



April 26, 2012

Jeff Zwack, Development Services Director  
City of Upland  
460 N. Euclid Ave  
Upland, CA 91786

Dear Mr. Zwack:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Upland (City) Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 12, 2012 submitted for the periods of January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January through June 2012 ROPS:

- Administrative costs claimed exceed allowance by \$898,353 (see Attachment A). HSC section 34171 (b) limits administrative expenses to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater.

July through December 2012 ROPS:

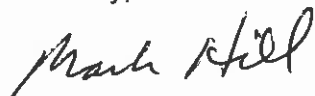
- Form A, item 7 – Upland Crossings development agreement in the amount of \$1.7 million. This development agreement is between the City of Upland and SC Baldyview Development Corporation (Developer), and not between the Agency and the Developer. Therefore, this is not an enforceable obligation.
- Form A, item 11 – UCHI loan development agreement in the amount of \$1.2 million. No construction contracts have been executed for this project. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.
- Administrative costs claimed exceed allowance by \$289,542 (see Attachment B). HSC section 34171 (b) limits administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

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

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive style with a large, stylized "H".

MARK HILL  
Program Budget Manager

cc: Ms. Liz Chavez, Housing Manager, City of Upland  
Mr. Larry Walker, Auditor Controller, San Bernardino County  
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County  
Ms. Linda Santillano, Supervising Accounting, San Bernardino County  
Ms. Franz Zyss, Accountant III, San Bernardino County

**Administrative Cost Calculation  
For the Period January – June 2012**

<b>Line Item</b>	<b>Project Name/Debt Obligation</b>	<b>Payment Source</b>	<b>Amount</b>
1	1998 Tax Allocation Bonds	RPPTF	\$362,725
3	Refunding of 2001 TAN & Fin Projs	RPPTF	219,826
5	Refunding of 1998, '03, & '04 TAN	RPPTF	309,441
8	Contract for Consulting Service	RPPTF	25,000
9	Contract for Consulting Service	RPPTF	15,000
10	Contract for Consulting Service	RPPTF	6,450
13	Chamb of Commerce	RPTTF	6,875
15	Loan Development Agreement	RPPTF	1,266,280
16	C Street Reconstruction	RPPTF	90,000
17	Lemon Grower's Building Rehab	RPPTF	200,000
18	Small Business Development Center	RPPTF	20,000
19	Bond Remarketing Fee	RPPTF	13,000
20	General Plan	RPTTF	100,000
21	Downtown Specific Plan/EIR	RPTTF	5,000
27	TAB/TAN Bank Services	RPTTF	10,000
28	Entry Monument Signs	RPTTF	166,000
29	Contract for Licensing Agmt	RPTTF	4,380
		Total RPPTF Claimed:	\$2,819,977
		5% Property Tax Allocation:	140,999
		<b>Admin Allowance (Greater of 5% or \$250,000):</b>	<b>\$250,000</b>

**Line Items Considered Administrative Costs**

<b>Line Item</b>	<b>Description</b>	<b>Payment Source</b>	<b>Amount</b>
7	Administration Cost	RPTTF	\$247,341
11	Contract for Consulting Services	RPTTF	150,000
12	Property Maintenance Expenses	RPTTF	50,000
22	Richard, Watson , Gershon	RPTTF	25,000
24	Oversight Board	RPTTF	30,000
25	Compensated Absences	RPTTF	146,012
26	RDA Administration	RPTTF	500,000
		Total:	\$1,148,353
		Less Admin Allowance:	250,000
		<b>Total Disallowed Administrative Costs:</b>	<b>\$898,353</b>

**Administrative Cost Calculation  
For the Period July – December 2012**

Line Item	Project Name/Debt Obligation	Payment Source	Amount
Form A			
1	TAB	RPTTF	\$1,320,488
3	TAB	RPTTF	865,697
5	TAB	RPTTF	480,841
7	Upland Crossing	RPTTF	1,700,000
9	Consulting Services	RPTTF	12,500
11	Loan Development Agmt	RPTTF	1,266,280
12	Bond Remarketing Fee	RPTTF	6,500
13	General Plan	RPTTF	100,000
16	License Agreement	RPTTF	1,460
17	Bond Banking Services	RPTTF	6,000
		Subtotal:	5,759,766
		Less Amount Disallowed (Form A, Item 7 & 11)	2,966,280
		Total RPTTF Claimed:	\$2,793,486
		3% Property Tax Allocation:	83,805
		<b>Admin Allowance (Greater of 3% or \$250,000):</b>	<b>\$250,000</b>

**Line Items Considered Administrative Costs**

Line Item	Description	Payment Source	Amount
Form A			
8	Administration Costs	RPTTF	\$248,521
10	Property Maintenance Expenses	RPTTF	17,500
14	Richard, Watson, Gershon	RPTTF	12,500
16	Contract for Consulting Services	RPTTF	12,500
Form C	Total Admin allowance	RPTTF	248,521
		Total:	\$539,542
		Less Admin Allowance:	250,000
		<b>Total Disallowed Administrative Costs</b>	<b>\$289,542</b>