).) As the agency with the primary duty of administering and implementing the Act (Section 83111), we are charged to liberally interpret its provisions to accomplish its purposes (Section 81003). While we recognize that under AB 1X 26, successor agencies and their oversight boards are governed by different authorities and may at times have conflicting goals and interests, they also have control and oversight over the same obligations, assets and property. Therefore, it is logical and also serves the Act's desire for accurate financial disclosure that the same code reviewing body assesses how these obligations, assets and property can be affected by decisions in both agencies.

Under AB 1X 26, there appear to be, for purposes of the Act, five general types of entities that can become successor agencies. These are a city, county, city and county, other non-

city local government agency (such as a joint powers authority), and a “designated local authority.” (Health and Saf. Code Sec. 34173(d); also see Health and Saf. Code Sec. 34173(c).)

As described above, subdivisions (a), (b) and (c) of Section 82011 are very explicit as to which agency is the code reviewing body for four of these entities, namely, a city, county, city and county, and other non-city local government agency. Thus, in our view, it is clear that if one of these entities becomes a successor agency, the code reviewing body for the successor agency is the code reviewing body for that entity set forth in Section 82011(a), (b), or (c). In addition, as discussed, we think it proper under the Act that the oversight board’s code reviewing body be the same.

A slightly more difficult question arises in relation to “designated local authorities.” These entities are created pursuant to Health and Safety Code, section 34173(d) when no other local government agency elects to serve as the successor agency. In that case, the “‘designated local authority’ shall be immediately formed . . . in the county and shall be vested with all the powers and duties of a successor agency . . . .” (Health and Saf. Code § 34173(d).) The “designated local authority,” is formed when the Governor appoints three residents of the county to serve as the successor agency. (*Ibid.*) Since this entity is formed in a county and is run by three gubernatorial appointees who are required to be from that county, it seems apparent that a “designated local authority” is a type of local government agency operating in a county that is not under the control of a city. Accordingly, we conclude that the code reviewing body for a “designated local authority,” and its oversight board, would be the board of supervisors of that county pursuant to Section 82011(b) or, if the entity operates in more than one county, the Commission pursuant to Section 82011(a).

Finally, as mentioned above, we must craft a special rule for oversight boards formed on or after July 1, 2016 pursuant to Health and Safety Code Section 34179(j). These boards represent a consolidation of all oversight boards existing in a county having more than one oversight board as of that date. These boards are clearly non-city local government agencies operating within a county and thus, under Section 82011(b), their code reviewing body is the county board of supervisors.

### **3. Should entities that adopted separate conflict-of-interest codes for their redevelopment agencies repeal those codes?**

**Conclusion and Analysis:** If an entity that adopted a conflict-of-interest code for its redevelopment agency does not become a successor agency for the redevelopment agency, we suggest that it repeal the code once the redevelopment agency is dissolved. However, if the entity becomes a successor agency for the redevelopment agency and assumes the responsibility of adopting a conflict-of-interest code for the successor agency, it may: (1) repeal the redevelopment agency’s code and either adopt a new code or amend its own code to cover designated employees of the successor agency; or (2) amend the redevelopment agency’s code to apply, as appropriate, to the activities of the successor agency. (See Sections 82011, 87300, 87301, 87303 and 87306.)

As for the oversight boards, the code reviewing bodies may either add the oversight board to an existing conflict-of-interest code of the agency or adopt a new conflict-of-interest code for the oversight board. Since Section 87301 states that conflict-of-interest codes shall be formulated at the most decentralized level possible and that questions relating to the formation of a code are resolved by the code reviewing body, each code reviewing body makes this determination, not the Commission. (Also see Regulation 18329.5.)

Please note that, since Section 87302.6 requires members of new boards and commissions to file Statements of Economic Interests in the same manner as individuals who file under Section 87200, members of these boards, subject to certain exceptions (see Section 87202(a), must generally file assuming office Statements of Economic Interests within 30 days of assuming office and continue to file as if 87200 filers until the oversight board's conflict-of-interest code is in place. The timeline for adopting a new code or amending a code to reflect the addition of the oversight board is provided in Sections 87303 and 87306.

