



MEET AND CONFER REQUEST FORM

Instructions: Please fill out this form in its entirety to initiate a Meet and Confer session. Additional supporting documents may be included with the submittal of this form—as justification for the disputed item(s). Upon completion, email a PDF version of this document (including any attachments) to:

Redevelopment_Administration@dof.ca.gov

The subject line should state “[Agency Name] Request to Meet and Confer”. Upon receipt and determination that the request is valid and complete, the Department of Finance (Finance) will contact the requesting agency within ten business days to schedule a date and time for the Meet and Confer session.

To be valid, all Meet and Confer requests must be specifically related to a determination made by Finance and submitted within the required statutory time frame. The requirements are as follows:

- **Housing Asset Transfer** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34176 (a) (2).
- **Due Diligence Review** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter, and no later than **November 16, 2012** for the Low and Moderate Income Housing Fund due diligence review per HSC Section 34179.6 (e).
- **Recognized Obligation Payment Schedule (ROPS)** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34177 (m).

Agencies should become familiar with the Meet and Confer Guidelines located on Finance’s website. Failure to follow these guidelines could result in termination of the Meet and Confer session. Questions related to the Meet and Confer process should be directed to Finance’s Dispute Resolution Coordinator at (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

AGENCY (SELECT ONE):

Successor Agency Housing Entity

AGENCY NAME: San Gabriel Successor Agency

TYPE OF MEET AND CONFER REQUESTED (SELECT ONE):

Housing Assets Transfers Due Diligence Reviews ROPS Period _____

DATE OF FINANCE’S DETERMINATION LETTER: March 13, 2013

REQUESTED FORMAT OF MEET AND CONFER SESSION (SELECT ONE):

Meeting at Finance Conference Call

DETAIL OF REQUEST

A. Summary of Disputed Issue(s) *(Must be specific.)*

We dispute two aspects of DOF's March 13, 2013 letter to the City of San Gabriel regarding their findings on the Other Funds and Accounts (OFA) Due Diligence Review: The two specific disputes we have are as follows:

- We dispute DOF's denial of \$957,462 of the \$1,919,800 in revenues included in the DDR to meet ROPS 3 expenditures; in particular, the Successor Agency's obligation to purchase affordable housing covenants under the agreement with CETT. We believe that DOF's denial is a reflection of a factual error fully discussed in "C" below.
- We dispute the disallowance of \$2,992,633 of the \$4,277,578 adjustment made by DOF based on a previous denial on ROPS 3. The \$2,992,663 is the amount the City loaned the Successor Agency during the ROPS 3 process. The \$1,284,945 remaining balance is the amount the City loaned the Redevelopment Agency. DOF's ROPS 3 review concluded that the amounts loaned by City to the Successor Agency had not been properly documented – that a formal agreement between the City and Successor Agency would be required to qualify the loan under Health and Safety Code § 34173(h). This conclusion was transmitted by DOF to the Successor Agency on December 18, 2012, several days after the initial DDR report was prepared. Because the loan balance was denied by DOF, the City's auditors required that the loan proceeds from the denied loan be returned to the City by the Successor Agency. Because the positive cash balance shown in the DDR consisted primarily of loan proceeds advanced by the City, the reduction to the funds available, as outlined in Exhibit 6C-01 of the DDR, at least in the amount of \$2,992,633 million, is appropriate and should be included in the calculation. Exhibit 1 shows the effect of these adjustments on the DDR balance.

B. Background/History *(Provide relevant background/history, if applicable.)*

The Successor Agency took extraordinary efforts to complete the DDR within the timeframe outlined in the statutes, and in fact submitted the DDR to the Oversight Board by December 15, 2012 and the approved DDR to DOF by the due date of January 15, 2013. As a result, the report was prepared before the Successor Agency's audit was complete and was due to the requirement for the Successor Agency to essentially undergo three audits for the 2011-12 fiscal year: the audited financial statements were not completed until February 2013. In addition, the DOF determinations regarding both ROPS 3 and the Housing DDR were received by the Successor Agency after the initial DDR report was prepared. While the Agency adjusted the final DDR in an attempt to properly reflect DOF's December 15th and 18th determinations, insufficient time was available to incorporate some of the less obvious effects of the findings. A copy of the DOF December 18, 2012 determination is included as Attachment B-4.

