



May 17, 2013

Ms. Justine Menzel, Deputy Executive Director
City of Artesia
18747 Clarkdale Avenue
Artesia, CA 90701

Dear Ms. Menzel:

Subject: Recognized Obligation Payment Schedule

This letter supersedes California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 10, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Artesia Successor Agency (Agency) submitted a ROPS 13-14A to Finance on February 27, 2013 for the period of July through December 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 23, 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 Nos. 7 and 17 – Bond related payroll and construction costs totaling \$3,429,799. Finance no longer objects to these items. Finance previously denied the items because the contract for the Pioneer Boulevard Revitalization Project was entered into after the cut-off date of June 27, 2011 between the City of Artesia (City) and a third party; the former RDA not being a party to the contract. Pursuant to HSC section 34191.4 (c), the Agency's request to use bond funds for these obligations may be permitted once the Agency receives a Finding of Completion from Finance.

Subsequent to Finance's ROPS 13-14A determination letter, the Agency received a Finding of Completion from Finance on April 18, 2013. During the Meet and Confer session, the Agency contends the bonds in question were issued before January 2011, and the request for the use of bond proceeds is consistent with the original bond indenture. Therefore, the Agency may utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c). As such, the request for the revised estimated amount of \$2,610,875 for these items are eligible for expenditure during ROPS 13-14A.

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 \$692,414 as summarized below:

| Approved RPTTF Distribution Amount | |
|--|-------------------|
| For the period of July through December 2013 | |
| Total RPTTF funding requested for obligations | \$ 507,087 |
| Minus: Six month total for items denied or reclassified as administrative cost | |
| Total approved RPTTF for enforceable obligations | \$ 507,087 |
| Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost | 185,327 |
| Minus: ROPS II prior period adjustment | - |
| Total RPTTF approved for distribution: | \$ 692,414 |

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 following 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.

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Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Don Powell, Executive Director, City of Artesia
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office