



November 21, 2012

Mr. Ken Lee, Redevelopment Consultant
City of Irwindale
5050 North Irwindale Ave.
Irwindale, CA 91706

Dear Mr. Lee:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Irwindale successor agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on October 11, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item No. 1-9 and 1-10 – 2001 Certificates of Participation – Municipal Facilities project totaling \$7.9 million. For item 1-9, although the Trust Agreement dated August 1, 2001 is between the City, Agency and the U.S. Bank, it does not obligate the Agency. Further, it is our understanding on August 1, 2001, the City issued \$8,820,000 in the Certificates of Participation (COP) and the Agency is not a party to the issuance. HSC section 34171 (e) states indebtedness obligations, including COPs shall be issued by the redevelopment agency or a joint exercise of powers created by the redevelopment agency to third party investors or bondholders in order to be enforceable. For item 1-10, the reimbursement agreement is between the City and the Agency. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable obligations. Therefore, these items are not eligible for funding.
- Item No. 2-1 – SERAF loan repayments in the amount of \$1.2 million. HSC section 34176 (e) (6) (B) states that loan or deferral repayments shall not be made prior to the 2013-14 fiscal year. Therefore, this item is not an enforceable obligation and will not be eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.
- Item No. 8-3 and 8-4 – Live Oak/Arrow Highway and the Los Angeles Street Bridge Improvement projects totaling \$1.2 million. It is our understanding the agreements are between the City and a third party and the Agency is not a party to the agreement. Therefore, these items are not enforceable obligations and not eligible for RPTTF funding.

- Claimed administrative costs exceed the allowance by \$67,770. HSC section 34171 (b) limits the fiscal year 2012-13 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$316,871 for administrative expenses. The Los Angeles Auditor Controller's Office distributed \$176,141 of administrative costs for the July through December 2012 period, thus leaving a balance of \$140,730 available for the January through June 2013 period. Although \$208,500 is claimed for administrative costs, only \$140,730 is available. Therefore, \$67,770 of excess administrative cost is not allowed.

Except for item(s) denied in whole or in part as enforceable obligation(s) as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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: \$ 4,221,451 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 5,927,013
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 1-10	222,083
Item 2-1	1,189,209
Item 8-3	210,000
Item 8-4	225,000
Total approved RPTTF for enforceable obligations	\$ 4,080,721
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	140,730
Total RPTTF approved:	\$ 4,221,451

* No payments requested for the reporting period

Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 6,481,634
Total RPTTF for the period January through June 2013	4,080,721
Total RPTTF for fiscal year 2012-13:	\$ 10,562,355
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	316,871
Administrative allowance for the period of July through December 2012	176,141
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 140,730

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%III%Forms%by%Successor%Agency/).

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to 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 successor agency in the RPTTF.

Please direct inquiries to Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Eva Contreras, Finance Manager, City of Irwindale
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office