



November 6, 2013

Mr. Ron Clark, Finance Officer
City of La Verne
3660 D Street
La Verne, CA 91750

Dear Mr. Clark:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of La Verne Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 23, 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 does not qualify as an enforceable obligation for the reasons specified:

- Item No. 3 – Note Payable #1 in the amount of \$105,070. It is our understanding the Agency and the La Verne Town Center Associates (Developer) executed two promissory notes dated December 12, 1983, totaling \$2,571,856. The promissory notes matured on January 1, 2012; the expiration date of the Redevelopment Plan (Plan). It is also our understanding; upon maturity of the notes and the expiration of the Plan, no further amounts owing shall be due and payable. To date, the Agency paid \$32,457 to the Developer and considers the note repayment fulfilled due to maturity. The Developer disagrees and is pursuing legal action. For this reason, the Agency listed this obligation on the ROPS. However; the notes have expired and no note extensions are in place, as such, these notes are not enforceable. Therefore, this item is not an enforceable obligation and is not eligible for RPTTF funding on this ROPS.

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 obligation, 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 \$332,841 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	340,446
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 465,446
Total RPTTF requested for non-administrative obligations	340,446
<u>Denied Items</u>	
Item No. 40	(105,072)
Total RPTTF approved for non-administrative obligations	235,374
Total RPTTF for administrative obligations	125,000
Total RPTTF approved for obligations	360,374
ROPS III prior period adjustment (PPA)	(27,533)
Total RPTTF approved for distribution	\$ 332,841

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/>.

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),

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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. Richard A Martinez, Accounting Manager, City of La Verne
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office