



May 26, 2012

Tracey L. Hause
Administrative Services Director
City of Temple City
9701 Las Tunas Drive
Temple City, CA 91780-2249

Dear Ms. Hause:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Temple City (City) Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 14, 2012 for the periods of January through June and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

Except for items disallowed in whole or in part as enforceable obligations noted below, Finance is approving the remaining items listed in your ROPS for both periods. HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed, the following items listed on both the January through June 2012 and July through December 2012 ROPS do not qualify as EOs:

- Page 1, item 3 – 1998 City loan in the amount of \$3.9 million. HSC section 34171 (d) (2) states that loans between the entity that created the redevelopment agency (RDA) and the former RDA are only enforceable if made within the first two years of the RDA's existence.
- Page 1, item 4 – Rosemead Boulevard Enhancement Project in the amount of \$1.9 million. It is our understanding that commitments have not been made for \$1,425,253 out of the total \$1,854,953. Therefore, \$1,425,253 of this item is not an EO. HSC section 34163 (b) prohibits a redevelopment agency from incurring any obligations or making commitments after June 27, 2011. Additionally, HSC section 34177 (i) states "bond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case, the proceeds may be used to defease the bonds." ABx1 26 does not allow successor agencies to enter into new contracts, unless those contracts are specifically required pursuant to the terms of another pre-existing contract that meets the requirements of ABx1 26, or are specifically required by bond indentures. The above requirements have not been established. Therefore, the unexpended bond funds may not be used to enter into new obligations.
- Page 2, item 4 – Housing Bond Proceeds, unexpended bond funds in the amount of \$463,738. Section 34177(i) states "bond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case,

the proceeds may be used to defease the bonds." ABx1 26 does not allow successor agencies to enter into new contracts, unless those contracts are specifically required pursuant to the terms of another pre-existing contract that meets the requirements of ABx1 26, or are specifically required by bond indentures. The above requirements have not been established. Therefore, the unexpended bond funds may not be used to enter into new obligations.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Evelyn Suess, Supervisor or Brian Dunham, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Mr. Jose E. Pulido, City Manager, Temple City
Mr. Brian Haworth, Economic Development Manager, Temple City
Ms. Kristina Burns, Program Specialist III, County of Los Angeles