



Transmitted via e-mail

April 10, 2020

Martha Garcia, Director of Management Services
City of Monterey Park
320 West Newmark Avenue
Monterey Park, CA 91754

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Monterey Park 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 No. 29 – Repayment of Housing Loan Obligation in the total outstanding amount of \$1,186,222 is not allowed. It is our understanding the former Monterey Park Redevelopment Agency (former RDA) deferred payments to the Low and Moderate Income Housing Fund from fiscal years 1986-87 through 1992-93 pursuant to HSC section 33334.6. However, HSC section 33334.6 (f) states agencies shall adopt prior to September 1, 1986, by resolution, a statement of existing obligations or a statement of existing programs, or both. The Agency has not provided such a resolution. As a result, the Agency is not eligible for the requested amount of \$100,000 in Redevelopment Property Tax Trust Fund (RPTTF) funds. To the extent the Agency can provide the required documentation, this item may be eligible for RPTTF funding on a future ROPS.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (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 (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 County Auditor-Controller's review of the PPA form submitted by the Agency resulted in no prior period adjustment.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,815,428, 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 item 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.

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

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Harry Wong, Financial Services Manager, City of Monterey Park
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	\$ 1,552,275	\$ 1,173,153	\$ 2,725,428
Administrative RPTTF Requested	95,000	95,000	190,000
Total RPTTF Requested	1,647,275	1,268,153	2,915,428
RPTTF Requested	1,552,275	1,173,153	2,725,428
<u>Adjustment(s)</u>			
Item No. 29	(50,000)	(50,000)	(100,000)
RPTTF Authorized	1,502,275	1,123,153	2,625,428
Administrative RPTTF Authorized	95,000	95,000	190,000
Total RPTTF Approved for Distribution	\$ 1,597,275	\$ 1,218,153	\$ 2,815,428