



May 17, 2013

Mr. John Dutrey, Housing Program Manager
City of Rialto
150 South Palm Avenue
Rialto, CA 92376

Dear Mr. Dutrey:

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 12, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Rialto Successor Agency (Agency submitted a ROPS 13-14A to Finance on February 26, 2013 for the period of July through December 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 April 26, 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 the specific item being disputed.

- Item No. 23 – Pusan Pipe Agreement in the amount of \$104,736. Finance continues to deny this item. Based on additional supporting documentation and discussions during the Meet and Confer process, it is our understanding Finance approved and the County Auditor Controller distributed \$50,000 during the ROPS III period. It is also our understanding only \$12,555 has been expended to date. It appears the Agency has sufficient funds to on hand, as a balance of \$37,445 remains to be used for this obligation during the ROPS 13-14A period. In the event, the remaining balance is insufficient to cover this obligation during the ROPS 13-14A period, the Agency should put this on future ROPS to be funded with RPTTF. Therefore, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the ROPS.
- Item Nos. 62, 65, 66, 68 through 71, and 130 through 134 – Various projects and agreements funded with bond proceeds totaling \$47,593,400. Finance originally denied these items for the following reasons:
 - No contract in place for the amount being requested
 - Cooperation agreements are between the City of Rialto (City) and the Agency
 - Contract is between the City and a third party and the Agency is not a party to the contract

Subsequent to the Meet and Confer session, the Agency received a Finding of Completion from Finance on May 9, 2013. Therefore, the Agency may utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c). As such, these items are eligible for expenditure on the ROPS 13-14A, as originally requested.

In addition, per Finance's ROPS letter dated April 12, 2013, the following items continue to be denied and were not contested by the Agency:

- Item No. 67 – Pepper Avenue and Citywide HCP Contract in the amount of \$17,675, funded by bond proceeds. Finance was notified during the ROPS for the period July through December 2012 that the vendor for this item was no longer needed by the Agency. The item was placed on the current ROPS schedule in error, therefore, this item is not an enforceable obligation and not eligible for funding on the ROPS.
- Item Nos. 135 and 136 – Various pass-through payments totaling \$698,386 payable with RPTTF. It is our understanding that the county auditor controller will be making these payments; therefore the request for these items was placed on the ROPS in error.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$5,573,465 as summarized below:

Approved RPTTF Distribution Amount For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 5,519,503
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 23	50,000
Item 135	20,541
Item 136	41,082
Total approved RPTTF for enforceable obligations	<u>\$ 5,407,880</u>
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	<u>165,585</u>
Minus: ROPS II prior period adjustment	<u>-</u>
Total RPTTF approved for distribution:	\$ 5,573,465

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) 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 Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Robb Steel, Assitant to the City Administrator, City of Rialto
Ms. Vanessa Doyle, Auditor Controller Manager, County of San Bernardino
California State Controllers Office