Relevant findings made by DOF with respect to the OFA DDR include the following:

- LMIHF DDR: DOF disallowed the Successor Agency's request to retain fund balances from the LMIHF in an amount sufficient to fund the Agency's enforceable obligation for the CETT agreement, which requires that the Agency pay to the developer \$1,668,900 to purchase affordability covenants. The amount is due upon the completion of construction, which is currently underway and is estimated to be completed by October 2014. While the \$1,668,900 obligation was disallowed for DDR purposes, DOF approved the item as an enforceable obligation on ROPS 3 and directed that the Agency use RPTTF funds instead of the LMIHF balance.

- ROPS 3: DOF disapproved the \$4.2 million City loan (Item #1 on ROPS 3, a copy of which is included as Attachment B-2), a portion of which (\$230,250) was scheduled to be paid during the ROPS 3 time frame. The DOF ruled, in part, that the loan was invalid because it was lacking proper documentation to qualify under HSC Section 34173(h). As shown in Attachment A, the \$4.2 million loan is actually a combination of a \$1,284,945 balance on the loan that was between the City and the former redevelopment agency, and \$2,992,633, which is a loan made by the City to the Successor Agency during the ROPS 3 process. The DOF did not rule until December 18, 2012, that the City loan to the Successor Agency lacked sufficient documentation for qualification under 34173(h). In addition, DOF indicated that any new loan between the City and the Successor Agency would have to be subject to a new loan agreement and be approved by DOF to be considered valid.

C. Justification *(Provide additional attachments to this form, as necessary.)*

The justification for each of the two disputed items is outlined separately below. The reader is also referred to Sections A and B for additional information.

Unfunded CETT Investments Project (Attachment B)

The funds received from the County on January 2, 2013 were significantly less than the amount that DOF directed the Successor Agency to include in ROPS 3 per the LMIHF Due Diligence Review. The attached documents demonstrate that not only were the current January 2, 2013 revenues insufficient, future revenues will likewise be insufficient to provide enough money to meet this obligation before the October 2014 deadline per the agreement. As a result, the Successor Agency must retain fund balances to fund this project or default on its obligations. The Housing Successor Agency is the County of Los Angeles and they likewise do not have the funding to meet this obligation. DOF's December 2012 determinations that the Successor Agency should fund the project through the ROPS process is not realistic given the facts of the situation in San Gabriel. As shown in Attachment B-1, the net amount that the Successor Agency needs to retain to meet the obligation is \$957,462. This equals total estimated revenues, after pass throughs and administrative costs, less the amounts needed for other obligations. Attachment B-1 represents an update of Attachment 4, which was transmitted to DOF along with the original DDR.

As shown in Attachment B-1, the Successor Agency actually received \$315,442 in RPTTF revenue on January 2, 2013. Obviously, this amount is short of the amount needed to fund the CETT obligation in the amount of \$1,668,900: the accumulation of funding through multiple ROPS cycle up until October 2014 is likewise going to be insufficient to fund this obligation. Even if the Agency includes only limited other obligations on future ROPS, the amount available to fund this obligation is estimated to be nearly \$1 million short of the amount needed in the fall of 2014.

Reserve to Repay Invalid Successor Agency Loan (Attachment A)

As indicated in Section B above, the total City loan amount of \$4.2 million shown in ROPS 3 and the DDR is actually comprised of two separate loans. The first component is a City loan to the former redevelopment agency in the amount of \$1,284,945. The second component is a loan in the amount of \$2,992,633 which is a City loan to the Successor Agency that occurred during the ROPS 3 process. The City believed that the loan qualified as an enforceable obligation under HSC Section 34173(h). As DOF disapproved the City loan because of a determination that it did not meet the required processes to qualify under HSC Section 34173(h), DOF essentially concluded that the \$2.9 million loan was never properly approved by the Oversight Board, the City or DOF. Since the Successor Agency loan was ruled as being invalid because of inappropriate documentation and/or approvals, the Successor Agency needs to obtain approval from the City and reobtain approval from the Oversight Board utilizing new loan documents that are subject to the Oversight Board's separate and distinct approval. In light of these facts, the City's auditors required that the \$2,992,633 million be returned to the City.

