



Transmitted via e-mail

April 14, 2020

Troy Grunklee, Director of Administrative Services
City of La Puente
15900 East Main Street
La Puente, CA 91744

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of La Puente Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 28, 2020. Finance has completed its review of the ROPS 20-21.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

Item Nos. 15 through 21 – City of La Puente (City) loans in the total outstanding amount of \$10,881,803 is not approved. Finance continues to deny these loans as follows:

Item No.	Item Name	Outstanding Amount
15	Loans or money borrowed by Agency	\$2,541,410
16	Loans or money borrowed by Agency	5,415,801
17	Loans or money borrowed by Agency	669,980
18	Loans or money borrowed by Agency	615,746
19	Loans or money borrowed by Agency	666,250
20	Loans or money borrowed by Agency	720,860
21	Loans or money borrowed by Agency	251,756
	Total	\$10,881,803

Pursuant to HSC section 34191.4 (b), loan agreements between the former Redevelopment Agency (RDA) 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 (OB) 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 and the Agency's OB made a finding the loans are for legitimate redevelopment purposes via OB Resolution 13-12. On September 6, 2013, Finance issued OB Resolution No. 13-12 determination letter stating that although the OB Action is approved based on the findings made, the enforceability of loan agreements will be considered once repayment requests are placed on a ROPS.

The Agency is now requesting \$43,899 for Item Nos. 15 through 20, and \$43,896 for Item No. 21, totaling \$307,290 on ROPS 20-21. HSC 34171 (d) (1) (B) defines an enforceable obligation as loans of moneys borrowed by the former RDA for a lawful purpose, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms. Based on a review of the loan agreements, Item Nos. 15 through 21 would qualify as enforceable obligations provided the Agency can support that an exchange of cash occurred.

The Agency provided documentation such as reconstructed journal entries and the City's Annual Financial Reports to support the loans. However, these documents are insufficient because they do not show an actual exchange of cash between the parties. Therefore, the requested amounts totaling \$307,290 from Redevelopment Property Trust Tax Fund (RPTTF) funding is not allowed at this time. To the extent the Agency can provide suitable documentation to adequately support there was an actual exchange of cash, these items may be considered for funding on a future ROPS.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$400,262, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 20-21. 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 deemed denied until the matter is resolved.

The ROPS 20-21 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 20-21 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.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the 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 the RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Nicole Prisakar, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Alexander Merkel-Medina, Principal Accountant, City of La Puente
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 542,824	\$ 68,900	\$ 611,724
Administrative RPTTF Requested	48,637	48,637	97,274
Total RPTTF Requested	591,461	117,537	708,998
RPTTF Requested	542,824	68,900	611,724
<u>Adjustment(s)</u>			
Item No. 15	(43,899)	0	(43,899)
Item No. 16	(43,899)	0	(43,899)
Item No. 17	(43,899)	0	(43,899)
Item No. 18	(43,899)	0	(43,899)
Item No. 19	(43,899)	0	(43,899)
Item No. 20	(43,899)	0	(43,899)
Item No. 21	(43,896)	0	(43,896)
	(307,290)	0	(307,290)
RPTTF Authorized	235,534	68,900	304,434
Administrative RPTTF Authorized	48,637	48,637	97,274
ROPS 17-18 prior period adjustment (PPA)	(1,446)	0	(1,446)
Total RPTTF Approved for Distribution	\$ 282,725	\$ 117,537	\$ 400,262