

December 17, 2014

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

Dear Mr. Alvarado:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 6, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Monrovia Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to Finance on September 22, 2014, for the period of January through June 2015. Finance issued a ROPS determination letter on November 6, 2014. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 18, 2014.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

- Item No. 34 – Operating expenses for SSTV Phase 1, 2 & 3, Myrtle & Huntington in the amount of \$15,000 was partially denied. Finance no longer denies this item. Finance initially denied a portion of this item because the Agency only provided documentation to support \$471 in expenditures. During the Meet and Confer process, the Agency provided a breakdown of the estimated costs and the associated properties. Therefore, this item is eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 36 – SSTV and SSTV Phase 1, 2 & 3 totaling \$50,000. Finance no longer reclassifies \$40,000 of this item as an administrative cost; however, Finance continues to reclassify \$10,000 of this item as an administrative cost. Finance initially reclassified the entire item as an administrative cost because the documents provided indicate that costs are related to general legal services. During the Meet and Confer process, the Agency provided additional information related to the estimated costs showing that \$40,000 of this item is related to the disposition of properties on the Long-Range Property Management Plan. Therefore, the \$40,000 of this request is no longer reclassified as an administrative cost and the remaining \$10,000 is considered general administrative costs and has been reclassified.
- Item No. 76 – Maintenance of Agency-owned properties in the amount of \$65,000 was partially denied. Finance no longer denies this item. Finance initially denied a portion of

this item because the Agency provided documentation to support \$13,560 in expenditures. During the Meet and Confer process, the Agency provided a breakdown of the estimated costs and the associated properties. Therefore, this item is eligible for RPTTF funding on this ROPS.

- Item No. 77 - Maintenance of Agency-owned properties in the amount of \$6,500 was partially denied. Finance no longer denies this item. Finance initially denied a portion of this item because the Agency provided documentation to support \$1,060 in expenditures. During the Meet and Confer process, the Agency provided a breakdown of the estimated costs and the associated properties. Therefore, this item is eligible for RPTTF funding on this ROPS.

In addition, per Finance's letter dated November 6, 2014, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 33 – SSTV and SSTV Phase 1, 2 & 3 totaling \$50,000. The documents provided support that costs are related to general legal services. Therefore, the requested \$50,000 is considered general administrative costs and has been reclassified.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. HSC section 34186 (a) also specifies 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 the items denied in whole or in part or items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. The Agency's maximum approved RPTTF distribution for the reporting period is \$5,665,021 as summarized in the Approved RPTTF Distribution Table on the following page:

<b>Approved RPTTF Distribution For the period of January through June 2015</b>	
Total RPTTF requested for non-administrative obligations	5,517,270
Total RPTTF requested for administrative obligations	147,751
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 5,665,021</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>5,517,270</b>
<u>Reclassified Items</u>	
Item No. 33	(50,000)
Item No. 36	(10,000)
	(60,000)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 5,457,270</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>147,751</b>
<u>Reclassified Items</u>	
Item No. 33	50,000
Item No. 36	10,000
	60,000
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 207,751</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 5,665,021</b>
ROPS 13-14B prior period adjustment	0
<b>Total RPTTF approved for distribution</b>	<b>\$ 5,665,021</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. During the ROPS 14-15B review, Finance requested financial records to support the cash balances reported by the Agency; however, the Agency was unable to support the amounts reported. The beginning balances for bond proceeds and reserves could not be supported by the Agency's financial records. As a result, Finance will continue to work with the Agency after the ROPS 14-15B review period to properly identify the Agency's cash balances. If it is determined the Agency possesses cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16A.

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

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Acting Program Budget Manager

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