



October 13, 2012

Mr. Michael Matsumoto, Director of Finance
City of Pico Rivera
6615 Passons Blvd.
Pico Rivera, CA 90660

Dear Mr. Matsumoto:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Pico Rivera Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 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. 4 and 5 – City loans totaling \$94.5 million are not enforceable obligations. The Agency was created in 1974 and while there are exceptions recognizing loans between the City and the Agency as enforceable obligations, no loan agreements were provided to substantiate the cooperative agreement entered into on December 18, 1972. Therefore, these loans are not enforceable obligations at this time. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency are not enforceable obligations, unless issued within two years of the RDA's creation date or for issuance of indebtedness to third-party investors or bond holders. Upon receiving a Finding of Completion from Finance, HC section 34191.4 (b) may cause these items to be enforceable in future ROPS period.

Except for items denied in whole or in part as enforceable obligations 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$1,672,725 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 1,422,725
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 4	0
Item No. 5	0
Total approved RPTTF for enforceable obligations	\$ 1,422,725
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	250,000
Total RPTTF approved:	\$ 1,672,725

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

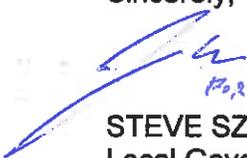
[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

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: Mr. Jim Simon, RSG Consultant
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller