

1 meeting with DOF staff in Sacramento and offered appropriate revisions to and restatement of
2 ROPS 13-14B to comport with the supportive information provided to DOF; and

3 **WHEREAS**, once the revisions and restatement were applied to ROPS 13-14B, the total
4 amount of the EOs increased to \$24,890,110 that included the use of \$20,666,253 of RPTTF, of
5 which \$601,930 represented the administrative allowance, and \$4,223,857 of non-RPTTF; and

6 **WHEREAS**, the current version of ROPS 13-14B is appended to this Resolution as Exhibit
7 “A”; and

8 **WHEREAS**, on December 17, 2013, the DOF issued their final determination letter, which
9 is appended to this Resolution as Exhibit “B”; and

10 **WHEREAS**, the DOF’s December 17, 2013 letter denied six EOs worth \$6,930,691 (i.e.,
11 EO Nos. 87, 88 and 90-93), reclassified all or a portion of four EOs (i.e., EO Nos. 10, 12, 13 and 82)
12 in the amount of \$5,171,485, disallowed \$962,503-worth of ROPS III (i.e., January through June
13 2013) actual expenditures related to six EOs that DOF had previously approved (i.e., EO Nos. 2, 9,
14 15, 26, 33 and 38), authorized the distribution of \$11,202,042 of RPTTF to the Successor Agency,
15 of which \$370,434 represents the administrative allowance and generally overlooked the
16 recommended revisions to and restatement of ROPS 13-14B; and

17 **WHEREAS**, notwithstanding the Successor Agency’s diligent efforts culminating in the
18 offering of appropriate revisions to and restatement of ROPS 13-14B to comport with the supportive
19 information provided to DOF, it is evident in the December 17, 2013 DOF letter that DOF’s staff
20 either misunderstand some of the information provided to them or were unable or unwilling to
21 concur with the Successor Agency with respect to certain EOs; and

22 **WHEREAS**, the most troubling of DOF’s determinations is the reclassification of the
23 replenishment of debt service reserve funds (“DSRF” -- i.e., EO No. 82) to “Other” funds and
24 DOF’s directive to reverse \$5,085,237-worth of the Successor Agency’s actual expenditures that
25 DOF denied during their review of ROPS II (i.e., July through December 2012) prior period
26 adjustment as the means for funding such DSRF replenishment; and

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1 **WHEREAS**, Exhibit “C” to this Resolution provides background information confirming
2 that that the \$5,085,237 in question was correctly spent, is impossible to recover and cannot be
3 applied to EO No. 82; and

4 **WHEREAS**, the effect of the foregoing is that DOF has directed the Successor Agency to
5 replenish its DSRFs with funds it does not have and if DOF’s directive is not ultimately reversed,
6 places the Successor Agency in the untenable position of never being able to replenish the affected
7 DSRFs and thus causing the Successor Agency to be in a state of perpetual violation of the affected
8 bond covenants; and

9 **WHEREAS**, on January 6, 2012 the Successor Agency received a check from the County
10 Auditor-Controller in the amount of \$11,202,042, which is the RPTTF authorized by DOF for
11 ROPS 13-14B and is \$9,464,211 less than the amount of RPTTF actually needed for ROPS 13-14B;
12 and

13 **WHEREAS**, due to the shortfall in RPTTF, by necessity the Successor Agency must
14 allocate the use of its available funds in a responsible way consistent with HSC § 34183 (a)(2),
15 ensuring that current debt service obligations are the highest priority for payment; and

16 **WHEREAS**, consistent with the immediately foregoing recital, staff has prepared a plan
17 for the Successor Agency’s use of RPTTF and non-RPTTF for ROPS 13-14B, as depicted in Exhibit
18 “D” to this Resolution; and

19 **WHEREAS**, this Resolution has been reviewed with respect to applicability of the
20 California Environmental Quality Act (“CEQA”), the State CEQA Guidelines (California Code of
21 Regulations, Title 14, §§ 15000 *et seq.*, hereafter the “Guidelines”), and the City’s environmental
22 guidelines; and

23 **WHEREAS**, this Resolution is not a “project” for purposes of CEQA, as that term is
24 defined by Guidelines § 15378, because this Resolution is an organizational or administrative
25 activity that will not result in a direct or indirect physical change in the environment, per §
26 15378(b)(5) of the Guidelines; and

27 **WHEREAS**, all of the prerequisites with respect to the approval of this Resolution have
28 been met.

1 **NOW, THEREFORE**, by be it resolved by the Successor Agency to the Redevelopment
2 Agency of the City of San Bernardino, as follows:

3 **Section 1.** The foregoing recitals are true and correct and are a substantive part of this
4 Resolution.

5 **Section 2.** The Successor Agency’s ROPS 13-14B for the period of January through
6 June 2014, which is attached hereto as Exhibit “A”, is approved.

7 **Section 3.** The Successor Agency’s plan for use of RPTTF and non-RPTTF for ROPS
8 13-14B, which is attached hereto as Exhibit “D”, is approved.

9 **Section 4.** The City Manager, as Executive Director of the Successor Agency, or
10 designee, is hereby authorized and directed to: i) implement ROPS 13-14B on behalf of the
11 Successor Agency; ii) implement the Successor Agency’s plan for use of RPTTF and non-RPTTF
12 for ROPS 13-14B; and iii) take such necessary actions and execute such documents as are necessary
13 to effectuate the intent of this Resolution, inclusive of authorizing ministerial revisions to the
14 Successor Agency’s plan for use of RPTTF and non-RPTTF for ROPS 13-14B.

15 **Section 5.** This Resolution is not a “project” for purposes of CEQA, as that term is
16 defined by Guidelines § 15378, because this Resolution is an organizational or administrative
17 activity that will not result in a direct or indirect physical change in the environment, per §
18 15378(b)(5) of the Guidelines.

19 **Section 6.** This Resolution shall take effect upon its adoption and execution in the
20 manner as required by the City Charter.

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RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO APPROVING RECOGNIZED OBLIGATION PAYMENT SCHEDULE 13-14B FOR THE PERIOD OF JANUARY THROUGH JUNE 2014 AND APPROVING CERTAIN RELATED ACTIONS.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Mayor and Common Council of the City of San Bernardino, acting as the Successor Agency to the Redevelopment Agency of the City of San Bernardino, at a joint regular meeting thereof, held on the 3rd day of February, 2014, by the following vote, to wit:

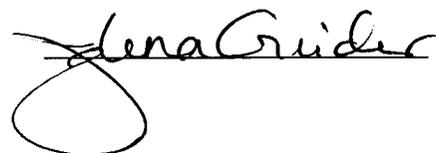
<u>Council Members</u>	<u>Ayes</u>	<u>Nays</u>	<u>Abstain</u>	<u>Absent</u>
MARQUEZ	X			
JENKINS	X			
VALDIVIA	X			
SHORETT	X			
VACANT				
JOHNSON	X			
MULVIHILL	X			


Georgeann Hanna, City Clerk

The foregoing Resolution is hereby approved this 4th day of Feb., 2014.


Patrick J. Morris, Chairman
Successor Agency to the
Redevelopment Agency of the
City of San Bernardino

Approved as to Form:
Gary D. Saenz, City Attorney

By: 

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO
RECOGNIZED OBLIGATION PAYMENT SCHEDULE 13-14B
(January through June 2014)**

(See Attachment)

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Recognized Obligation Payment Schedule (ROPS 13-14B) - Summary

Filed for the January 1, 2014 through June 30, 2014 Period

Name of Successor Agency: San Bernardino City
 Name of County: San Bernardino

Current Period Requested Funding for Outstanding Debt or Obligation		Six-Month Total
A	Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):	\$ 4,223,857
B	Bond Proceeds Funding (ROPS Detail)	-
C	Reserve Balance Funding (ROPS Detail)	-
D	Other Funding (ROPS Detail)	4,223,857
E	Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 20,666,253
F	Non-Administrative Costs (ROPS Detail)	20,064,323
G	Administrative Costs (ROPS Detail)	601,930
H	Current Period Enforceable Obligations (A+E):	\$ 24,890,110

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
I	Enforceable Obligations funded with RPTTF (E):	20,666,253
J	Less Prior Period Adjustment (Report of Prior Adjustments Column U)	-
K	Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 20,666,253

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
L	Enforceable Obligations funded with RPTTF (E):	20,666,253
M	Less Prior Period Adjustment (Report of Prior Adjustments Column AB)	-
N	Adjusted Current Period RPTTF Requested Funding (L-M)	20,666,253

Certification of Oversight Board Chairman:
 Pursuant to Section 3417(m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Name _____ Title _____
 Signature _____ Date _____

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Fund Balances
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177(i), Redevelopment Property Tax Trust Fund (RPPTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	Fund Sources						J	K
					Bond Proceeds	Reserve Balance	Other	RPPTF	Total	Comments		
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Review balances retained for approved enforceable obligations	RPPTF balances retained for bond reserves	Rent, Grants, Interest, Etc.	Non-Admin	Admin				
ROPS III Actuals (07/01/13 - 6/30/13)												
1	Beginning Available Fund Balance (Actual 07/01/13) Note that for the RPPTF, 1 + 2 should tie to columns L and Q in the Report of Prior Period Adjustments (PPAs)	8,758,000										\$ 8,758,000
2	Revenue/Income (Actual 06/30/13) Note that the RPPTF amounts should tie to the ROPS III distributions from the County Auditor-Controller						11,866,630	382,233				\$ 12,248,863
3	Expenditures for ROPS III Enforceable Obligations (Actual 06/30/13) Note that for the RPPTF, 3 + 4 should tie to columns N and S in the Report of PPAs						11,866,630	382,233				\$ 12,248,863
4	Retention of Available Fund Balance (Actual 06/30/13) Note that the Non-Admin RPPTF amount should only include the retention of reserves for debt service approved in ROPS III											\$ -
5	ROPS III RPPTF Prior Period Adjustment Note that the net Non-Admin and Admin RPPTF amounts should tie to columns O and T in the Report of PPAs.											\$ -
6	Ending Actual Available Fund Balance (1 + 2 - 3 - 4 - 5)	\$ 8,758,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,758,000
ROPS 13-14A Estimate (07/01/13 - 12/31/13)												
7	Beginning Available Fund Balance (Actual 07/01/13) (C, D, E, G, and I = 4 + 6, F = H4 + F6, and H = 5 + 6)	\$ 8,758,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,758,000
8	Revenue/Income (Estimate 12/31/13) Note that the RPPTF amounts should tie to the ROPS 13-14A distributions from the County Auditor-Controller						11,675,715	527,077				\$ 12,202,792
9	Expenditures for 13-14A Enforceable Obligations (Estimate 12/31/13)						11,675,715	527,077				\$ 12,202,792
10	Retention of Available Fund Balance (Estimate 12/31/13) Note that the RPPTF amounts may include the retention of reserves for debt service approved in ROPS 13-14A											\$ -
11	Ending Estimated Available Fund Balance (7 + 8 - 9 - 10)	\$ 8,758,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,758,000

