



November 18, 2015

Ms. June Overholt, Finance Director/Treasurer
City of Glendora
116 East Foothill Blvd
Glendora, CA 91741

Dear Ms. Overholt:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Glendora Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 9, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item No. 1 – City loan repayment in the amount of \$1,362,384 for the six-month period is not allowed. Oversight Board (OB) Resolution No. 2012-09 authorizing the entering and re-entering of the agreement between the Agency and the City of Glendora (City) was approved on June 26, 2012. However, no new agreements were signed or re-entered into by the Agency and the City between the dates of February 1, 2012 through June 27, 2012. Therefore, this item is not considered an enforceable obligation as a re-entered agreement.

The loan may be eligible for repayment as an enforceable obligation, provided the OB makes a finding the loan or loans were for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). The Agency received a Finding of Completion on April 26, 2013, as such; the Agency may place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS. Additionally, HSC section 34191.4 (b) (3) (A) specifies this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the County Auditor-Controller's report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2014-15 are \$2,368,006 and \$2,246,239 respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for fiscal year 2015-16 is \$0. Therefore, the \$1,362,384 requested for the loan repayment is not eligible for funding on this ROPS. The Agency may be eligible for additional funding in a subsequent fiscal year.

- Item No. 3 – 2003 Series A Bonds in the amount of \$212,080 funded with Redevelopment Property Tax Trust Fund (RPTTF) is partially reclassified. Based on our review of the Agency's ROPS 14-15B Prior Period Adjustment (PPA) form, the Agency inappropriately used Other Funds in the amount of \$77,809 without prior authorization. Pursuant to HSC section 34177 (a) (3), only payments listed in the ROPS may be expended by the Agency and only from the funds specified on the ROPS.

For Item No. 27 – Pompei Park synthetic turf, the Agency requested and Finance approved \$670,000 of Bond Proceeds. However, as reported on the ROPS 14-15B PPA form, the Agency expended an additional \$77,809 in Other Funds. Per HSC section 34177 (l), the Agency is to use all other funding sources available prior to requesting RPTTF. Since the Agency had \$77,809 of Other Funds available, these Other Funds should have been used prior to requesting RPTTF during the ROPS 14-15B period. Therefore, with the Agency's concurrence, to account for the Other Funds previously expended, Finance is reclassifying \$77,809 to Bond Funds. As such, Finance is approving RPTTF in the amount of \$134,271 and the use of Bond Funds in the amount of \$77,809, totaling \$212,080.

- Item No. 25 – Housing administrative cost allowance pursuant to AB471 in the amount of \$75,000 continues to be denied. Finance denied this item in ROPS 14-15A Meet and Confer, ROPS 14-15B, and ROPS 15-16A. Pursuant to HSC section 34171 (p), the housing entity administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the RDA elected to not assume the housing functions. Because the housing entity to the former redevelopment agency of the City of Glendora (City) is the City-formed Housing Authority (Authority), the Authority operates under the control of the City. Therefore, \$75,000 of housing entity administrative allowance is not allowed.
- Item No. 28 – San Dimas Wash Trial project in the amount of \$232,598. Due to the adjustment made to Item No. 3, the Agency requested to decrease the six-month funding request from \$232,598 to \$154,789. As such the Bond Funds requested has been reduced by \$77,809.

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (2). However, Finance notes the oversight board has approved an amount that appears excessive given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to use adequate discretion when evaluating the administrative resources required to successfully wind-down the Agency.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). The amount of RPTTF approved in the table on the next page 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 in part or the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items

which are the subject of litigation disputing Finance's previous or related determinations, 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 \$253,252 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	1,752,688
Total RPTTF requested for administrative obligations	200,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 1,952,688
Total RPTTF requested for non-administrative obligations	1,752,688
<u>Denied Item</u>	
Item No. 1	(1,362,384)
<u>Reclassified Item</u>	
Item No. 3	(77,809)
Total RPTTF authorized for non-administrative obligations	\$ 312,495
Total RPTTF requested for administrative obligations	200,000
<u>Denied Item</u>	
Item No. 25	(75,000)
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 437,495
ROPS 14-15B prior period adjustment	(184,243)
Total RPTTF approved for distribution	\$ 253,252

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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 January 1 through June 30, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be

denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

Please direct inquiries to Kylie Oltmann, Supervisor, or Zuber Tejani, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Elizabeth Stoddard, Accounting Manager, City of Glendora
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County