



May 17, 2016

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

Dear Ms. Overholt:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 4, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Glendora Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 28, 2016. Finance issued a ROPS determination letter on April 4, 2016. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 14, 2016.

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 determinations being disputed.

- Item No. 1 – City loan repayment in the amount of \$1,820,751 for the January 1, 2017 through June 30, 2017 (ROPS B period) is partially allowed. Finance continues to partially approve this item. During Meet and Confer, the Agency contended that the loan repayment amount should not be subject to the repayment formula outlined in HSC section 34191.4 (b) (3) (A) and the item should be reviewed as a re-entered agreement pursuant to HSC section 34178 (a). However, our review of Oversight Board (OB) Resolution No. 2012-09 approving these loans determined that although the OB authorized the Agency and the City of Glendora to re-enter into the agreement, no action was subsequently taken by the parties to actually re-enter into the agreement. In addition, OB Resolution No. 2012-09 determination letter dated May 13, 2014, indicated that the repayment of these loans will be pursuant to the repayment formula outlined in the HSC section 34191.4 (b) (3) (A) which allows 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.

As such, according to the Los Angeles County Auditor-Controller's report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2015-16 is \$2,368,006 and \$3,043,598, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for ROPS 16-17 is \$337,796. The remaining amount of \$1,482,955 requested in Redevelopment Property

Tax Trust Fund (RPTTF) is not allowed. The Agency may be eligible for additional funding on subsequent ROPS.

- Item No. 30 – Property disposition costs in the total outstanding amount of \$10,000. Finance no longer denies this item. Finance initially denied this item due to lack of supporting documents. Based on the additional information provided during Meet and Confer, the requested amount of \$10,000 is approved for RPTTF.

In addition, per Finance's letter dated April 4, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 25 – Housing administrative cost allowance pursuant to AB 471 in the outstanding amount of \$1,350,000 continues to be denied. Finance denied this item in ROPS 14-15A Meet and Confer, ROPS 14-15B, ROPS 15-16A, and ROPS 15-16B. 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, \$150,000 of housing entity administrative allowance requested in the ROPS 15-16 period is not allowed.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 16-17.

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,752,288 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the ROPS B period based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

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

This is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Brittany Aguilar, Sr Accountant, City of Glendora
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 1,801,356	\$ 2,183,887	\$ 3,985,243
Requested Administrative RPTTF	200,000	200,000	400,000
Total RPTTF requested for obligations on ROPS 16-17	2,001,356	2,383,887	\$ 4,385,243
Total RPTTF Requested	1,801,356	2,183,887	3,985,243
<u>Denied Items</u>			
Item No. 1	0	(1,482,955)	(1,482,955)
Total RPTTF authorized	1,801,356	700,932	\$ 2,502,288
Total Administrative RPTTF requested	200,000	200,000	400,000
<u>Denied Item</u>			
Item No. 25	(75,000)	(75,000)	(150,000)
Total Administrative RPTTF after Finance adjustments	125,000	125,000	250,000
Total Administrative RPTTF authorized	125,000	125,000	\$ 250,000
Total RPTTF approved for distribution	1,926,356	825,932	\$ 2,752,288