Recognized Obligation Payment Schedule (ROPS) 13-14B - ROPS Detail
January 1, 2014 through June 30, 2014
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					P			
										L		M				N		O
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Funding Source					Six-Month Term			
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin		Six-Month Term		
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)					RPTTF			
1	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	\$ 275,042,717	Y									
2	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	Central City RDA Projects	MCC	10,178,380	N									1,220,4
3	1998A TABs	Bonds Issued On or Before 12/31/10	3/21/1998	7/1/2020	US Bank	Central City RDA Projects	MCC	5,371,875	N									545,5
4	1998B TABs	Bonds Issued On or Before 12/31/10	3/21/1998	7/1/2020	US Bank	Central City RDA Projects	MCC	5,371,875	N									545,5
5	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	5,086,615	Y									87,9
6	2002A TABs	Bonds Issued On or Before 12/31/10	3/4/2002	2/1/2031	US Bank	MM Vernon Project Area	MTV	23,122,510	N									1,891,6
7	2002 TABs	Bonds Issued On or Before 12/31/10	11/19/2001	4/1/2028	US Bank	SC, CCN, SEIP, NW, TRI, UP and SV	SC, CCN, SEIP, NW, TRI, UP and SV	54,352,431	N									1,069,1
8	2005A TABs	Bonds Issued On or Before 12/31/10	11/19/2001	10/1/2025	US Bank	SC, CCN, SEIP, NW, TRI, UP and SV	SC, CCN, SEIP, NW, TRI, UP and SV	20,272,592	N									399,8
9	2005B TABs	Bonds Issued On or Before 12/31/10	11/19/2001	10/1/2025	US Bank	Recovery Zone Projects	RI, UP, SV	12,174,838	N									410,3
10	2010A RECOVERY ZONE	Bonds Issued On or Before 12/31/10	12/6/2010	4/1/2030	US Bank	Northwest Project Area	CON/MCC/NW	4,685,960	N									246,4
11	2010B TABs	Bonds Issued On or Before 12/31/10	12/6/2010	4/1/2028	US Bank	Northwest Project Area	CON/MCC/NW	1,815,369	N									104,2
12	1995H Highland Lutheran SR Housing	Revenue Bonds Issued On or Before 12/31/10	6/19/1995	7/1/2025	US Bank	SR Housing Complex	IVDA	1,618,382	N									95,3
13	1995R Casa Ramona Sr Housing	Revenue Bonds Issued On or Before 12/31/10	6/19/1995	7/1/2025	US Bank	Ramona Sr Housing Complex	MTV	17,481,250	N									383,7
14	CMB Export \$15,000,000 Notes	Third-Party Loans	10/5/2009	9/1/2015	CMB Export Infrastructure Group	Various construction projects per agreement	SC, UP, CCN, CCS, SEIP, TRI	12,100,900	N									282,5
15	CMB Export \$10,000,000 Notes	Third-Party Loans	3/3/2011	12/1/2017	CMB Export Infrastructure Group	Various construction projects per agreement	CCE, CCS, CCN, MCC	9,155,000	N									210,0
16	CMB Export \$8,000,000 Notes	Third-Party Loans	9/20/2010	10/1/2016	CMB Export Infrastructure Group	Various construction projects per agreement	IVDA	3,723,876	N									100,2
17	Cinema Section 108 Bonds	Bonds Issued On or Before 12/31/10	6/15/1998	8/1/2018	Bank of New York	Cinema Star Project	CCN/MCC/NW	9,597,122	N									356,7
18	Ardent-Guthrie Sec 108 Bonds	Bonds Issued On or Before 12/31/10	7/24/2006	8/1/2025	Bank of New York	North Ardent/Guthrie Project	IVDA	615,859	N									286,3
19	Hillwood-ODA TI Reimbursement	OPADDA/Construction	9/18/2006	4/27/2021	Hillwood Properties	Tax Sharing Agreement - Warehouse Facility	SC	789,936	N									356,7
20	BP CA - Site Remediation	OPADDA/Construction	10/7/2002	9/30/2018	BP Cal	Tax Sharing Agreement - Site Remediation	TRI	261,762	N									37,0
21	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	246,951	Y									40,0
22	Young Electric Sign Company OPA	OPADDA/Construction	3/17/2008	7/15/2022	YESCO	Tax Sharing Agreement - New Construction	NW	1,868,505	N									94,1
23	Parris Campus Plaza DDA	OPADDA/Construction	6/12/2007	6/12/2022	ICO Development	Tax Sharing Agreement - New Construction	IVDA	527,997	N									17,0
24	SB County Bldg - TADS	OPADDA/Construction	8/16/2004	2/22/2020	Waterman Holdings	Tax Sharing Agreement - New Construction	CCE	94,100	N									2,082,9
25	Mapel	OPADDA/Construction	12/22/2002	6/30/2013	Mapel	Tax Sharing Agreement - New Construction	NW	28,915,985	Y									2,082,9
26	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	5,211,000	Y									14,8
27	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	859,000	Y									14,8
28	2005 LMHF TABs	Bonds Issued On or Before 12/31/10	3/20/2006	5/1/2027	US Bank	LMHF Projects/Programs	CCN	1,815,369	N									104,2
29	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1,815,369	N									104,2
