DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

October 22, 2015

Ms. Eva Carreon, Finance Director
City of Irwindale
5050 N. Irwindale Avenue
Irwindale, CA 91706

Dear Ms. Carreon:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Irwindale 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 September 22, 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. 7 – Fiscal Agent Fees in the amount of $13,200 is partially allowed. The Agency provided documentation to support $9,425. Therefore the excess $3,775 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

- Item No. 11 – Bond Reserve Obligations. Per the Agency's request, the six-month funding request of zero in RPTTF has been increased to $5,293,987.

- Item 30 – City loan repayment with a total outstanding balance of $3,446,082 continues to be denied. Pursuant to HSC section 34191.4 (b), loan agreements between the former redevelopment agency and sponsoring entity may be placed on the ROPS if the following requirements are met: (1) the Agency has received a Finding of Completion; and (2) the Agency's oversight board approves the loan as an enforceable obligation by finding the loan was for legitimate redevelopment purposes.

  The Agency received a Finding of Completion on April 26, 2013. In our letter dated March 24, 2013, Finance denied OB Resolution No. 2013-02-16, which found that the Cooperation Agreement between the former redevelopment agency and the City of Irwindale was for legitimate redevelopment purposes. During our review of the resolution, the Agency was unable to provide the executed Cooperation Agreement, and Finance was unable to verify the terms of the agreement. During the ROPS review, the Agency did not provide additional supporting documents needed to establish the loan as an enforceable obligation. Therefore, this item is not eligible for RPTTF funding and the ROPS 15-16B funding request of $2,104,902 is denied.

- Item 31 – Housing Authority Administrative Costs in the amount of $600,000. Pursuant to HSC section 34171 (p), the housing successor administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency elected to not assume the housing functions. Because the housing successor to the former redevelopment agency of the City of Irwindale (City) is the City-formed Housing Authority (Authority) and the Authority operates under the control of the City, the Authority is considered the City under Dissolution Law pursuant to HSC section 34167.10. Therefore, $75,000 of housing successor administrative allowance is not allowed.

- Claimed administrative costs exceed the allowance by $72,315.
  HSC section 34171 (b) (2) limits the fiscal year 2015-16 administrative expenses to three percent of property tax allocated to the Agency or $250,000, whichever is greater. The Los Angeles Auditor-Controller's Office distributed $165,000 for the July through December 2015 period, thus leaving a balance of $232,144 available for the January through June 2016 period. Although $304,459 is claimed for administrative cost due to the Agency's request to increase the six-month funding by $158,820, only $232,144 is available pursuant to the cap. Therefore, $72,315 of excess administrative cost is not allowed.

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, 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 $8,176,633 as summarized in the Approved RPTTF Distribution table on the next page:

Approved RPTTF Distribution For the period of January through June 2016		
Total RPTTF requested for non-administrative obligations		4,854,636
Total RPTTF requested for administrative obligations		145,639
Total RPTTF requested for obligations on ROPS 15-16B	**$**	**5,000,275**
RPTTF adjustment to non-administrative obligations		5,293,987
RPTTF adjustment to administrative obligations		158,820
Total RPTTF adjustments	**$**	**5,452,807**
Total RPTTF requested for non-administrative obligations		**10,148,623**
Denied Items		
Item No. 7		(3,775)
Item No. 30		(2,104,902)
Item No. 31		(75,000)
		(2,183,677)
Total RPTTF authorized for non-administrative obligations	**$**	**7,964,946**
Total RPTTF requested for administrative obligations		**304,459**
Administrative costs in excess of the cap (see Admin Cost Cap table below)		(72,315)
Total RPTTF authorized for administrative obligations	**$**	**232,144**
Total RPTTF authorized for obligations	**$**	**8,197,090**
ROPS 14-15B prior period adjustment		(20,457)
Total RPTTF approved for distribution	**$**	**8,176,633**

Administrative Cost Cap Calculation		
Total RPTTF for 15-16A (July through December 2015)		5,273,194
Total RPTTF for 15-16B (January through June 2016)		7,964,946
Total RPTTF for fiscal year 2015-2016		**13,238,140**
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or $250,000)		397,144
Administrative allowance for ROPS 15-16A (July through December 2015)		(165,000)
Remaining administrative cost cap for ROPS 15-16B		**232,144**
ROPS 15-16B administrative obligations after Finance adjustments		(304,459)
Administrative costs in excess of the cap	**$**	**(72,315)**

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. Dominique Clark, Consultant, City of Irwindale
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County