As a result of findings made by DOF on December 18, 2012, the amount of funds held by the Successor Agency on June 30, 2012 was required by the auditors to be reduced by \$2,992,633. The adjustment made by the auditors was based on determinations made by DOF after the completion deadline of the DDR and should be taken into account in this process. The Successor Agency should not be penalized for following the deadlines imposed by law. Even if the audit had been completed by the Government Finance Officer's Association's Certificate for Excellence in Financial reporting deadline of December 31, 2012, an award the City of San Gabriel has received for the past 22 years, the DDR would still have been required to be prepared based on unaudited data to meet the deadlines outlined in HSC Section 34179.6(c). It defies a reasonable interpretation of the dissolution statutes that loan proceeds from the City, briefly in the possession of the Successor Agency but ruled invalid by DOF, would be used as available fund balance to distribute to the other taxing entities.

Agency Contact Information

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Name: Diane Hadland

Title: Finance Director

Title: Successor Agency staff

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Email:

Date: March 18, 2013

Date: March 18, 2013

Department of Finance Local Government Unit Use OnlyREQUEST TO MEET AND CONFER DATE: APPROVED DENIED

REQUEST APPROVED/DENIED BY: _____ DATE: _____

MEET AND CONFER DATE/TIME/LOCATION: _____

MEET AND CONFER SESSION CONFIRMED: YES DATE CONFIRMED: _____DENIAL NOTICE PROVIDED: YES DATE AGENCY NOTIFIED: _____

Exhibit 1
 San Gabriel Successor Agency
 OFA Balances
 Available for Distribution to Taxing Entities
 From Page 2 of DOF March 13, 2013 Letter

	13-Mar-13 DOF Letter	Revised Calculation	Back-up
Available Balance per DDR:	(4,544,671)	(4,544,671)	
Finance Adjustments			
Add:			
Denied ROPS Item	4,277,578	1,284,945	Attachment A
Requested Restricted Balance Not Supported	56,677	56,677	No Dispute
Requested Restricted Balance Not Supported	1,919,800	962,338	Attachment B
Total OFA available to be distributed:	1,709,384	(2,240,711)	

Attachment A
 San Gabriel Successor Agency
 Detail Concerning Disallowed City Loan

	Loan Components	Back-up
DDR Item (Exhibit 6C-01)	4,277,578	See Attachment A-1
Less: Outstanding City Loan to RDA	(1,284,945)	See Attachment A-1
City Loan to the Successor Agency (ROPS 3)	2,992,633	See Attachment A-2 and A-3

Attachment A-1

Exhibit 6C-01: Listing of the City of San Gabriel (Successor Agency to the former San Gabriel Redevelopment Agency) Asset Balances Held on June 30, 2012 that Restricted for the Following Purposes: Other Assets Considered to be Legally Restricted

City of San Gabriel
Schedule of RDA Successor Agency Payable
As of 6/30/2012
Revised: 11/16/12

Loan to the City of San Gabriel: \$ 4,277,578 Denied by DOF.

Loan to the City of San Gabriel for which a restriction is in effect until sufficient Redevelopment Property Tax Trust Fund (RPTTF) funding is received to satisfy loan payoff.

City/RDA Loan Portion	1,284,944.96	+
City successor Agency Loan Portion	2,992,633.14	+ Denied by DOF. Reversed per audit adjustment.
	002	
	4,277,578.10	*

Attachment A-2

bsdetl.rpt
 3/15/2013 1:07:12PM
 Periods: 0 through 14

G/L Trial Balance Detail Report
 City of San Gabriel
 7/ 1/2011 through 6/30/2012

193 REDEVELOPMENT OBLIGATION RETIREMENT FUND

Account Number	Beginning Balance	Debits	Credits	YTD Debits	YTD Credits	Balance
Liabilities						
308 ADVANCE FROM GENERAL FUND	0.00	0.00	0.00	0.00	0.00	0.00
1/31/2012 genjrn GJ YE1112 - 06			1,600,448.92			
1/31/2012 genjrn GJ ADJUSTMENT			4,166,992.57			
6/30/2012 genjrn GJ ADJUSTMENT2		4,166,992.57				
6/30/2012 genjrn GJ YE1112 - 11			236,586.76			
6/30/2012 genjrn GJ YE1112 - 11			2,440,542.42			
6/30/2012 genjrn GJ YE1112-41		2,440,542.42				
6/30/2012 genjrn GJ YE1112-41		236,586.76				
6/30/2012 genjrn GJ YE1112-41		315,503.96				
308 ADVANCE FROM GENERAL FUND	0.00	7,159,625.71	8,444,570.67	7,159,625.71	8,444,570.67	1,284,944.96 CR
Total Liabilities	0.00	7,159,625.71	8,444,570.67	7,159,625.71	8,444,570.67	1,284,944.96 CR
Total Liabilities	0.00	7,159,625.71	8,444,570.67	7,159,625.71	8,444,570.67	1,284,944.96 CR
Total REDEVELOPMENT OBLIGATION RETI	0.00	7,159,625.71	8,444,570.67	7,159,625.71	8,444,570.67	1,284,944.96 CR

