

April 2, 2014

Mr. Rob Burns, Director of Finance
City of Chino
13220 Central Avenue
Chino, CA 91710

Dear Mr. Burns:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Chino Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 19, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations for the reasons specified:

Item Nos. 19 and 44 – Season's Senior Villa's Expansion Project Management Costs and Professional Design Services Agreement (Agreement) totaling \$25,815. It is our understanding the Agreement for this service has not yet been awarded. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. In addition, the Agreement is between the City of Chino and the contractor; the Agency is not a party to the Agreement. Because the Season's Senior Villa's Expansion Project is not an enforceable obligation, the costs associated with the Project are also not enforceable obligations. Therefore, these line items are not enforceable obligations and are not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available fund balances totaling \$3,617,257, including \$3,535,818 in Reserve Balances and \$81,439 from Other Funds.

Therefore, with the Agency's concurrence, the funding sources for the following items have been reclassified to Reserve Balances and Other Funds, in the amounts specified below:

- Item No. 3 – 2001 Tax Allocation Bond (TAB) in the amount of \$31,530,478. The Agency requests \$1,402,647 from RPTTF for debt service; however Finance is reclassifying \$417,591 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$3,535,618 in available Reserve Balances, Finance is approving RPTTF in the amount of \$985,056 and the use of Reserve Balances in the amount of \$417,591, totaling \$1,402,647 for this item.
- Item No. 4 – 2003 TAB in the amount of \$3,725,930. The Agency requests \$354,423 from RPTTF for debt service; however Finance is reclassifying \$354,423 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$3,535,618 in available Reserve Balances, Finance is approving the use of Reserve Balances in the amount of \$354,423 for this item.
- Item No. 5 – 2006 TAB in the amount of \$74,211,994. The Agency requests \$2,740,563 from RPTTF for debt service; however Finance is reclassifying \$2,740,563 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$3,535,618 in available Reserve Balances, Finance is approving the use of Reserve Balances in the amount of \$2,740,563 for this item.
- Item No. 6 – Trustee fees in the amount of \$301,000. The Agency requests \$12,500 from RPTTF for trustee fees; however, Finance is reclassifying \$12,500 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$3,535,618 in available Reserve Balances, Finance is approving the use of Reserve Balances in the amount of \$12,500 for this item.
- Item No. 7 – Bond continuing disclosure and arbitrage costs in the amount of \$277,000. The Agency requests \$3,200 from RPTTF for continuing disclosure and arbitrage costs; however, Finance is reclassifying \$3,200 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$3,535,618 in available Reserve Balances, Finance is approving the use of Reserve Balances in the amount of \$3,200 for this item.
- Item No. 8 – Annual calculation of tax increment revenue limit fee in the amount of \$34,000. The Agency requests \$2,000 from RPTT for the annual calculation of tax increment revenue limit fees; however, Finance is reclassifying \$2,000 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$3,535,618 in available Reserve Balances, Finance is approving the use of Reserve Balances in the amount of \$2,000 for this item.
- Item No. 11 – Chino Sign Agreement in the amount of \$8,400. The Agency requests \$600 from RPTTF for this agreement; however, Finance is reclassifying \$600 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$3,535,618 in available Reserves, Finance is approving the use of Reserve Balances in the amount of \$600 for this item.
- Item No. 12 – Richard Gird Bust Agreement in the amount of \$2,860. The Agency requests \$2,860 from RPTTF for this agreement; however, Finance is reclassifying \$2,860 to Reserves. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$3,535,618 in available Reserve Balances, Finance is approving the use of Reserve Balances in the amount of \$2,860 for this item.

- Item No. 17 – Project Management Costs for the College Park Project in the amount of \$11,682. The Agency requests \$3,300 from RPTTF; however, Finance is reclassifying \$1,881 to Reserve Balances and \$1,419 to Other Funds. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$3,535,618 in available Reserve Balances and \$81,639 in available Other Funds, Finance is approving the use of Reserve Balances in the amount of \$2,081 and Other Funds in the amount of \$1,219 for this item, totaling \$3,300 for this item.
- Item No. 18 – Project Management Costs for the G Street Project in the amount of \$8,000. The Agency requests \$7,720 from RPTTF; however, Finance is reclassifying \$7,720 to Other Funds. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$81,639 in available Other Funds, Finance is approving the use of Other Funds in the amount of \$7,720 for this item.
- Item No. 42 – Neighborhood Partnership Housing Services 09-10 Development Agreement in the amount of \$60,000. The Agency requests \$60,000 from RPTTF; however, Finance is reclassifying \$60,000 to Other Funds. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$81,639 in available Other Funds, Finance is approving the use of Other Funds in the amount of \$60,000 for this item.
- Item No. 47 – Legal Services in the amount of \$25,000. The Agency requests \$12,500 from RPTTF; however, Finance is reclassifying \$12,500 to Other Funds. This item is an enforceable obligation for the ROPS 14-15A period. However, because the Agency has \$81,639 in available Other Funds, Finance is approving the use of Other Funds in the amount of \$12,500 for this item.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for items denied in whole or in part as enforceable obligations or for items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, you 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 at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,793,926 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	5,459,315
Total RPTTF requested for administrative obligations	125,000
Total Requested RPTTF for obligations	\$ 5,584,315
Total RPTTF requested for non-administrative obligations	5,459,315
<u>Denied Items</u>	
Item No. 19	(200)
Item No. 44	(25,514)
	(25,714)
Total RPTTF for non-administrative obligations	5,433,601
<u>Cash Balances - Items reclassified to Reserves</u>	
Item No. 3	(417,591)
Item No. 4	(354,423)
Item No. 5	(2,740,563)
Item No. 6	(12,500)
Item No. 7	(3,200)
Item No. 8	(2,000)
Item No. 11	(600)
Item No. 12	(2,860)
Item No. 17	(2,081)
	(3,535,818)
<u>Cash Balances - Items reclassified to Other Funds</u>	
Item No. 17	(1,219)
Item No. 18	(7,720)
Item No. 42	(60,000)
Item No. 47	(12,500)
	(81,439)
Total RPTTF authorized for non-administrative obligations	\$ 1,816,344
Total RPTTF requested for administrative obligations	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 1,941,344
ROPS 13-14A prior period adjustment	(147,418)
Total RPTTF approved for distribution	\$ 1,793,926

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Nichelle Thomas, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Nada Repajic, Management Analyst, City of Chino
Ms. Linda Santillano, Property Tax Manager, San Bernardino County
California State Controller's Office