30	PERS - Unfunded Pension Liability	Unfunded Liabilities	6/30/2010	8/10/2045	CalPERS	Eat Unfunded Pension Balance as of 6/30/2010	ALL	859,000	N									14,8
31	Retiree Health Benefit	Miscellaneous	6/23/2005	8/10/2045	Various Employees	Retiree Supplemental Health Benefit per Agency Policy	ALL	859,000	N									14,8

Recognized Obligation Payment Schedule (ROPS) 13-14B - ROPS Detail
January 1, 2014 through June 30, 2014
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					P
										L		M		N	
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Funding Source					Six-Month Total
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	
32	Successor Agency Admin.	Admin Costs	2/17/2012	4/1/2030	Various	Various admin activities in support of the dissolution of the former RDA	ALL	10,800,000	N					585,320	585.3
33	Litigation - Carousal Mall (Placo)	Litigation	9/7/2011	4/1/2030	Lewis Brisbois	Legal representation for litigation	MCC	232,884	N					40,000	40.0
34	Litigation - Peart v. City of San Bernardino	Litigation	6/20/2011	4/1/2030	Lewis Brisbois	Legal representation for litigation	ALL	125,000	N					12,500	12.5
35	Litigation - Glen Aire MHP Corp	Litigation	6/26/2011	10/1/2013	None	Lawsuit - Glen Aire MHP Corp et al	None	250,000	N					12,500	12.5
36	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	Endeman Lincoln Turek	Heater	City, VDA	1	Y						
37	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	Maintenance of former RDA properties	ALL	12,500,000	Y					946,693	946.6
38	Long Term Property Maintenance	Property Maintenance	6/26/2011	8/10/2045	Various	Maintenance of former RDA properties in accordance with AB 1494	ALL	432,257	N					400,000	400.0
39	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	University Parkway Promenade	OPA - Housing/retail project	None	1	Y						
40	Infrastructure - Watson OPA	OP/AD/CA/Constructi on	1/21/2020	7/31/2013	University Parkway Promenade	OPA - Housing/retail project	None	432,257	N					400,000	400.0
41	Auto Plaza - Reader Board	OP/AD/CA/Constructi on	5/17/2010	4/1/2030	Citizens Business Bank	\$850K Loan Guarantee	SEIP	688,000	N						
42	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
43	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
44	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
45	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
46	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
47	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
48	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
49	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
50	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
51	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
52	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
53	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
54	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
55	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
56	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
57	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
58	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
59	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
60	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
61	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
62	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
63	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
64	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
65	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
66	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
67	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
68	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
69	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
70	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
71	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
72	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
73	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
74	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
75	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
76	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
77	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
78	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
79	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
80	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
81	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1	Y						
82	HSC 34.171 (d)(1)(A) Reserve	Bonds Issued On or Before 12/31/10	6/26/2011	4/1/2030	US Bank	Repayment of DSR Draws	ALL	5,085,237	N					5,085,237	5,085.2