Original Transaction

Auditor Adjustment

Original Transaction

Auditor Adjustment

	1,600,448.92	+		
	1,284,944.96	+		
	315,503.96	+		
	2,440,542.42	+		
003	1,600,448.92	*	004	
	2,992,633.14	*		2,992,633.14 *

City of San Gabriel
 Adjusting Journal Entries
 For the fiscal year ended June 30, 2012

AJE	Fund	Account Description	Debit	Credit
18	193	Advances from general fund	2,440,542	
	193	Advances from general fund	236,587	
	193	Advances from general fund	315,504	
	121	Advances to other fund		2,992,633
	121	Cash	2,992,633	
	193	Cash		2,992,633
	121	Economic development - special departmental	256,989	
	121	Due to other agency		256,989
			<u>6,242,255</u>	<u>6,242,255</u>
		To reverse advances to Successor Agency and to record 20% set-aside for housing fund		

Attachment B
San Gabriel Successor Agency
Detail Concerning ROPS 3 Funding
Modified From Exhibit 9.01 of OFA DDR

	Computation	Back-up
Total Amount of ROPS 3	1,919,800	DOF, December 18, 2012
Less: Net Amount of CETT Insufficient Funding	(957,462)	Attachment B-1
Requested Restricted Balance Not Supported	962,338	

Attachment B-1
San Gabriel Successor Agency
Funding RPTTF Expenditures (1)
Update of Attachment 4 included with the OFA DDR Submittal

Revised 3.14.13

Description	Source Document	As Approved Jan 2, 2013	Cash Flow Re Accumulating Funds for Approved Project - CETT Affordable Housing (1)							
			ROPS III Jan 2, 2013	ROPS IV June 1, 2013	ROPS V Jan 2, 2014	ROPS VI June 1, 2014	ROPS VII Jan 2, 2015	ROPS VIII June 1, 2015	ROPS IX Jan 2, 2016	ROPS X Jan 2, 2017
RPTTF Due (2)	Actual 1/2/13 Pmt	622,692	622,692	604,011	635,146	616,091	647,849	628,413	660,806	640,982
Less:										
County Admin Fee	Est Deduction	(31,135)	(31,135)	(3,020)	(31,757)	(3,080)	(32,392)	(3,142)	(33,040)	(3,205)
Pass Through Payments	Est Deduction	(276,115)	(276,115)	(36,770)	(279,464)	(37,505)	(285,053)	(38,256)	(290,755)	(39,021)
Amount Paid to SA @ 1.02%	Actual 1/2/13 Pmt	315,442	315,442	564,221	323,924	575,506	330,403	587,016	337,011	598,756
Approved ROPS III Expenditures										
Affordable Housing CETT Investments	ROPS 3, line 17	1,668,900	Note (1)	-						
Lucky Center Loan	ROPS 3, line 19	4,000	4,000	3,000	3,000					
ACE Street Haul Route Rehab/San Gabriel Bl	ROPS 3, line 28	100,000	100,000	360,000	123,855					
Street Services SG BI Mustcatel	ROPS 2, line 26		-	-						
Workout related to New Century OPA	ROPS 3, line 30	21,900	21,900	31,900	-					
Independent Legal Svcs	ROPS 3, line 31	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Subtotal		1,809,800	140,900	409,900	141,855	15,000	15,000	15,000	15,000	15,000
Administrative Cost Allowance	ROPS 3	110,000	110,000	125,000	125,000					
Total Costs		1,919,800	250,900	534,900	266,855	15,000	15,000	15,000	15,000	15,000
Surplus/Shortage		(1,604,358)								
Amount Available for CETT Investments	ROPS 3, line 17	N/A	64,542	29,321	57,069	560,506	315,403	572,016	322,011	583,756
Cumulative funding for CETT	\$1,668,900	Total	64,542	93,863	150,933	711,438	1,026,841	1,598,857	1,920,868	2,504,624
Amount of Funding Available		(711,438)								
Unfunded Obligation CETT Agmt	\$	957,462								

