DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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May 25, 2012

Marilyn J. Staats, Redevelopment Director
City of Montclair
5111 Benito Street
Montclair, CA 91763

Dear Ms Staats:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Montclair Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 21, 2012 for period January to June 2012 and on May 10, 2012 for the period July to December 2012. Finance is assuming appropriate oversight board approval.

Finance completed its review of your ROPS, which included obtaining clarification for certain items. The items listed in both ROPSs are approved with exception of the following:

- HSC section 34163 (b) prohibits and RDA from entering into new contracts after June 27, 2011. The following items have contracts signed after June 27, 2011.
  - Page 1: item 27 (January to June) and line 14 (July to December) for $2,000
  - Page 2, item 1 (January to June), Page 3, line 1 (July to December), Rehabilitation Loan Agreements for $1 million.

- For the January through July period, HSC section 34171(b) limits administrative costs to five percent of property tax allocated to the successor agency or $250,000, whichever is greater. Five percent of property tax allocated equals $592,601. The administrative costs claimed from RPTTF totaled $972,663 from the following line items, creating an overage claim of $380,062:
  - Page 1, lines 9, 10, 14, 20 through 32
  - Page 3, all lines 1 through 23

- For the July through December period, HSC section 34171(b) limits administrative costs to three percent of property tax allocated to the successor agency or $250,000, whichever is greater. Three percent of property tax allocated equals $114,616. The administrative costs claimed from RPTTF totaled $865,959 from the following line items, creating an overage claim of $615,959:
  - Page 1, lines 9, 10, 12, 17 through 20
  - Page 2, all lines 1 through 4
  - Page 3, all lines 1-18

This letter supersedes prior letter sent from this office. Our determination is with respect to any items funded from the Redevelopment Property Tax Trust Fund for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any

items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of Redevelopment Property Tax Trust Fund (RPTTF) that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Jennifer Whitaker or Robert Scott at (916) 322-2985.

Sincerely,

Mark Hill

MARK HILL
Program Budget Manager

cc: Mr. Larry Walker, San Bernardino County Auditor-Controller