



May 17, 2013

Mr. Ken Duran, Assistant City Manager
City of San Dimas
245 East Bonita Avenue
San Dimas, CA 91773

Dear Mr. Duran:

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 San Dimas Successor Agency (Agency) submitted ROPS 13-14A Finance on March 1, 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 30, 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.

- Item No. 7 – Loan between the City of San Dimas (City) and the Agency in the amount of \$2.1 million. Finance initially denied this item with the understanding that the loan was between the City and the former redevelopment agency (RDA), and that the agreement was not executed within the first two years of the RDA's existence. Based on additional information provided during the Meet and Confer session, the Agency demonstrated that the loan is between the RDA and Walker House LLC (LLC) which is a separate third party entity. The LLC was setup by the RDA and private third party entity to obtain federal historic tax credit financing to assist in the restoration of the historic Walker House. Therefore, this item is an enforceable obligation, and is eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding in the amount of \$264,940 on ROPS 13-14A.

In addition, per Finance's ROPS letter dated April 15, 2013, the following items continue to be denied and were not contested by the Agency:

- Item No. 8 – Repayment to housing fund for SERAF in the amount of \$1.3 million. Finance continues to deny this item 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, this item is not eligible for funding at this time. The Agency may be able to request funding for the repayment of housing deferred set-aside loans beginning with future ROPS 14-15 periods.

- Item Nos. 15 and 16 – Monte Vista and Grove Station maintenance and operations in the amount of \$97,775 funded with reserves. It is our understanding these items are for maintenance and operation expenses of low and moderate income housing properties. HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the City of San Dimas assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor. Therefore, these items are not enforceable obligations and not eligible for funding on the ROPS.

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 \$1,244,383 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 1,523,406
Minus: Six-month total for items denied or reclassified as administrative cost Item 8	417,110
Total approved RPTTF for enforceable obligations	\$ 1,106,296
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	140,000
Minus: ROPS II prior period adjustment	(1,913)
Total RPTTF approved for distribution:	\$ 1,244,383

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/>.

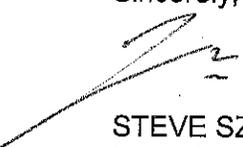
This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are 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 Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Barbara Bishop, Finance Manager, City of San Dimas
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office