



December 18, 2012

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

Dear Mr. Lee:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated November 21, 2012. 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 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on November 21, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on December 6, 2012.

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 items being disputed.

- Item Nos. 1-9 and 1-10 – 2001 Certificates of Participation – Municipal Facilities project totaling \$7.9 million. Finance continues to deny the items for the reasons previously provided. For Item 1-9, although the Trust Agreement dated August 1, 2001 is between the City, Agency and the U.S. Bank, per section 11.02, 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 Redevelopment Agency (RDA) and the former RDA are not enforceable obligations. Therefore, these items are not eligible for funding at this time.
- Item Nos. 8-3 and 8-4 – Live Oak/Arrow Highway and the Los Angeles Street Bridge Improvement projects totaling \$1.2 million. Finance continues to deny these items. It remains 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 Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.

- Claimed administrative costs exceed the allowance by \$66,720. 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 \$317,921 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 \$141,780 available for the January through June 2013 period. Although \$208,500 is claimed for administrative costs, only \$141,780 is available. Therefore, \$66,720 of excess administrative cost is not allowed.

In addition, per Finance's ROPS letter dated November 21, 2012, the following item continues to be denied and was not contested by the Agency:

- 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 RPTTF funding on this ROPS.

The Agency's maximum approved RPTTF distribution for the reporting period is: \$ 4,257,501 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 5,962,013
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 1-10	222,083
Item No. 2-1	1,189,209
Item No. 8-3	210,000
Item No. 8-4	225,000
Total approved RPTTF for enforceable obligations	\$ 4,115,721
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	141,780
Total RPTTF approved:	\$ 4,257,501

* 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	4,115,721
Total RPTTF for fiscal year 2012-13:	\$ 10,597,355
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	317,921
Administrative allowance for the period of July through December 2012	176,141
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 141,780

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.

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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', is written over a light blue horizontal line. The signature is stylized and includes a small 'ES' monogram.

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