- (1) Cash Flow prepared to estimate when monies would be available to fund approved Affordable Housing Project, CETT Investments. The funds are due at the completion of construction, which is estimated to occur in October 2014. As shown above, only slightly over \$700,000 is estimated as available in time to meet the contractual deadline (June 2014 RPTTF disbursement).
- (2) Based on the actual payment received for January 2, 2013, with revenue and offsets both estimated to increase by 2.0% per year in future fiscal years, with slightly more revenue received in January than June.

Name of Successor Agency: City of San Gabriel
 County: Los Angeles

Oversight Board Approval Date: N/A

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)
 January 1, 2013 through June 30, 2013

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation After 6/30/2013	Total Due During Fiscal Year 2012-13	Funding Source								
									LMIHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF (Project)	Other	Six-Month Total		
Grand Total									\$ 4,781,433	\$ 4,694,360	\$ -	\$ -	\$ -	\$ 110,000	\$ 1,809,800	\$ -	\$ 1,919,800
NON-OPERATING																	
1	City Loan (City-Agency Cooperation Agreement)	6/15/1993	On-going	City of San Gabriel	City loan to the Agency including interest	East San Gabriel Commercial Development Project	4,277,578	4,277,578									
2	REMOVED BY ACTION OF THE OVERSIGHT BOARD - SEE NOTE 2																
3	REMOVED BY ACTION OF THE OVERSIGHT BOARD - SEE NOTE 3																
4	REMOVED BY ACTION OF THE OVERSIGHT BOARD - SEE NOTE 4																
PROJECTS																	
17	Agreement for the Provision of Affordable Housing between the Agency and CETT Investments	3/8/2011	N/A	Staff (R. Scherr)	Project Management-Support		0	-									
			On-going	Walsh, Kress, Reisman & Krantz	Legal Services		0	-									
			On-going	KMA	Housing Consulting Services		0	-									
		1/5/2011	22 months for construction	CETT Investments Corporation	Financial assistance		0	-					1,668,900			1,668,900	
19	Lucky Center Loan (Subsidy) for the construction of site improvements and facade/signage upgrades to attract new market operator that will make major tenant improvements		N/A	Staff (R. Scherr)	Loan Compliance Monitoring		On-going	4,000						2,000		2,000	
			On-going	Walsh, Kress, Reisman & Krantz	Legal Services		On-going	5,000						2,000		2,000	
23	Visual Identity and Wayfinding	7/21/2009	On-going	Hunt Design (PO 6395)	Design Services including I-10 Gateway Monument Sign			5,500									
25	San Gabriel Blvd Streetscape Improvement Project		Closed	Marina Landscape (PO 6755)	Construction Project			-									
28	Street Haul Route Rehab / San Gabriel Blvd Streetscape Bridge Enhancements for Trench	3/9/2011		ACE	Reimbursement		483,855	100,000						100,000		100,000	
29	San Gabriel Blvd Gateway Corridor Improvements Project (Fairview to Grand)	Metro Grant Award 9/14/2011		MTA	Agency approved MTA grant application and committed local match on January 18, 2011. MTA awarded grant on 9/14/2011		-	-									
30	Workout related to New Century OPA/DDA		N/A	Staff (R. Scherr)	Project Management		TBD	8,800						4,400		4,400	
			On-going	Walsh, Kress, Reisman & Krantz	Legal Services		TBD	11,000						5,500		5,500	
			TBD	Real Estate Services	Sale of 1266-88 E. Las Tunas Drive		TBD	20,000						10,000		10,000	
			10/6/2010	On-going	National Construction (PO 6599)	Fence rental		TBD	4,000						2,000		2,000
31	Independent Legal Services	7/23/2012	On-going	Colantuono & Levin, PC	Independent Legal Services		On-going	30,000					15,000		15,000		

