



November 14, 2013

Ms. Ruth Davidson-Guerra  
Assistant Community Development Director/Successor Agency Implementing Official  
City of Burbank  
150 North Third Street  
Burbank, CA 91502

Dear Ms. Davidson-Guerra:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Burbank Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 30, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, 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 obligations for the reasons specified:

- Item Nos. 2, 4, 6, 9, 11, 13, and 15 – Reserve fund for bonds totaling \$13,346,670. Per discussion with Agency staff, the reserve balances identified on the ROPS are held by the trustee. It is our understanding; the Agency is not requesting or making debt service payments for these items. Therefore, these items are not eligible for funding on this ROPS.
- Item Nos. 22, 23, 50, and 51 – Loans between the Agency and the City of Burbank (City) totaling \$53,187,857 are not allowed at this time. The Agency received a Finding of Completion on May 16, 2013. As such, the Agency may place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). However, HSC section 34176 (e) (6) (B) specifies loan or deferral repayments to the LMIHF shall not be made prior to the 2013-14 fiscal year. While ROPS 13-14B falls within fiscal year 2013-14, the repayment of these city loans is subject to the repayment formula outlined in HSC section 34191.4 (b) (2) (A).

HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the 2012-13 base year. Since the formula does not allow for estimates, the Agency

must wait until the ROPS residual pass-through distributions are known for fiscal year 2013-14 before requesting funding for this obligation. Therefore, this item is not eligible for funding at this time.

- Item 44 – Estimated outstanding pass-through payment in the amount of \$228,778. It is our understanding; the amount is an estimate of a pending settlement of Los Angeles Community College District vs. the County of Los Angeles. The item was previously approved by Finance during ROPS III and ROPS 13-14A, however, the Agency has not settled with the Community College District. It is also our understanding; the Agency is including this item as a placeholder until resolution of the litigation. Therefore, this item is not eligible for funding on this ROPS.
- Item No. 58 – Property maintenance fee in the amount of \$175,000 for the parking structure located at 133 Orange Grove. A Cooperative Agreement between the RDA and Parking Authority of the City of Burbank (Authority) dated May 22, 1991, conveys the property from the Agency to the Authority. However, according to the Oversight Board, the title to the property was not conveyed to the Authority. In addition, the Agency is not a party to the Parking Easement Agreement that allocates the maintenance fee. As such, Finance could not determine who currently holds title to the property or is responsible for the maintenance fee. Therefore, this item is not eligible for funding on this ROPS.
- Claimed administrative costs exceed the allowance by \$10,321. HSC section 34171 (b) limits fiscal year 2013-14 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$643,135 in administrative expenses. The Los Angeles County Auditor Controller's Office distributed \$375,956 of administrative costs for the July through December 13-14A period, thus leaving a balance of \$267,179 available for the January through June 13-14B period. Although \$277,500 is claimed for administrative cost, only \$267,179 is available pursuant to the cap. Therefore, \$10,321 of excess administrative cost is not allowed.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 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 below table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$6,858,225 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	7,962,445
Total RPTTF requested for administrative obligations	277,500
<b>Total RPTTF requested for obligations</b>	<b>\$ 8,239,945</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>7,962,445</b>
<b>Denied Items</b>	
Item No. 22	(1,955)
Item No. 23	(390,094)
Item No. 44	(228,778)
Item No. 50	(119,707)
Item No. 51	(1,663)
Item No. 58	(175,000)
Total RPTTF Denied Items	(917,197)
<b>Total RPTTF approved for non-administrative obligations</b>	<b>7,045,248</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>277,500</b>
<b>Total RPTTF allowable for administrative obligations (see Admin Cost Cap table below)</b>	<b>267,179</b>
<b>Total RPTTF approved for obligations</b>	<b>7,312,427</b>
ROPS III prior period adjustment	(454,202)
<b>Total RPTTF approved for distribution</b>	<b>\$ 6,858,225</b>
<b>Administrative Cost Cap Calculation</b>	
Total RPTTF for 13-14A (July through December 2013)	14,392,589
Total RPTTF for 13-14B (January through June 2014)	7,045,248
<b>Total RPTTF for fiscal year 2013-14</b>	<b>21,437,837</b>
Allowable administrative cost for fiscal year 2013-14 (Greater of 3% or \$250,000)	643,135
Administrative allowance for 13-14A (July through December 2013)	375,956
<b>Allowable RPTTF distribution for administrative cost for ROPS 13-14B</b>	<b>267,179</b>

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency's fund balances. If it is determined the Agency possesses fund balances that are available to pay approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

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

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14B_Forms_by_Successor_Agency/).

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. 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 HSC section 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 Brian Dunham, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Lusine Arutyunyan, Administrative Analyst, City of Burbank  
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller  
California State Controller's Office