Recognized Obligation Payment Schedule (ROPS) 13-14B - ROPS Detail
January 1, 2014 through June 30, 2014
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K				O	P			
										L		M	N					
											Funding Source		RTTF					
											Non-Redevelopment Property Tax Trust Fund (Non-RTTF)		Other Funds		Non-Admin		Admin	
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total			
83	Intentionally Left Blank	Miscellaneous	6/26/2011	10/1/2013	None	None	None	1,066,335	Y				71,089		\$ 71.0			
84	Securities Servicing	Fees	3/2/1998	4/1/2030	US Bank	Securities Servicing of all Bonds	ALL	2,644,578	N				2,644,578		\$ 2,644.5			
85	Past Under-Paid Pass-Thru Prnts.	Miscellaneous	7/1/2009	4/1/2030	SBVWWD	Past Under-Paid TI Pass-Thru Prnts.	ALL	78,242	N				78,242		\$ 78.2			
86	Bond DSRF Investment Services	Fees	7/1/2011	4/1/2030	Citizens Business Bank	Bond DSRF Investment Services	ALL	869,691	N				869,691		\$ 869.6			
87	Carousal Mall Past Due Prog. Tax	Miscellaneous	7/1/2010	4/1/2030	SSB County Tax Collector	Prog. Taxes Assumed at Foreclosure	ALL	1,900,000	N			1,900,000			\$ 1,900.0			
88	ACAA Limited Partnership Purchase	Third-Party Loans	5/19/2011	6/1/2012	ACAA Limited Partnership	ACAA Limited Partnership Purchase	ALL	16,510	N					16,510	\$ 16.5			
89	Money Note	Miscellaneous	5/29/2013	4/1/2030	Successor Agency	Money Note	ALL	420,000	N			420,000			\$ 420.0			
90	CAC Under Payment ROPS 13-14A	Miscellaneous	9/30/2013	4/1/2030	Allison Mechanical	Settlement of Case # CIVDS1211891	ALL	534,000	N			534,000			\$ 534.0			
91	Discounted settlement of lawsuit to former RDA Property	Miscellaneous	9/30/2013	4/1/2030	Aspen Builders, Inc.	Settlement of Case # CIVDS1210338	ALL	1,200,000	N			1,200,000			\$ 1,200.0			
92	Discounted settlement of lawsuit to former RDA Property	Miscellaneous	9/30/2013	4/1/2030	L. A. Engineering, Inc.	Settlement of Case # CIVDS1210197	ALL	107,000	N			107,000			\$ 107.0			
93	Discounted settlement of lawsuit to former RDA Property	Miscellaneous	9/30/2013	4/1/2030	Braughon Const., Inc.	Settlement of Case # CIVDS1210288	ALL		N						\$			

Recognized Obligation Payment Schedule (ROPS), 13-14B, Report of Prior Period Adjustments
 reported for the ROPS III (January - 2013 through June 2013) Period
 Reported Amount in Whole Dollars