Regulation 18732.5 provides direction on the filing, processing and retention of Statements of Economic Interests for agencies that are to be dissolved. Statements filed for designated employees of the redevelopment agencies must be maintained for seven years.

- 4. Do 87200 filers appointed to the oversight board have to file an assuming office Statement of Economic Interests with the oversight board? If not, will they be required to file an amendment to their Statement of Economic Interests to include the board position?**

**Conclusion and Analysis:** If the agency for which the official files a Statement of Economic Interests under Section 87200 shares the same, or is wholly located within the same, geographical jurisdiction as the oversight board, the official does not have to file a Statement of Economic Interests with the oversight board. (Regulation 18754(a)(3)(A).) For example, a city councilmember serving on an oversight board for the city's former redevelopment agency would not have to file a Statement of Economic Interests with the city in connection with her service on the oversight board because the city and the oversight board share the same jurisdiction.

However, if this is not the case, the official must file Statements of Economic Interests with both agencies, although the official can expand his or her statements to cover reportable interests in both jurisdictions and file copies in both jurisdictions (so long as each filed statement is signed and verified by the official as if it were the original statement) if the oversight board adopts a conflict-of-interest code incorporating the provisions of Regulation 18730(b)(3), footnote 1. (See Regulation 18730(a).)

5. **Do designated employees employed by the successor agency or appointed to the oversight board have to file an assuming office statement? If not, will they be required to file an amendment to include their employment or their board position? What is the timing of any required filing or amendment?**

**Conclusion and Analysis:**

Successor Agencies:

If the successor agency is the entity that formed the redevelopment agency and the entity adopts a new conflict-of-interest code for the successor agency, the designated employees of the successor agency must file assuming office Statements of Economic Interests because the successor agency would be considered a new agency.<sup>3</sup> (Sections 87300 and 87303.) Pending the effective date of the code, employees who make or participate in making agency decisions that may foreseeably have a material effect on any financial interest must file Statements of Economic Interests pursuant to Regulation 18734, and that regulation also governs treatment of these filings in relation to the filing requirements once the code becomes effective (see Regulation 18734(e)).

If the successor agency is the entity that formed the redevelopment agency and the entity instead amends the code of the former redevelopment agency to apply, as appropriate, to the activities of the successor agency (see Question 3 above), existing designated employees would file Statements of Economic Interests pursuant to the provisions of Regulation 18735 and employees in newly created positions would file pursuant to Regulation 18734.

If the successor agency is not the entity that formed the redevelopment agency, it must adopt a new conflict-of-interest code for that agency or incorporate designated employees in the successor agency into its existing conflict-of-interest code. In that case, until the new code or amendments become effective, employees who make or participate in making agency decisions that may foreseeably have a material effect on any financial interest must file Statements of Economic Interests pursuant to Regulation 18734 and, as mentioned above, that regulation also governs treatment of these filings in relation to the filing requirements once the code becomes effective (see Regulation 18734(e)).

Oversight Boards: As stated above, the oversight boards are new agencies and thus members of the boards must file assuming office and other Statements of Economic Interests pursuant to Section 87302.6 until the board or its code reviewing body adopts or amends a code to reflect addition of the oversight board.

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<sup>3</sup> In this instance, since the code reviewing body considers the successor agency a new agency, the designated employees of the former redevelopment agency must file leaving office Statements of Economic Interests in connection with their employment with the former redevelopment agency. (Section 87302(b).)

6. **Who is the filing officer? If only an amendment is required, is the filing officer the agency in which the board member filed the original statement? Who is the filing officer for statements filed by the governing board of a “designated local authority?”**

**Conclusions and Analysis:**

Successor Agencies:

The filing officer for the head of a successor agency, including the head of a “designated local authority,” and members of the board of a “designated local authority” is the Commission if the Commission is the successor agency’s or authority’s code reviewing body. (Section 87500(l).)

