



October 14, 2012

Ms. Paula Chamberlain  
Finance Director  
City of Pomona  
505 South Garey Avenue  
Pomona, CA 91766

Dear Ms. Chamberlain:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Successor Agency to the Redevelopment Agency of the City of Pomona (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. 30, 31, 42, and 69—Target Center in the amount of \$2 million, Phillips Ranch Entrance Monument in the amount of \$40,000, and the Neighborhood Improvement Program in the amount of \$73,329. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for these line items were awarded after June 27, 2011. Therefore, these line items are not enforceable obligations and not eligible for funding.
- Item No. 73—City advances and loans. 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, unless issued within two years of the RDA's creation date or for issuance of indebtedness to third-party investors or bondholders. Therefore, this item is not an enforceable obligation at this time. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods.
- Item No. 74—SB211 Pass-through payments totaling \$417,908. HSC section 34183 (a) (1) states that the County Auditor Controller shall make the required pass-through payments to the taxing entities. Therefore, this line item is not an enforceable obligation and not eligible for funding.
- Item No. 43 through 45 totaling 1.1 million are for lawsuits that remain pending and the legal settlement amount has not been determined. HSC section 34171 (d) does not

recognize contingent or unknown obligations, thus creation of reserves for a pending legal settlement through a Recognized Obligations Payment Schedule is not permitted. Until these items are settled by a competent court of law pursuant to HSC section 34171 (d) (1) (D), they are not enforceable and not eligible for funding.

- Although enforceable, Item No. 40, 41, 49, and 50 are considered administrative costs and have been reclassified.

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/](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: \$11,488,659 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 12,406,376
Less: Six-month total for item(s) denied or reclassified* as administrative cost	
Item 40	64,800 *
Item 41	30,000 *
Item 42	20,000
Item 43	472,560
Item 44	88,000
Item 45	0
Item 49	3,051 *
Item 50	1,490 *
Item 69	73,329
Item 73	0
Item 74	417,908
Total approved RPTTF for enforceable obligations	<u>\$ 11,235,238</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>253,421</u>
<b>Total RPTTF approved:</b>	<b>\$ 11,488,659</b>

\*Reclassified to Administrative Costs

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/>.

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.

Ms. Chamberlain  
October 14, 2012  
Page 4

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

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Poliakon, Senior Accountant, City of Pomona  
Ms. Burns, Manager, Los Angeles County Auditor-Controller's Office