DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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REVISED

February 1, 2013

Ms. Buffy Bullis, Finance Division Manager
City of Monrovia
415 S Ivy Ave
Monrovia, CA 91016

Dear Ms. Bullis:

Subject: Final and Conclusive Enforceable Obligation Revised

On August 21, 2012, the California Department of Finance (Finance) received the Oversight Board (OB) Resolution 2012-08 approving the issuance and sale of subordinated tax allocation 2012 refunding bonds in the amount of $13,255,000 in order to refinance the defaulted 2007 Notes between the former redevelopment agency and U.S. Bank. Based on a review of the OB action taken and in consideration of HSC section 34177.5 (a) (1), Finance approved OB Resolution 2012-08 in our letter dated October 7, 2012.

On November 20, 2012, Finance received the City of Monrovia Successor Agency's (Agency) request for a final and conclusive determination on the approved 2007 Tax Allocation Notes listed as Line 8 on Page 1 of the January through June 2012 ROPS. On January 30, 2013 Finance issued a letter approving the City of Monrovia Successor Agency's (Agency) request for a final and conclusive determination on the defaulted 2007 Tax Allocation Notes with U.S. Bank.

It has come to our attention, due to the interest accruing at the rate of $4,000 a day on the defaulted 2007 Tax Allocation notes, the 2012 Refunding Bonds principal amount has increased and is estimated at $13,410,000. However, the financing terms do not provide any bullets or spikes and refinancing the defaulted 2007 Tax Allocation Notes with U.S. Bank would reduce the interest rate from 12 percent to a range between 2 and 5 percent. Based on our revised review, Finance's original determination remains unchanged.

Finance has completed its review of your request, which may have included obtaining clarification on items provided or additional supporting documentation. Pursuant to Health and Safety Code section 34177.5 (i), we are pleased to inform you:

(i) Finance's approval of the 2007 Tax Allocation Notes listed as Line 8 on Page 1 of the January through June 2012 ROPS as an enforceable obligation is final and conclusive; and

(ii) To the extent the 2007 Tax Allocation Notes with U.S Bank are refinanced, Finance's review of the 2012 Refunding Bonds will be limited to confirming the scheduled payments are required by the obligation.

Please direct inquiries to Kylie Le, Supervisor or Brian Dunham, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. Mark Alvarado, Administrative Services Director, City of Monrovia
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office