2,000.00 +
 2,000.00 +
 100,000.00 +
 4,400.00 +
 5,500.00 +
 10,000.00 +
 2,000.00 +
 15,000.00 +
 110,000.00 +
 250,900.00 *

002

See Remittance Advice (Attachment B-3)

250,900.00 +
 315,441.54 -
 64,541.54 *

From the above amount, what was actually received → \$64,541.54

Towards the → \$1,668,900.00

\$1,604,358.46 Unfunded Amount

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation After 6/30/2013	Total Due During Fiscal Year 2012-13	Funding Source						
									LMIHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF (Project)	Other	Six-Month Total
SUCCESSOR AGENCY OPERATING															
5	Administration		N/A	Robin Scherr (20% FTE)	Full Time Employees		On-going	20,000				10,000			10,000
			N/A	Camile Paton (50% FTE per person)	Limited Service Employees to answer phones, scan and file documents, maintain contact with project team members, developers, preparing invoices, maintain and update website		On-going	18,000				9,000			9,000
			N/A	R. Scherr	Health Insurance		On-going	3,600				1,800			1,800
6	22-000 Contractual		N/A	R. Scherr	Retirement		On-going	6,600				3,300			3,300
		1/5/2011	1/5/2016	Canon (PO 6645)	Multi-functional copier lease		TBD	3,720				1,860			1,860
		1/5/2011	1/5/2016	Copy Free (PO 6646)	Multi-functional copier maintenance agreement		TBD	5,388				2,694			2,694
		10/13/2010	10/13/2015	SDS (PO 6607)	Fire, access, and security services for office facility		TBD	1,584				792			792
			N/A	Turbo Chilled Inc.	HVAC Maintenance		TBD	720				360			360
7	Professional Services		On-going	Wallin, Kress, Reisman & Kranitz	Legal Services (General Counsel)		On-going	26,000				13,000			13,000
8	31-000 Office Operating		On-going	Office Depot, Cobra, Amazon & other vendors	Office equipment & supplies		On-going	5,500				2,750			2,750
			On-going	Harold's Key	Keys & Lock Services		TBD	300				150			150
			On-going	Daily Maintenance	Office cleaning services		TBD	3,900				1,950			1,950
9	40-003 Electricity		On-going	So Cal Edison	Electrical utility costs		On-going	3,000				1,500			1,500
10	40-005 Telephone		On-going	AT&T and Verizon Wireless	Telephone, Fax, cellular, DSL, and Alarm Services		On-going	2,100				1,050			1,050
11	40-006 Water		On-going	SG County Water District	Water utility costs		TBD	552				276			276
14	55-000 Lease Payments		On-going	City of San Gabriel	Rent for 410 McGroarty St. Office		TBD	63,000				31,500			31,500
15	64-007 Auditing Services			Marcum LLP dba Caponcci & Larson	Due Diligence Review Pursuant to AB 1484			15,000				10,000			10,000
OVERSIGHT BOARD															
16	Administration		On-going	Robin Scherr (20% FTE)	Coordination		On-going	23,000				11,000			11,000
			On-going	Camile Paton (50% FTE per person)	Meeting Agendas, Minutes, Public Notices, Mailings, File Management, and Logistics		On-going	19,800				6,300			6,300
			TBD	TBD	Other Direct Expenses		On-going	6,718				718			718

Attachment B-3

Allocation Period: January 2013 to June 2013
 ROPS Redevelopment Property Tax Trust Fund (RPTTF) Allocation Cycle: 3
 County: 19-Los Angeles

