



March 23, 2018

Ms. Marcie Medina, Finance Director
City of Sierra Madre
252 West Sierra Madre Boulevard
Sierra Madre, CA 91024

Dear Ms. Medina:

Subject: Last and Final Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34191.6 (b) the City of Sierra Madre Successor Agency submitted a Last and Final Recognized Obligation Payment Schedule (Last and Final ROPS) to the California Department of Finance (Finance) on January 27, 2017. Finance has completed its review of the Agency's Last and Final ROPS.

HSC section 34191.6 (c) authorizes Finance to make amendments or changes to the Last and Final ROPS if the changes are agreed to in writing by the Agency. The Agency has agreed in writing to the following changes made by Finance to the Agency's Last and Final ROPS:

- Item Nos. 1, 2, 4, 5, and 6 – Various items claimed within the Administrative Cost Allowance in the total outstanding amount of \$295,600. The Agency has agreed to reduce the administrative costs to \$50,000 per fiscal year (\$25,000 per A and B period) resulting in a total reduction of \$245,600. Further, as discussed below, the \$50,000 administrative costs were reclassified to Other Funds.
- Item No. 3 – 1998 Tax Increment Refunding Bonds in the total outstanding amount of \$777,500 has been reclassified. The Agency has \$401,575 in its reserve account to satisfy final debt service payments during the July 1, 2018 through June 30, 2019 (ROPS 18-19) and the July 1, 2019 through June 30, 2020 (ROPS 19-20) periods. Therefore, with the Agency's concurrence, a total of \$401,575 is reclassified from Redevelopment Property Tax Trust Fund (RPTTF) to Bonds Proceeds funding.
- On the ROPS 18-19 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), the Agency is required to use all available funding sources prior to RPTTF funding for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses available funds in the amount of \$61,332 that should be used prior to requesting RPTTF.

Therefore, with the Agency's concurrence, the funding source for the bond debt service and administrative cost allowance for the ROPS 18-19A and 19-20A periods has been reclassified from RPTTF to Other Funds in the amounts specified below:

ROPS Period	Project Name/Debt Obligation	Original RPTTF Requested	Amount Reclassified to Other Funds
18-19A	Item No. 3 Bond Debt Service	\$378,500	\$11,332
18-19A	Administrative Cost	25,000	25,000
19-20A	Administrative Cost	25,000	25,000
Total			\$61,332

Finance is approving the Agency's Last and Final ROPS with the above amendments and changes. These changes are reflected in the approved Last and Final ROPS.

The Agency's maximum approved RPTTF distribution for the Last and Final ROPS is \$364,593 as summarized in the Approved RPTTF Distribution table.

Approved Last and Final ROPS RPTTF Distributions							
ROPS Period	A Periods			B Periods			Annual Total
	RPTTF	Admin RPTTF	A Period Total	RPTTF	Admin RPTTF	B Period Total	
Total requested	768,000	197,400	965,400	9,500	98,200	107,700	\$1,073,100
Total adjustments	(403,407)	(197,400)	(600,807)	(9,500)	(98,200)	(107,700)	(708,507)
Adjusted Totals	364,593	0	364,593	0	0	0	\$ 364,593
Total RPTTF approved for distribution							
ROPS 18-19	364,593	0	364,593	0	0	0	\$ 364,593
ROPS 19-20	0	0	0	0	0	0	0
Total approved RPTTF	364,593	0	364,593	0	0	0	\$ 364,593

Please refer to the approved Last and Final ROPS schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's determination related to the enforceable obligations reported on the Last and Final ROPS. HSC section 34191.6 (c) (2) allows agencies to submit no more than two requests to amend the approved Last and Final ROPS.

ROPS distributions will occur twice annually, one distribution for the July 1 through December 31 (ROPS A period) and one distribution for the January 1 through June 30 (ROPS B period). The Agency will receive RPTTF distributions up to the maximum approved amount on the Last and Final ROPS.

The Agency shall not expend more than the amount approved for each enforceable obligations listed and approved on the Last and Final ROPS. All unspent RPTTF received for enforceable

obligations by the Agency should be retained for distribution to the affected taxing entities pursuant to HSC section 34191.6 (d) (2) (G). Further, any revenues, interest, and earnings of the Agency not authorized for use pursuant to the approved Last and Final ROPS shall be remitted the County Auditor-Controller (CAC) pursuant to HSC section 34191.6 (c) (3). Pursuant to HSC section 34187 (e), once an agency has retired or paid off all enforceable obligations and all real property has been disposed of, the Agency is required to dispose of all remaining assets and remit any proceeds to the CAC for distribution to the affected taxing entities.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the Last and Final ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF. However, HSC section 34191.6 (c) (5) provides mechanisms for the Agency to pay enforceable obligations if insufficient RPTTF is available on an approved Last and Final ROPS.

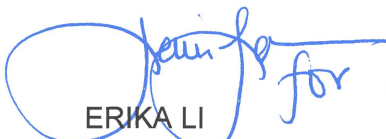
HSC section 34187 (b) defines the process of final dissolution of the Agency. When all enforceable obligations have been retired or paid off, all real property has been disposed of, and all outstanding litigation has been resolved, the Agency shall, within 30 days of meeting these conditions, submit to the Oversight Board (OB) a request to formally dissolve. The OB shall approve the request within 30 days and submit the request to Finance's review.

Pursuant to HSC section 34191.6 (c), Last and Final ROPS approved less than 15 days before the date of the RPTTF distribution shall not be effective until the subsequent RPTTF distribution period; therefore, if an agency receives a Last and Final ROPS approval after this cutoff date, the most recent annual ROPS 17-18 approval would remain effective through June 30, 2018. The Agency's Last and Final ROPS will become effective beginning with the ROPS for the period July 1, 2018 through June 30, 2019 (ROPS 18-19).

Pursuant to HSC section 34177 (o) (1), the Agency also submitted ROPS 18-19 to Finance on January 23, 2018. Because Finance is approving the Agency's Last and Final ROPS, Finance's approval of the Agency's ROPS 18-19 is no longer necessary and Finance will not be issuing a ROPS 18-19 determination letter. The Agency's payment of approved enforceable obligations should be in accordance with the approved Last and Final ROPS beginning with the ROPS 18-19 period.

Please direct inquiries to Kylie Oltmann, Supervisor, or Daisy Rose, Lead Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI
Program Budget Manager

cc: Ms. Gabe Engeland, City Manager, City of Sierra Madre
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County