

May 16, 2014

Mr. Julio Morales, Finance Director  
City of Huntington Park  
6550 Miles Avenue  
Huntington Park, CA 90255

Dear Mr. Morales:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 7, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Huntington Park Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to Finance on February 20, 2014, for the period of July through December 2014. Finance issued a ROPS determination letter on April 7, 2014. 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 15, 2014.

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.

- Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 (ROPS 13-14A) period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the CAC and the State Controller. The amount of RPTTF approved for ROPS 14-15 totaling \$3,716,322 reflects a prior period adjustment of \$56,148 resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

During the Meet and Confer, the Agency claims this amount is needed for reimbursement to the City of Huntington Park (City) for past due administrative expenses unfunded in prior ROPS periods. Our review indicates that the Agency has been approved to receive and is authorized to make payments during ROPS 14-15A towards Items 24, 26, and 28 for previous ROPS cycle unfunded administrative costs. We note that the prior period adjustment is not a decrease in authority, it is an offset of funds already available as they were unspent during ROPS 13-14A. We remind the Agency that pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made from the funding sources specified on the ROPS; therefore, the Agency is not authorized to make payment towards past due amounts in excess of the current approved amount. Therefore, we have determined that the Agency either

already has or will receive sufficient funding to meet all approved enforceable obligations for the ROPS 14-15A period as a RPTTF shortfall is not anticipated.

In addition, per Finance's letter dated April 2, 2014, we continue to deny the following items not contested by the Agency during the Meet and Confer:

- Item No. 35 – Pension Tax in the amount of \$2,569,847 is not an enforceable obligation as defined by HSC section 34171 (d). The Agency's opinion is that these funds should have been distributed to the City of Huntington Park by the Los Angeles County Auditor-Controller (CAC) as pension taxes, instead of being distributed to the taxing entities as HSC section 34183 (a) (4) residuals. Finance does not opine on the Agency's opinion. Instead, Finance's objection is that Item No. 35 is not an obligation of the Agency's and therefore, not eligible for funding on the ROPS.

Except for the item denied in whole or in part as enforceable obligation, Finance is not objecting to the remaining items listed on your ROPS 14-15A. The Agency's maximum approved Redevelopment Property Tax Trust Fund distribution for the reporting period is \$3,716,322 as summarized below:

<b>Approved RPTTF Distribution For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	6,217,317
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 6,342,317</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>6,217,317</b>
<u>Denied Item</u>	
Item No. 35	(2,569,847)
	(2,569,847)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 3,647,470</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 3,772,470</b>
ROPS 13-14A prior period adjustment	(56,148)
<b>Total RPTTF approved for distribution</b>	<b>\$ 3,716,322</b>

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. 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 section 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 HSC section 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 Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Fernanda Palacios, Project Manager, City of Huntington Park  
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County  
California State Controller's Office