



Transmitted via e-mail

May 15, 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

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 10, 2020. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Monterey Park Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to Finance on January 28, 2020. The Agency requested a Meet and Confer on one of the determinations made by Finance. The Meet and Confer was held on April 28, 2020.

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. 29 – Repayment of Housing Loan Obligation in the total outstanding amount of \$1,186,222. Finance continues to deny this item. Finance initially denied this item based on inadequate supporting documentation. In order for monies owed to the Low and Moderate Income Housing Fund (LMIHF) to have been deferred, the former Redevelopment Agency (RDA) was required to pass a Resolution prior to 1986 approving the deferral, prepare a Statement of Existing Obligations, and to report the deferrals to the California Department of Housing and Community Development (HCD) pursuant to HSC section 33334.6 (f).

During the Meet and Confer, the Agency submitted additional documentation such as Resolution 8908 dated May 28, 1985 and the 1996-97 Fiscal Year Comprehensive Annual Financial Report. However, the Resolution is from the City, not the former RDA. In addition, the Agency was unable to provide support that a Statement of Existing Obligations was prepared or that the LMIHF deferrals were reported to HCD. Therefore, the requested amount of \$100,000 in Redevelopment Property Tax Trust Fund (RPTTF) funding is not allowed at this time.

In addition, per Finance's letter dated April 10, 2020, we continue to make the following determination not contested by the Agency during the Meet and Confer review:

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 prior period adjustments (PPA) form submitted by the Agency resulted in no PPA.

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.

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.

Martha Garcia
May 15, 2020
Page 3

Please direct inquiries to Todd Vermillion, Supervisor, or Jeremy Bunting, 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