REVISED
01-07-2013

	Agency Total	E. SAN GABRIEL COMM'L 24402
Successor Agency for the Former San Gabriel RDA		
Title of Former Redevelopment Agency (RDA):		
RPTTF Beginning Balance	\$0.00	\$0.00
Deposits:		
Secured, Unitary & Unsecured Property Taxes	581,955.87	581,955.87
Supplemental Property Taxes	5,034.04	5,034.04
Other Miscellaneous Property Tax Revenues	35,702.24	35,702.24
Total Deposits	622,692.15	622,692.15
H&S Code 34183 Distributions:		
Administrative Distributions:		
Administrative Fees to County Auditor-Controller	(4,065.20)	(4,065.20)
SB2557 Administrative Fees	(19,902.80)	(19,902.80)
SCO Invoices for Audit and Oversight	0.00	0.00
Total Administrative Distributions	(23,968.00)	(23,968.00)
Passthrough Distributions:		
Contractual MOU Agreement (Rancho PV Only)	0.00	0.00
City Passthrough Payments	0.00	0.00
County Taxing Entities (CTE) Passthrough Payments	(200,603.02)	(200,603.02)
County Taxing Entities (CTE) Subordination	0.00	0.00
Special District Passthrough Payments - Tax Portion	0.00	0.00
Special District Passthrough Payments - Facilities Portion	0.00	0.00
K-12 School Passthrough Payments - Tax Portion	0.00	0.00
K-12 School Subordination - Tax Portion	0.00	0.00
K-12 School Passthrough Payments - Facilities Portion	(34,319.49)	(34,319.49)
K-12 School Subordination - Facilities Portion	0.00	0.00
Community College Passthrough Payments - Tax Portion	0.00	0.00
Community College Subordination - Tax Portion	0.00	0.00
Community College Passthrough Payments - Facilities Portion	(7,584.39)	(7,584.39)
Community College Subordination - Facilities Portion	0.00	0.00
County Office of Education - Tax Portion	0.00	0.00
County Office of Education - Facilities Portion	(1,726.63)	(1,726.63)
Outstanding Pass-thru for Period Nov. 2011 to Jan. 2012		
City Passthrough Payments	0.00	0.00
County Taxing Entities (CTE) Passthrough Payments	0.00	0.00
County Taxing Entities (CTE) Subordination	0.00	0.00
Special District Passthrough Payments - Tax Portion	0.00	0.00
Special District Passthrough Payments - Facilities Portion	0.00	0.00
K-12 School Passthrough Payments - Tax Portion	0.00	0.00
K-12 School Subordination - Tax Portion	0.00	0.00
K-12 School Passthrough Payments - Facilities Portion	(31,981.39)	(31,981.39)
K-12 School Subordination - Facilities Portion	0.00	0.00
Community College Passthrough Payments - Tax Portion	0.00	0.00
Community College Subordination - Tax Portion	0.00	0.00
Community College Passthrough Payments - Facilities Portion	(7,067.69)	(7,067.69)
Community College Subordination - Facilities Portion	0.00	0.00
County Office of Education - Tax Portion	0.00	0.00
County Office of Education - Facilities Portion	0.00	0.00
Total Passthrough Distributions	(283,282.61)	(283,282.61)
Total RPTTF Balance Available to Fund Enforceable Obligations (EOs)	315,441.54	315,441.54
Enforceable Obligations (EO) Distributions: Info Only		
Non-ACA ROPS RPTTF Funding Requested by SA	2,593,920.00	
Less Items Denied/Reclassified by Department of Finance (DOF)	(784,120.00)	
ACA Funding Requested by SA	110,000.00	
Less Items Denied/Reclassified by Department of Finance (DOF)	0.00	
Total Approved ROPS & ACA	1,919,800.00	
Actual EO Distribution:		
Non-ACA ROPS RPTTF Funding	315,441.54	
ACA Funding	0.00	
Contractual Administrative Expense (Avalon Successor Agency Only)	0.00	
Less Prior Period Adjustments per H&S 34186(a)	0.00	
Total EO Distributions (Must be less than or equal to the total ROPS III RPTTF amount approved by the DOF according to the amount available RPTTF)	315,441.54	
Total Distributions:	622,692.15	
Residual & Prior ROPS Adjustment (Total Deposits - Total Distributions)	0.00	
Residual & Prior ROPS Adjustment Distributions		
Residual Balance to Cities	0.00	
Residual Balance to Counties	0.00	
Residual Balance to Special Districts	0.00	
Residual Balance to K-12 Schools	0.00	
Residual Balance to Community Colleges	0.00	
Residual Balance to County Office of Education	0.00	
Total Residual Distributions	0.00	
Ending RPTTF Balance	0.00	

<< Actually
Received



December 18, 2012

Mr. Thomas Marston, Director of Finance
City of San Gabriel
425 S. Mission Drive
San Gabriel, CA 91776

Dear Mr. Marston:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 15, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Gabriel Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 31, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 15, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 27, 2012.

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 items being disputed.

