

May 16, 2014

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

Dear Ms. Carreon:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 27, 2014. 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 Finance on February 21, 2014, for the period of July through December 2014. Finance issued a ROPS determination letter on March 27, 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 9, 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.

- Item No. 30 – City loan repayment in the amount of \$3,437,145. Finance continues to deny this item at this time. Oversight Board (OB) Resolution No. 2013-02-16 made a finding the Cooperation Agreement between the former redevelopment agency and the City of Irwindale was for legitimate redevelopment purposes. However, on April 26, 2013, Finance determined that OB resolution No. 2013-02-16 was not an enforceable obligation. While the Agency received a Finding of Completion on April 26, 2013, the Agency was unable to provide the original executed Cooperation Agreement.

Pursuant to HSC section 34191.4 (b), upon application by the Agency and approval of the Oversight Board, loan agreements entered into between the former redevelopment agency and the sponsoring entity shall be deemed enforceable obligations provided that the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes. During the meet and confer the Agency provided several additional documents including audited financial statements and resolutions; however, the Agency still did not provide the original executed Cooperation Agreement; therefore, this item is not an enforceable obligation at this time. We note that to the extent the Agency is able to locate and provide the original Cooperation Agreement to Finance, this item may be listed on future ROPS for Finance's review.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting funds from the Redevelopment

Property Tax Trust Fund (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. The Agency's maximum approved RPTTF distribution for the reporting period is \$5,182,005 as summarized in the following table:

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

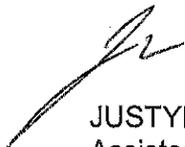
This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should 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. Suzy Kim, Consultant, City of Irwindale  
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County  
California State Controller's Office