Item #	Project Name / Dept	Lump Sum		Bond Proceeds		Revenue Sources		Other Funds		Non-Admin		Admin		RPTT Expenditures		Net 13 Non-Admin and Admin PPA	Net 14 Non-Admin and Admin PPA	Difference (in dollars) (0 = zero)	Net 13 Difference (in dollars) (0 = zero)	Net 14 Difference (in dollars) (0 = zero)	Net 13 Difference (in dollars) (0 = zero)	Net 14 Difference (in dollars) (0 = zero)
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual							
1	1992 CDP	48,113	234,513	99,000	997,800	-	-	10,706	11,933	12,848,500	11,068,600	213,288	213,288	11,856,600	11,856,600	-	-	-	-	-	-	-
2	1994A FAD	-	-	-	-	-	-	-	-	273,249	273,249	273,249	273,249	273,249	273,249	-	-	-	-	-	-	-
3	1994B FAD	-	-	-	-	-	-	-	-	1,382,550	1,382,550	1,382,550	1,382,550	1,382,550	1,382,550	-	-	-	-	-	-	-
4	1998B FAD	-	-	-	-	-	-	-	-	532,141	532,141	532,141	532,141	532,141	532,141	-	-	-	-	-	-	-
5	1999 CDP	-	-	-	-	-	-	-	-	270,188	270,188	270,188	270,188	270,188	270,188	-	-	-	-	-	-	-
6	2002A FAD	-	-	-	-	-	-	-	-	80,575	80,575	80,575	80,575	80,575	80,575	-	-	-	-	-	-	-
7	2002B FAD	-	-	-	-	-	-	-	-	1,456,138	1,456,138	1,456,138	1,456,138	1,456,138	1,456,138	-	-	-	-	-	-	-
8	2005A FAD	-	-	-	-	-	-	-	-	430,847	430,847	430,847	430,847	430,847	430,847	-	-	-	-	-	-	-
9	2005B FAD	-	-	-	-	-	-	-	-	440,025	440,025	440,025	440,025	440,025	440,025	-	-	-	-	-	-	-
10	2010A RECOVERY ZONE	-	-	-	-	-	-	-	-	259,250	259,250	259,250	259,250	259,250	259,250	-	-	-	-	-	-	-
11	1995RT Right-of-Way SR	-	-	-	-	-	-	-	-	163,742	163,742	163,742	163,742	163,742	163,742	-	-	-	-	-	-	-
12	Hoover Road Station SR	-	-	-	-	-	-	-	-	92,248	92,248	92,248	92,248	92,248	92,248	-	-	-	-	-	-	-
13	Hoover Road Station SR	-	-	-	-	-	-	-	-	393,150	393,150	393,150	393,150	393,150	393,150	-	-	-	-	-	-	-
14	CHFD #11 2007/000	-	-	-	-	-	-	-	-	262,026	262,026	262,026	262,026	262,026	262,026	-	-	-	-	-	-	-
15	CHFD #12 2007/000	-	-	-	-	-	-	-	-	210,000	210,000	210,000	210,000	210,000	210,000	-	-	-	-	-	-	-
16	CHFD #13 2007/000	-	-	-	-	-	-	-	-	118,641	118,641	118,641	118,641	118,641	118,641	-	-	-	-	-	-	-
17	Cherry Station 108	-	-	-	-	-	-	-	-	35,345	35,345	35,345	35,345	35,345	35,345	-	-	-	-	-	-	-
18	Adrian Station 108	-	-	-	-	-	-	-	-	564,000	564,000	564,000	564,000	564,000	564,000	-	-	-	-	-	-	-
19	14th/20th/20th	-	-	-	-	-	-	-	-	338,000	338,000	338,000	338,000	338,000	338,000	-	-	-	-	-	-	-
20	14th/20th/20th	-	-	-	-	-	-	-	-	272,639	272,639	272,639	272,639	272,639	272,639	-	-	-	-	-	-	-
21	Young Electric Sign Company	-	-	-	-	-	-	-	-	29,647	29,647	29,647	29,647	29,647	29,647	-	-	-	-	-	-	-
22	Paint Company	-	-	-	-	-	-	-	-	4,426	4,426	4,426	4,426	4,426	4,426	-	-	-	-	-	-	-
23	Paint Company	-	-	-	-	-	-	-	-	8,500	8,500	8,500	8,500	8,500	8,500	-	-	-	-	-	-	-
24	Paint Company	-	-	-	-	-	-	-	-	506,617	506,617	506,617	506,617	506,617	506,617	-	-	-	-	-	-	-
25	Vanadium Bag	-	-	-	-	-	-	-	-	2,614,196	2,614,196	2,614,196	2,614,196	2,614,196	2,614,196	-	-	-	-	-	-	-
26	Vanadium Bag	-	-	-	-	-	-	-	-	993,000	993,000	993,000	993,000	993,000	993,000	-	-	-	-	-	-	-
27	Vanadium Bag	-	-	-	-	-	-	-	-	2,614,196	2,614,196	2,614,196	2,614,196	2,614,196	2,614,196	-	-	-	-	-	-	-
28	2008 13A ROPS	-	-	-	-	-	-	-	-	14,600	14,600	14,600	14,600	14,600	14,600	-	-	-	-	-	-	-
29	Improvements	-	-	-	-	-	-	-	-	12,832	12,832	12,832	12,832	12,832	12,832	-	-	-	-	-	-	-
30	Improvements	-	-	-	-	-	-	-	-	107,119	107,119	107,119	107,119	107,119	107,119	-	-	-	-	-	-	-
31	Other Endowment Interest	-	-	-	-	-	-	-	-	382,233	382,233	382,233	382,233	382,233	382,233	-	-	-	-	-	-	-
32	Endowment Interest	-	-	-	-	-	-	-	-	14,831	14,831	14,831	14,831	14,831	14,831	-	-	-	-	-	-	-
33	Endowment Interest	-	-	-	-	-	-	-	-	546,853	546,853	546,853	546,853	546,853	546,853	-	-	-	-	-	-	-
34	Endowment Interest	-	-	-	-	-	-	-	-	29,000	29,000	29,000	29,000	29,000	29,000	-	-	-	-	-	-	-
35	Endowment Interest	-	-	-	-	-	-	-	-	450,000	450,000	450,000	450,000	450,000	450,000	-	-	-	-	-	-	-
36	Endowment Interest	-	-	-	-	-	-	-	-	8,000	8,000	8,000	8,000	8,000	8,000	-	-	-	-	-	-	-
37	Endowment Interest	-	-	-	-	-	-	-	-	500,000	500,000	500,000	500,000	500,000	500,000	-	-	-	-	-	-	-
38	Endowment Interest	-	-	-	-	-	-	-	-	400,000	400,000	400,000	400,000	400,000	400,000	-	-	-	-	-	-	-
39	Endowment Interest	-	-	-	-	-	-	-	-	19,115	19,115	19,115	19,115	19,115	19,115	-	-	-	-	-	-	-
40	Endowment Interest	-	-	-	-	-	-	-	-	232,501	232,501	232,501	232,501	232,501	232,501	-	-	-	-	-	-	-
41	Endowment Interest	-	-	-	-	-	-	-	-	13,000	13,000	13,000	13,000	13,000	13,000	-	-	-	-	-	-	-
42	Endowment Interest	-	-	-	-	-	-	-	-	50,000	50,000	50,000	50,000	50,000	50,000	-	-	-	-	-	-	-
43	Endowment Interest	-	-	-	-	-	-	-	-	10,000	10,000	10,000	10,000	10,000	10,000	-	-	-	-	-	-	-
44	Endowment Interest	-	-	-	-	-	-	-	-	35,188	35,188	35,188	35,188	35,188	35,188	-	-	-	-	-	-	-
45	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
46	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
47	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
48	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
49	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
50	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
51	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
52	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
53	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
54	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
55	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
56	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
57	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
58	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
59	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
60	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
61	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
62	Endowment Interest	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	-	-	-	-	-	-
63	Endowment Interest	-	-	-	-																	

