



November 1, 2013

Mr. Mark Alvarado, Administrative Services Director
City of Monrovia
415 South Ivy Avenue
Monrovia, CA 91016

Dear Mr. Alvarado:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Monrovia 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 Nos. 80 and 81 – 2013A and 2013B Tax Allocation Refunding Bond payments totaling \$259,504. The Agency requests Redevelopment Property Tax Trust Fund (RPTTF) totaling \$259,504; however, according to the debt service schedules, no debt service payments are required for the period of January through June 2014. Therefore, these items are not eligible for RPTTF funding at this time.
- Item No. 89 – Bond payment reserves in the amount of \$4,095,949. The Agency provided an updated schedule of reserves and requested \$3,970,803. As such, the new bond reserves requested for the six month period is \$3,970,803. Therefore, \$125,146 is not eligible for RPTTF funding 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 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 acknowledges receiving \$1,043,650 in bond reserves during the ROPS 13-14A period.

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

- Item No. 5 – 2006 Tax Allocation Refunding Bond payment. The Agency requests \$1,214,568 of RPTTF; however Finance is reclassifying \$1,043,650 to reserve funding. This item was determined to be an enforceable obligation for the ROPS 13-14B period. Finance is approving RPTTF in the amount of \$170,918 and the use of reserves in the amount of \$1,043,650, totaling \$1,214,568 for Item No. 5.

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 table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for 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 \$8,899,378 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	10,185,310
Total RPTTF requested for administrative obligations	142,368
Total RPTTF requested for obligations	\$ 10,327,678
Total RPTTF requested for non-administrative obligations	10,185,310
<u>Denied Items</u>	
Item No. 80	(210,333)
Item No. 81	(49,171)
Item No. 89	(125,146)
	(384,650)
<u>Reclassified Items</u>	
Item No. 5	(1,043,650)
Total RPTTF approved for non-administrative obligations	8,757,010
Total RPTTF for administrative obligations	142,368
Total RPTTF approved for obligations	8,899,378
ROPS III prior period adjustment	0
Total RPTTF approved for distribution	\$ 8,899,378

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. Buffy Bullis, Finance Division Manager, City of Monrovia
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office