



March 27, 2014

Ms. Eva Carreon, Finance Director
City of Irwindale
5050 N. Irwindale Avenue
Irwindale, CA 91706

Dear Ms. Carreon:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Irwindale Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 21, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following does not qualify as an enforceable obligation for the reason specified:

- Item No. 30 – City loan repayment in the amount of \$3,437,145. Pursuant to HSC section 34191.4 (b), loan agreements between the former redevelopment agency and sponsoring entity may be placed on the ROPS if the following requirements are met: (1) the Agency has received a Finding of Completion; and (2) the Agency's oversight board approves the loan as an enforceable obligation by finding the loan was for legitimate redevelopment purposes.

The Agency received a Finding of Completion on April 26, 2013. However, OB Resolution No. 2013-02-16, making a finding the Cooperation Agreement between the former redevelopment agency and the City of Irwindale was for legitimate redevelopment purposes was denied in our letter dated March 24, 2013. During our review of the resolution, the Agency was unable to provide the executed Cooperation Agreement, and Finance was unable to verify the terms of the agreement. As such, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available Reserve Balances totaling \$980,926 and Other Funds totaling \$25,146.

Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Reserve Balances and Other Funds in the amounts specified below:

- Item No. 29 – SERAF Loan Repayment in the amount of \$1,199,071. The Agency requests \$1,199,071 of RPTTF; however Finance is reclassifying \$980,926 to Reserve Balances and \$25,146 to Other Funds. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has \$980,926 available in Reserve Balances and \$25,146 available in Other Funds. Therefore, Finance is approving RPTTF in the amount of \$192,999, the use of Reserve Balances in the amount of \$980,926 and the use of Other Funds in the amount of \$25,146, totaling \$1,199,071.

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 period. HSC section 34186 (a) also specifies 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 table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the item denied in whole or in part as enforceable obligation or for the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,182,005 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	8,093,343
Total RPTTF requested for administrative obligations	242,800
Total RPTTF requested for obligations	\$ 8,336,143
Total RPTTF requested for non-administrative obligations	8,093,343
<u>Denied Item</u>	
Item No. 30	(1,029,188)
	(1,029,188)
Total RPTTF for non-administrative obligations	7,064,155
<u>Cash Balances - Item reclassified to other funding sources</u>	
Item No. 29	(1,006,072)
	(1,006,072)
Total RPTTF authorized for non-administrative obligations	\$ 6,058,083
Total RPTTF requested for administrative obligations	242,800
Total RPTTF authorized for administrative obligations	\$ 242,800
Total RPTTF authorized for obligations	\$ 6,300,883
ROPS 13-14A prior period adjustment	(1,118,878)
Total RPTTF approved for distribution	\$ 5,182,005

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

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

Absent a Meet, 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),

Ms. Eva Carreon
March 27, 2014
Page 4

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 Kylie Oltmann, Supervisor or Hugo Lopez, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Suzy Kim, Consultant, City of Irwindale
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County
California State Controller's Office