Otherwise, the filing officer for a successor agency’s, including a “designated local authority’s,” designated employees and board members, if any, is the successor agency or the successor agency’s code reviewing body as designated by the code reviewing body. (Section 87500(p).) For example, if a city becomes a successor agency and the city council is the successor agency’s code reviewing body, the city council must determine which city official or subdivision is the filing officer for the successor agency. (*Ibid.*)

Oversight Boards:

The filing officer for the head, or board member, of an oversight board is the Commission if the Commission is the oversight board’s code reviewing body. (Section 87500(l).)

Otherwise, the filing officer for the oversight board’s designated employees, including its board members, is the oversight board or the board’s code reviewing body as designated by the code reviewing body. (Section 87500(p).)

See Question 2 above to determine which agency is a successor agency’s or oversight board’s code reviewing body.

7. **Do members of the public appointed to a “designated local authority” or an oversight board have an obligation to file a Statement of Economic Interests? If so, who is deemed the filing officer?**

**Conclusion and Analysis:** Since the Act requires that conflict-of-interest codes be formulated at the most decentralized level possible (Section 87301), we normally defer to the judgment of the agency and its code reviewing body in determining which agency officials are required to be included in the code and, thus, file Statements of Economic Interests. Therefore, we decline to answer this question, although we note that, under AB IX 26, all the board members of “designated local authorities” and oversight boards certainly appear to be making or participating in making agency decisions that may foreseeably affect financial interests.

**8. What is the assuming office date for oversight board members?**

**Conclusion and Analysis:** For purposes of this question and pursuant to Regulation 18722, an oversight board member assumes office on the earlier of the date he or she either is authorized to serve in the position, such as by being sworn in (Regulation 18722(a)(1)(A)), or begins to perform the duties of the position such as by making, participating in making, or using his or her official position to influence a government decision (Regulation 18722(a)(1)(B)).

**9. What is the jurisdiction of a successor agency or oversight board?**

**Conclusions:**

Except for oversight boards formed pursuant to Health and Safety Code Section 34179(j) (see Question 2 above and discussion below), the jurisdiction of a successor agency and its oversight board is the same.

If the successor agency is any type of local government agency other than a “designated local authority,” the jurisdiction of the successor agency and its oversight board is the same as that local government agency and includes any real property owned by the former redevelopment agency.

If the successor agency is a “designated local authority,” the jurisdiction of the successor agency and its oversight board is the county in which the successor agency operates and includes any real property owned by the former redevelopment agency.

**Analysis:** As previously discussed, successor agencies and their oversight boards are local government agencies under the Act. Section 82035 states that the jurisdiction of a local government agency is “the region, county, city, district or other geographical area in which it has jurisdiction” as well as, with respect to real property, any part of the property located within or not more than two miles outside the jurisdiction or within two miles of any land owned or used by the local government agency.

Thus, the jurisdiction of a successor agency is the jurisdiction, including the real property owned by the former redevelopment agency, of any local government agency that becomes the jurisdiction of the successor agency and, logically, the successor agency's oversight board. However, while it is relatively easy to determine the jurisdiction of an existing government agency such as a city or county, more explanation is required for newly formed “designated local authorities.” As discussed above, we think a “designated local authority” is a non-city local government agency whose code reviewing body is the county, pursuant to Section 82011(b). Accordingly, for the sake of consistency, we think the proper jurisdiction of a “designated local authority” and its oversight board should be the county in which it is located plus any real property owned by the former redevelopment agency.

Finally, in the case of an oversight board formed on or after July 1, 2016 pursuant to Health and Safety Code Section 34179(j), since its authority extends over any successor agency in a county, we conclude that its jurisdiction is the county in which it is located plus any real

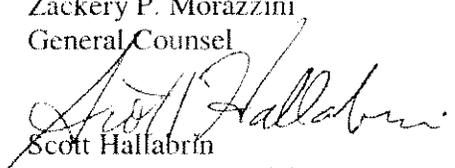
property owned by the successor agencies for which it has oversight (also see discussion under Question 2 above).

If you have other questions on this matter, please contact me at (916) 322-5660.

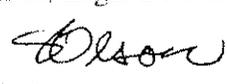
Sincerely,

Zackery P. Morazzini  
General Counsel

By:

  
Scott Hallabrin  
Counsel, Legal Division

By:

  
Sarah Olson  
Political Reform Consultant  
Technical Assistance Division