



May 17, 2019

Ms. June Overholt, Finance Director/Treasurer
City of Glendora
116 East Foothill Blvd
Glendora, CA 91741

Dear Ms. Overholt:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 9, 2019. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Glendora Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on January 30, 2019. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 17, 2019.

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 determination being disputed:

- Item No. 6 – Contract for Services in the total outstanding obligation amount of \$12,633. Finance initially denied this item because the Agency requested Redevelopment Property Tax Trust Fund (RPTTF) funding for a property listed on the Long-Range Property Management Plan (LRPMP) approved to be transferred to the City of Glendora (City) for future development. As such, the property and related maintenance costs at 2244 E. Route 66 transferred to the City.

During the Meet and Confer, the Agency contended the LRPMP contains a contingency for the Agency to sell the property if the City did not enter into a compensation agreement with the taxing entities within a specified period of time. It is our understanding the City has not entered into a compensation agreement and the Agency intends to sell the property. Therefore, the Agency still owns the property and is entitled to request funding for property maintenance costs prior to disposition.

However, the Agency could only support approximately \$3,688 in electricity costs. Should the Agency be able to provide additional documentation, such as vendor invoices or executed contracts, to support other property maintenance costs, funding may be requested on a subsequent ROPS. Therefore, of the total requested amount of \$10,520, \$6,832 (\$10,520 - \$3,688) is not eligible for funding on the current ROPS.

Finally, Finance reminds the Agency that Oversight Board (OB) approval is required prior to the sale of the property. Proceeds from the sale should be distributed to the affected taxing entities as stated in the approved LRPMP.

In addition, per Finance's letter dated April 9, 2019, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). According to our review, the Agency has approximately \$90,732 from Other Funds available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified in the amount specified below:
 - Item No. 3 – 2003 Series A Bonds in the amount of \$1,053,875 is partially reclassified from RPTTF to Other Funds. This item does not require payment from property tax revenues and the Agency has \$90,732 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$963,143 and the use of Other Funds in the amount of \$90,732, totaling \$1,053,875.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the OB has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,189,215 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

Ms. June Overholt
May 17, 2019
Page 3

The amount available from RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Todd Vermillion, Lead Analyst, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Brittany Aguilar, Accounting Manager, City of Glendora
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 1,797,107	\$ 267,795	\$ 2,064,902
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	1,922,107	392,795	2,314,902
RPTTF Requested	1,797,107	267,795	2,064,902
<u>Adjustments</u>			
Item No. 3	(90,732)	0	(90,732)
Item No. 6	(1,572)	(5,260)	(6,832)
	(92,304)	(5,260)	(97,564)
RPTTF Authorized	1,704,803	262,535	1,967,338
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Authorized for Obligations	1,829,803	387,535	2,217,338
Prior Period Adjustment	(28,123)	0	(28,123)
Total RPTTF Approved for Distribution	\$ 1,801,680	\$ 387,535	\$ 2,189,215