



April 6, 2013

Mr. Elena Bolbolian, Principal Administrative Officer
City of Glendale
633 East Broadway, Suite 201
Glendale, CA 91206

Dear Ms. Bolbolian:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Glendale Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 20, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligation(s):

- Item No. 25 – Ascencia contract for nonprofit housing services in the amount of \$100,000 is not an obligation of the Agency. The February 13, 1996 contract was between the Housing Authority of the City of Glendale (Authority) and Lutheran Social Services of Southern California. The Assignment, Assumption and Fifth Amendment entered on July 1, 2010 is between the Authority, City of Glendale, and PATH Achieve Glendale. The former RDA is not a party to the contract. Therefore, this line item is not enforceable obligation and is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the ROPS.
- Item No. 41 – Professional Services Agreement with PMSM Architects in the amount of \$234,900. The original contract dated May 5, 2011 for \$14,300 was amended on October 3, 2011, December 11, 2012, and February 26, 2013. HSC section 34163 (c) prohibits a redevelopment agency from amending or modifying existing agreements, obligations, or commitments with any entity for any purpose after June 27, 2011. Therefore, this line item is not enforceable obligation and is not eligible for RPTTF funding on the ROPS.
- Item No. 89 – Cooperation and reimbursement agreement in the amount of \$66.1 million is not an enforceable obligation at this time. 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, unless issued within two years of the RDA's creation date or for issuance of indebtedness to third-party investors or bondholders. This loan was issued after the first two years of the former RDA's creation and is not associated

with the issuance of debt. Therefore, this item is not an enforceable obligation. Upon receiving a Finding of Completion from Finance and after the oversight board makes a finding the loan was for legitimate redevelopment purposes, HSC section 34191.4 (b) may cause this item to be enforceable in future ROPS periods.

- Item No. 95 – Construction contract for the Grandview & Sonoma project in the amount of \$1.7 million. This contract is between the City and Sully-Miller Contracting Company and the Agency is not a party to the contract. Therefore, this line item is not an enforceable obligation and not eligible for funding on the ROPS.
- Item Nos. 106 through 108 – Bond funded projects totaling \$16.9 million. These items were previously denied on ROPS III, identified as Nos. 79 through 81. It is our understanding that contracts for these line items have not yet been awarded. HSC section 34163 (b) prohibits an agency from entering into a contract with any entity after June 27, 2011. Pursuant to HSC section 34191.4 (c), the Agency's request to use bond funds for these obligations may be permitted once the Agency receives a finding of completion from Finance if the bond proceeds in question were issued prior to January 1, 2011.
- Claimed administrative costs exceed the allowance by \$357,343. HSC section 34171 (b) limits the fiscal year 2013-14 administrative expense to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. As a result the Agency is eligible for \$482,157 for administrative expenses. Although \$349,998 is claimed for administrative costs, item numbers 31, 51, 52, 82, 104, and 105 totaling \$489,502 are considered general administrative expenses and should be counted toward the cap. Therefore, \$357,343 of excess administrative cost is not allowed.

Except for item(s) denied in whole or in part as enforceable obligation(s), Finance is not objecting to the remaining item(s) listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$16,554,049 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 19,021,294
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 25	25,000
Item 31*	12,000
Item 41	234,900
Item 51*	15,000
Item 52*	25,000
Item 82*	122,502
Item 89	2,200,000
Item 104*	250,000
Item 105*	65,000
Total approved RPTTF for enforceable obligations	\$ 16,071,892
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	482,157
Minus: ROPS II prior period adjustment	-
Total RPTTF approved for distribution:	\$ 16,554,049

*Reclassified as administrative cost

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/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/).

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.

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)

Ms. Bolbolian
April 6, 2013
Page 4

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a date '12' written below it.

STEVE SZALAY
Local Government Consultant

cc: Mr. Philip Lanzafame, Executive Director, City of Glendale
Ms. Kristina Burns, Manager, Los Angeles County Auditor Controller's Office
California State Controller's Office