

March 31, 2015

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 15-16A) to the California Department of Finance (Finance) on February 23, 2015 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 24, 25, 27 through 29, 34, 36, 37, 40, 41, 76, and 77 – Various obligations totaling \$99,263 in Other Funds are denied. It is our understanding these costs are for property maintenance, legal, and miscellaneous fees for the SSTV and the Myrtle/Huntington properties which were listed in the Agency's Long Range Property Management Plan (LRPMP). Pursuant to the approved LRPMP, the SSTV and Myrtle/Huntington properties were approved for transfer to the City of Monrovia (City) for future development. Thus, these properties and maintenance, legal, and miscellaneous fees are obligations of the City and therefore not eligible for funding on the ROPS.
- Item No. 101 – SSTV obligation in the amount of \$8,500 in Other Funds is denied. Per Agency's request, funding for this line item is no longer needed on this ROPS.

In addition Finance noted the following:

- The Agency requests authorization to expend Other Funds totaling \$923,353. Included in this total is \$107,763 (\$99,263+\$8,500) in denied Other Funding as described above. Therefore, \$815,590 (\$923,353 - \$107,763) is approved for Other Fund expenditures. However, the Agency's Cash Balance Form only supports \$790,982 of Other Funds as being available. As a result, with the Agency's concurrence, Finance is approving Redevelopment Property Tax Trust Fund (RPTTF) in the amount of \$24,608 and the use of Other Funds in the amount of \$170,658 for Item No. 98.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 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 review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or item that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 \$1,657,542 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of July through December 2015	
Total RPTTF requested for non-administrative obligations	1,483,950
Total RPTTF requested for administrative obligations	148,984
Total RPTTF requested for obligations on ROPS	\$ 1,632,934
Total RPTTF requested for non-administrative obligations	1,483,950
RPTTF adjustment to non-administrative obligations	
Item No. 98	24,608
Total RPTTF authorized for non-administrative obligations	\$ 1,508,558
Total RPTTF requested for administrative obligations	148,984
Total RPTTF authorized for administrative obligations	\$ 148,984
Total RPTTF authorized for obligations	\$ 1,657,542
ROPS 14-15A prior period adjustment	0
Total RPTTF approved for distribution	\$ 1,657,542

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 15-16A review, Finance requested financial records to support the cash balances reported by the Agency; however, the Agency was unable to support the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 15-16A 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 15-16B.

Please refer to the ROPS 15-16A 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, 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 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. Please direct inquiries to Kylie Oltmann, Supervisor or Veronica Green, Lead Analyst at (916) 445-1546.

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

Sincerely,



JUSTYN HOWARD
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