



May 17, 2013

Ms. Kristen Petersen, Assistant City Manager
City of Duarte
1600 Huntington Drive
Duarte, CA 91010

Dear Ms. Petersen:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 5, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Duarte Successor Agency (Agency) submitted a ROPS 13-14A to Finance on February 21, 2013 for the period of July through December 2013. Finance issued a ROPS determination letter on April 5, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on May 6, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed. Specifically, the following adjustments were made:

- Woodbluff Storm Drain Project in the amount of \$221,250. The Agency stated that this project was an enforceable obligation due to the 2004 Tract Map Participation Agreement with the City of Duarte (City) and the former Redevelopment Agency (RDA). In addition, the Agency claims that in a 2008 Agency resolution, the Agency agreed to pay one half of the estimated costs of the storm drain project. However, HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable. HSC 34171 (d)(2) also states that written agreements entered into at the time of issuance and solely for the purpose of securing or repaying those debt obligations may be deemed enforceable obligations. Therefore, because the cooperative agreements are between the City and the Agency and not signed at the time of debt issuance, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.
- Reduction in the \$250,000 for the July through December 2012 period (ROPS II) prior period adjustment pursuant to HSC section 34186 (a). The Agency stated that because the ROPS II estimate for enforceable obligations turned out to be higher than the actual payments, the Agency could then use the remaining amounts to allocate towards the Agency's administrative cost allowance. Our review indicates that the Los Angeles County Auditor Controller (CAC) reported the \$250,000 prior period adjustment.

Pursuant to HSC 34186, the CAC has oversight authority to perform audits of the Redevelopment Obligation Retirement Fund and make adjustments to the property tax amounts in subsequent periods as it deems necessary. Therefore the prior period adjustment remains as reported by the CAC.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$4,419,098 as summarized below:

For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 4,640,348
Minus: Six-month total for items denied or reclassified as administrative cost Item 14	221,250
Total approved RPTTF for enforceable obligations	\$ 4,419,098
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	250,000
Minus: ROPS II prior period adjustment	(250,000)
Total RPTTF approved for distribution:	\$ 4,419,098

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14A_Forms_by_Successor_Agency/

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

Ms. Petersen
May 17, 2013
Page 3

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor or Derk Symons, Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Dan Slater, City Attorney, City of Duarte
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office