



May 17, 2013

Ms. Francesca Schuyler, City Administrator
City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

Dear Ms. Schuyler:

Subject: Recognized Obligation Payment Schedule

This letter supersedes California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 12, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Montebello Successor Agency (Agency) submitted ROPS 13-14A to Finance 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 29, 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 item being disputed.

- Agency contends the ROPS II prior period adjustment calculated by the Los Angeles County Auditor-Controller (CAC) was incorrect. The adjustment made in the April 13, 2013 Finance letter was \$1,053,836 and included adjustments for Items 14, 17, 19, 20, 22, 23, 24, and 25. The items are addressed separately:
 - Item 14 – Reimbursement Agreement. The CAC adjusted this item by \$1,007,776. Finance originally denied Item 14 in ROPS II; as a result, the CAC did not provide RPTTF funding for this item. This item was accepted in the ROPS III meet and confer because it was a reimbursement agreement related to a debt payment for a 2000 Certificate of Participation. Because the Agency did not receive RPTTF for payment for this item, the City's general fund paid this obligation in October 2012. Additionally, it should be noted that the payment of \$1,007,776 had a typographical error; it should have been \$1,004,631. Based on additional information provided by the Agency, Finance is adjusting the prior period adjustment by \$1,007,776. This update is reflected in the table below.
 - Items 17 and 24 – Town Center payments and project maintenance costs. Agency contends that because Finance approved these items in the ROPS III meet and confer, that they are retroactively approved for ROPS II. This is incorrect. Additionally, the CAC did not provide RPTTF funding for this item in ROPS II; therefore, payment of the obligation was not allowed during the ROPS II period.

- Items 19, 20, 22, and 25 – various items reclassified by Finance as administrative costs. Agency contends that the items are enforceable obligations and should not have been reclassified as administrative costs and were paid by the Agency. Agency contends that because Finance approved these items in the ROPS III meet and confer, that it retroactively is approved for ROPS II. This is incorrect. Because the Agency paid the obligation, the Agency classified it under Administrative Allowance.
- Item 23 – Agreed Upon Procedure (Housing). Agency contends that because Finance approved this item in the ROPS III meet and confer, that it retroactively is approved for ROPS II. This is incorrect. Additionally, the CAC did not provide RPTTF funding for this item in ROPS II; therefore, payment of the obligation was not allowed during the ROPS II period.

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: \$5,905,522 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 5,701,582
Minus: Six-month total for items denied or reclassified as administrative cost	0
Total approved RPTTF for enforceable obligations	\$ 5,701,582
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	250,000
Minus: ROPS II prior period adjustment	(46,060)
Total RPTTF approved for distribution:	\$ 5,905,522

*Reclassified as administrative cost

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 Chikako Takagi-Galamba, Manager or Mindy Patterson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Michael Huntley, Director of Planning and Community Development,
City of Montebello
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office