



April 7, 2014

REVISED

Mr. Julio Morales, Finance Director
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mr. Morales:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 14-15A) determination letter dated April 3, 2014. A revision is necessary to provide clarification for why Item No. 35 does not qualify as an enforceable obligation. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Huntington Park Successor Agency (Agency) submitted a ROPS 14-15A to the Finance on February 20, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, 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 reason specified:

- Item No. 35 – Pension Tax in the amount of \$2,569,847 is not an enforceable obligation as defined by HSC section 34171 (d). The Agency's opinion is that these funds should have been distributed to the City of Huntington Park by the Los Angeles County Auditor-Controller (CAC) as pension taxes, instead of being distributed to the taxing entities as HSC section 34183 (a) (4) residuals. Finance does not opine on the Agency's opinion. Instead, Finance's objection is that Item No. 35 is not an obligation of the Agency's and therefore, not eligible for funding on the ROPS.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the 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 the item denied in whole or in part as enforceable obligation, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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 Redevelopment Property Tax Trust Fund distribution for the reporting period is \$3,716,322 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	6,217,317
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 6,342,317
Total RPTTF requested for non-administrative obligations	6,217,317
<u>Denied Item</u>	
Item No. 35	(2,569,847)
	(2,569,847)
Total RPTTF authorized for non-administrative obligations	\$ 3,647,470
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 3,772,470
ROPS 13-14A prior period adjustment	(56,148)
Total RPTTF approved for distribution	\$ 3,716,322

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies 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 section 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.

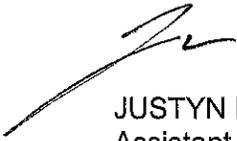
To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d),

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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 Oltmann, Supervisor or Veronica Green, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Fernanda Palacios, Project Manager, City of Huntington Park
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County
California State Controller's Office