



October 28, 2013

Mr. Colin Tudor, Assistant City Manager
City of Claremont
207 Harvard Avenue
Claremont, CA 91711

Dear Mr. Tudor:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Claremont Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 18, 2013 for the period of January through June 2014. This letter supersedes our letter dated October 23, 2013. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 13-14B at this time.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that are required to be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available reserve balances totaling \$3,911.

Therefore, the funding source for the following item is being reclassified to the reserve funding source and in the amount specified below:

- Item No. 1 – 2001 Tax Refunding Bonds in the amount of \$3,911. The Agency requests \$146,740 of RPTTF; however Finance is reclassifying \$3,911 to reserve funding. This item was determined to be an enforceable obligation for the ROPS 13-14B period. However, the Agency provided clarification that \$3,911 in reserve funding can be applied to this obligation. Therefore, Finance is approving RPTTF in the amount of \$142,829 and the use of reserves in the amount of \$3,911, totaling \$146,740 for Item No. 1.

In addition, Finance noted the following with regards to the Agency's ROPS 13-14B.

- Pursuant to the Agency's request, the six-month requested amount for Item No. 1 was decreased by \$10,000 from \$156,740 to \$146,740. Additionally, Item No. 2 was increased by \$10,000 from \$81,303 to \$91,303. The net effect of the requested RPTTF is zero.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (d). However, Finance notes the oversight board has approved an amount that appears excessive, given the number and nature of the other obligations listed in the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to apply adequate "oversight" when evaluating the administrative resources required to successfully wind-down the Agency.

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 item denied in whole or in part as enforceable obligations or for the item that was reclassified, 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/

The Agency's maximum approved RPTTF distribution for the reporting period is \$392,450 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	275,235
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 400,235
Total RPTTF requested for non-administrative obligations	275,235
<u>Reclassified Items</u>	
Item No. 1	(3,911)
Total RPTTF approved for non-administrative obligations	271,324
Total RPTTF requested for administrative obligations	125,000
Total RPTTF for administrative obligations	125,000
Total RPTTF approved for obligations	396,324
Self-Reported ROPS III prior period adjustment (PPA)	(3,874)
Total RPTTF approved for distribution	\$ 392,450

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%2013-14B%20Forms%20by%20Successor%20Agency/).

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 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,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Brad McKinney, Senior Management Analyst, City of Claremont
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office