



April 15, 2019

Mr. Donald L. Parker, Finance Director
City of Montclair
5111 Benito Street
Montclair, CA 91763

Dear Mr. Parker:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Montclair Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 24, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). The Agency requested a total of \$2,784,798 (\$2,767,021 + \$17,777) in Reserve Balances. The Agency reported Reserve Balances in the amount of \$17,777 available for use during ROPS 19-20. However, according to our review, the Agency has Other Funds, not Reserve Balances, in the amount of \$17,777 available to fund enforceable obligations on the ROPS 19-20.

The Agency inadvertently requested Reserve Balances instead of Other Funds, along with Redevelopment Property Tax Trust Funds (RPTTF). Therefore, with the Agency's concurrence, \$17,777 has been reclassified from Reserve Balances to Other Funds. The final authorized amounts for the affected items are specified below:

Item No.	Item Name/Project Name	Authorized			
		RPTTF	Reserve Balances	Other Funds	Total Funding
1	1997 Taxable (TABs)	\$29,456	\$28,360	\$164	\$57,980
2	2007A Tax Allocation Refunding Bonds	1,581,230	1,130,513	7,795	2,719,538
3	2007B Taxable TABs	300,873	241,500	1,327	543,700
4	2004 TABs	366,949	281,750	1,801	650,500
5	2001 TABs	763,139	590,480	2,071	1,355,690
6	2006A TABs	569,380	416,518	2,665	988,563
7	2006B TABs	153,846	77,900	1,954	233,700
Total		\$3,764,873	\$2,767,021	\$17,777	\$6,549,671

- 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. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's (CAC) review of the prior period adjustment form submitted by the Agency.

Based on our review of the prior period adjustment, Finance noted the Agency misspent a portion of excess funds. Specifically, the Agency spent more than what was authorized for the Administrative Cost Allowance (ACA) for the ROPS 16-17 period. Finance authorized \$250,000 in ACA for the ROPS 16-17 period; yet the Agency reported a total of \$282,866 expended in ACA for the ROPS 16-17 period. This is \$32,866 in excess of the maximum amount allowed pursuant to HSC section 34171 (b) (3). Further, pursuant to HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds and source specified on the ROPS, up to the amount authorized by Finance. Finance reminds the Agency that funds in excess of the amounts authorized on the ROPS cannot be expended. Any excess funds must be either remitted to the CAC or retained and expended once the Agency receives approval for their use on future ROPS.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items that 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/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,047,889 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. 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 denied until the matter is resolved. The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

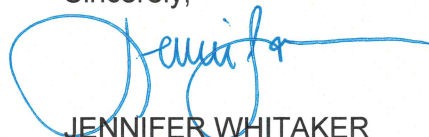
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 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 RPTTF is the same as the amount of property tax increment available prior to the enactment of 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 RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Cole Chev, Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Janet Kulbeck, Senior Accountant, City of Montclair
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 17,500	\$ 3,797,373	\$ 3,814,873
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	142,500	3,922,373	4,064,873
RPTTF Authorized	17,500	3,797,373	3,814,873
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Authorized for Obligations	142,500	3,922,373	4,064,873
Prior Period Adjustment	(16,984)	0	(16,984)
Total RPTTF Approved for Distribution	\$ 125,516	\$ 3,922,373	\$ 4,047,889