- Item No. 1 – Cooperative Agreement between the City of San Gabriel (City) and the Agency in the amount of \$4 million. Finance continues to deny the item. Finance denied the item as the agreement dated June 1993 states the Agency will reimburse the City for costs and expenses incurred on behalf of the Agency; however no loan documents and repayment schedules were provided. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not enforceable obligations. The Agency contends the item is an enforceable obligation because the City/RDA Cooperation Agreement dated June 15, 1993 was provided and it is the loan document. Under the Cooperation Agreement, the City continued to loan funds to the Agency under the Agreement to pay for enforceable obligations approved on ROPS I (January 2012 through June 2012 period). Per HSC section 34173 (h), the city, county, or city and county that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion. An enforceable obligation shall be deemed to be created for the repayment of those loans. **However, the Agency does not have a loan agreement with the City. Once the Agency has entered into a loan with the City for purposes specified in HSC section 34173 (h) and subject to the oversight**

board's separate and distinct approval, the use and receipt of the loan funds should be reflected on a subsequent ROPS. Therefore, this item is not an enforceable obligation.

- Items Nos. 17 (a) through (d) – Affordable Housing Monitoring and Administrative Costs totaling \$1,694,400. As further discussed below, for Items 17 (a) through (c), Finance continues to deny these items. For Item 17 (d), Finance no longer objects to this item; however, we are approving disbursement out of RPTTF rather than from the Low and Moderate Income Housing Fund (LMIHF) as requested on the ROPS. Finance originally denied the items as HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations and housing assets shall be transferred to the city, county, or city and county. The administrative costs associated with the housing functions are the responsibility of the housing successor.

For Items 17 (a) through (c), obligations associated with the former RDA's previous housing obligations are not enforceable obligations. Upon the transfer of the former RDA's housing functions to the new housing entity, HSC section 34176 requires that "all rights, powers, duties, obligations and housing assets...shall be transferred" to the new housing entity. To conclude that such costs should be on-going enforceable obligations of the successor agency could require a transfer of tax increment for life – directly contrary to the wind down directive in ABx1-26/AB1484. Therefore, the items are not enforceable obligations.

For Item 17 (d), the Agency contends these items are enforceable obligations because the affordable housing agreement for financial assistance is an enforceable obligation as it was executed prior to June 27, 2011. The item is an enforceable obligation as the agreement was entered into on January 6, 2011.

- Items Nos. 25 and 29 – Construction and Improvement Projects totaling \$1 million. As further discussed below, Finance continues to deny the items. For Item 25, Finance originally denied the item as it is our understanding the contract with Marina Landscape was entered into on July 19, 2011. For Item 29, Finance denied the item as it is our understanding the grant agreement was signed after June 27, 2011. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011.

The Agency contends Item 25 is an enforceable obligation because pursuant to Resolution OB 12-06, the Oversight Board acted to approve the item as an enforceable obligation and the City is authorized to retain these improvements. However, the Oversight Board had no legal basis to approve an action that directly conflicts with and violates the definition of an enforceable obligation. In addition, the contract with Marina Landscape was entered into on July 19, 2011. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. Therefore, this line item is not an enforceable obligation and not eligible for RPTTF funding.

The Agency contends Item 29 is an enforceable obligation because the City Council approved redevelopment funds as matching grant funds on January 18, 2011 as reflected in the San Gabriel City Council and Redevelopment Agency Minutes; the grant was approved by the Los Angeles County Metropolitan Transportation Authority and a funding agreement will be executed in 2014. While the matching funds were approved for use prior to June 27, 2011, no grant agreement has been executed and HSC section

34163 (b) continues to apply. Therefore, no obligation exists and the item is not an enforceable obligation.

The Agency's maximum approved RPTTF distribution for the reporting period is: \$1,919,800 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 2,593,920
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 1	230,250
Item 25	553,870
Item 29*	0
Total approved RPTTF for enforceable obligations	<u>\$ 1,809,800</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>110,000</u>
Total RPTTF approved:	\$ 1,919,800

* No RPTTF funding requested for the reporting period

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the 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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. 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 questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,


STEVE SZALAY
Local Government Consultant

cc: On following page

Mr. Thomas Marston
December 18, 2012
Page 4

cc: Ms. Robin Scherr, Economic Development Manager, City of San Gabriel
Ms. Kristina Burns, Manager, Los Angeles County Auditor-Controller's Office
California State Controller's Office