



May 17, 2013

Ms. Tara Schultz, Interim Director of Development Services  
City of Alhambra Successor Agency  
111 South First Street  
Alhambra, CA 91801

Dear Ms. Schultz:

Subject: Recognized Obligation Payment Schedule

This letter supersedes California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 14, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Alhambra Successor Agency (Agency) submitted a ROPS 13-14A to Finance for the period of July through December 2013 on February 21, 2013. 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 April 26, 2013.

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 No. 15 – Unfunded accrued pension liability in the amount of \$2.1 million. The Agency requested \$1.1 million of unfunded pension liability on this ROPS. Finance originally denied the item because the amount requested was excessive for a single ROPS period. It is our understanding the Agency is working with the California Public Employee's Retirement System to obtain a more accurate figure, and has requested the amount for this obligation be reduced to \$0 for the ROPS 13-14A period.
- Item No. 21– Section 108 Loan between the City of Alhambra (City) and Housing and Urban Development (HUD) for Fremont Plaza in the amount of \$847,880; payable from Other Funds. Finance originally denied the item because it was not an obligation of the Agency. However, the Cooperation Agreement provided by the Agency, entered into by the City and the former Alhambra Redevelopment Agency (RDA), was entered into at the time of indebtedness of the City to HUD. Revenues generated by the project will be used to repay the loan; therefore, this line item is an enforceable obligation, and eligible for funding from Other Funds on this ROPS.
- Item No. 22 and 23 – Repayment of Community Development Block Grant loans in the amount of \$9,277,154; payable from Other Funds. Finance originally denied the item as the loans were provided by the City, and the former RDA is not a party to the contract. However, the Cooperation Agreement provided by the Agency, entered into by the City and the former Alhambra Redevelopment Agency (RDA), was entered into at the time of

indebtedness of the City to HUD. Revenues generated by the project will be used to repay the loan; therefore, this line item is an enforceable obligation, and eligible for funding from Other Funds on this ROPS.

- The Agency disputes the County Auditor-Controller (CAC) adjustment of \$2,952,583. After consulting with the CAC, the adjustment was revised to \$2,827,583. The CAC removed the adjustment for the administrative cost allowance in the amount of \$125,000, but maintains an adjustment of \$2,827,583, related to the 2003 Tax Allocation Bond reserves, continues to be necessary. Therefore, Finance has revised the prior period adjustment amount to \$2,827,583.

In addition, per Finance's ROPS letter dated April 6, 2013, the following item continues to be denied and was not contested by the Agency:

- Item No. 14 – The Low and Moderate Income Housing Fund (LMIHF) loan repayment for Supplemental Education Revenue Augmentation Fund (SERAF) in the amount of \$200,000 is not allowed at this time. HSC section 34176 (e) (6) (B) specifies loan or deferral repayments to the LMIHF shall not be made prior to the 2013-14 fiscal year. While ROPS 13-14A technically falls within fiscal year 2013-14, the repayment of these deferred amounts is subject to the repayment formula outlined in HSC section 34176 (e) (6) (B). Therefore, the Agency may be able to request funding for the repayment of housing deferred set-aside loans beginning with ROPS 14-15A.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. 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 July through December 2013.

Finance's determination is effective for this time period only and should not be conclusively relied on 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 denied on this ROPS or a preceding ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is zero as summarized below:

<b>Approved RPTTF Distribution Amount For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 2,582,527
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 14	200,000
Item 15	857,091
Total approved RPTTF for enforceable obligations	\$ 1,525,436
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	125,000
Minus: ROPS II prior period adjustment	(2,827,583)
<b>Total RPTTF approved for distribution:</b>	<b>\$ -</b>

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the

county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Nichelle Thomas, Supervisor or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Silvia Smith, Project Manager, City of Alhambra  
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller  
California State Controller's Office