Recognized Obligation Payment Schedule 13-14B - Notes

January 1, 2014 through June 30, 2014

Item #	Notes/Comments
1	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
2	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
3	None
4	None
5	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
6	None
7	None
8	None
9	None
10	None
11	None
12	None
13	None
14	None
15	None
16	None
17	None
18	This enforceable obligation is a debt service guarantee that would only be called upon when available CDBG funds are insufficient.
19	None
20	None
21	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
22	None
23	None
24	None
25	None
26	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
27	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
28	None
29	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
30	None
31	None
32	Termination will occur upon settlement of all enforceable obligations; therefore, the termination date shown on the ROPS is an estimate only.
33	Termination will occur upon settlement; therefore, the termination date shown on the ROPS is an estimate only.
34	Termination will occur upon settlement; therefore, the termination date shown on the ROPS is an estimate only.
35	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
36	Termination will occur upon settlement; therefore, the termination date shown on the ROPS is an estimate only.
37	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
38	Consistent with HSC § 34-177.3(b), these enforceable obligations are for maintenance directly related to Successor Agency real property and are essential to winding down the former redevelopment agency's affairs.

Recognized Obligation Payment Schedule 13-14B - Notes

January 1, 2014 through June 30, 2014

Item #	Notes/Comments
64	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
65	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
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67	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
68	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
69	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
70	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
71	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
72	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
73	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
74	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
75	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
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77	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
78	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
79	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
80	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
81	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
82	Replenishment of DSR Draws for the following Bonds: 1998A TABS (Line Item #3), 1998B TABS (Line Item #4), 2002 TABS (Line Item #7), 2005A TABS (Line Item #8), 2005B TABS (Line Item #9), 2010A Recovery Zone Bonds (Line Item #10), and 2010B TABS (Line Item #11). Termination will occur upon replenishment of the DSRs; therefore, the termination date shown on the ROPS is an estimate only.
83	This EO number has been retired. The names and numbers entered on this line are only for the purpose of enabling ROPS 13-14B to be uploaded on the DOF website. Therefore, the names and numbers on this line should be ignored.
84	Inadvertently left off prior ROPS (contributed to DSR- Draws)
85	Eligibility for such repayments under the HSC to be determined by DOF. Termination will occur upon full payment; therefore, the termination date shown on the ROPS is an estimate only.
86	Termination will occur upon full payment; therefore, the termination date shown on the ROPS is an estimate only.
87	These past due property taxes relate to the Carousel Mall site. This property was acquired pursuant to an RDA initiated foreclosure on the prior owner due to its failure to make payments on its purchase money note. Termination will occur upon full payment of property taxes; therefore, the termination date shown on the ROPS is an estimate only.

Recognized Obligation Payment Schedule 13-14B - Notes

January 1, 2014 through June 30, 2014

Item #	Notes/Comments
88	<p>This enforceable obligation was inadvertently left off prior ROPS. Payment in full on the ACAA Limited Partnership purchase money note was due on June 1, 2012. Due to Successor Agency cash-flow insolvency, payment could not have been made at the maturity date. ACAA Limited Partnership is now considering a foreclosure action against the Successor Agency. Payment will be accomplished pursuant to a deed in lieu of foreclosure. No cash will actually change hands.</p>
89	<p>On 5/29/13, the CAC under paid the Successor Agency in the amount of \$16,610 for ROPS 13-14A. DOF advised to place this amount on ROPS 13-14B. Termination will occur upon full payment; therefore, the termination date shown on the ROPS is an estimate only.</p>
90	<p>Termination will occur upon settlement, or if case cannot be settled, upon satisfaction of court judgment by sale of property at foreclosure or full payment of judgment awarded; therefore, the termination date shown on the ROPS is an estimate only. San Bernardino County Superior Court Case No. CIVDS1211891 (Allison Mechanical, v. SBEDC). Per SCO ATR order, the affected real property is being transferred to the Successor Agency from the SBEDC, with any outstanding related liabilities, including the mechanics lien sought to be foreclosed in this court case. Case is set for trial on 1/12/2013. The following sources of funds are proposed for payment of the settlements in EOs 90-93: (1) Deposit of probable compensation by San Bernardino County Transportation Commission in eminent domain proceeding seeking to condemn former RDA property expected to be conveyed to Successor Agency upon DOF approval; (2) Interpleader account containing former RDA funds previously deposited for disbursement previously deposited for disbursement to construction contractor pursuant to EO 91; (3) retention account containing former RDA funds previously deposited for disbursement to construction contractor pursuant to EO 92; or (4) any other source of funding legally available to the Successor Agency.</p>
91	<p>Termination will occur upon settlement, or if case cannot be settled, upon satisfaction of court judgment by sale of property at foreclosure or full payment of judgment awarded; therefore, the termination date shown on the ROPS is an estimate only. San Bernardino County Superior Court Case No. CIVDS1210197 (Los Angeles Engineering, Inc. v. SBEDC). Per SCO ATR order, the affected real property is being transferred to the Successor Agency from the SBEDC, with any outstanding related liabilities, including the mechanics lien sought to be foreclosed in this court case. Case is set for trial during April or May 2014. The following sources of funds are proposed for payment of the settlements in EOs 90-93: (1) Deposit of probable compensation by San Bernardino County Transportation Commission in eminent domain proceeding seeking to condemn former RDA property expected to be conveyed to Successor Agency upon DOF approval; (2) Interpleader account containing former RDA funds previously deposited for disbursement to construction contractor pursuant to EO 91; (3) retention account containing former RDA funds previously deposited for disbursement to construction contractor pursuant to EO 92; or (4) any other source of funding legally available to the Successor Agency.</p>
92	<p>Termination will occur upon settlement, or if case cannot be settled, upon satisfaction of court judgment by sale of property at foreclosure or full payment of judgment awarded; therefore, the termination date shown on the ROPS is an estimate only. San Bernardino County Superior Court Case No. CIVDS1210289 (Braughton Construction, Inc. v. SBEDC). Per SCO ATR order, the affected real property is being transferred to the Successor Agency from the SBEDC, with any outstanding related liabilities, including the mechanics lien sought to be foreclosed in this court case. Case is set for trial on 12/2/2013. The following sources of funds are proposed for payment of the settlements in EOs 90-93: (1) Deposit of probable compensation by San Bernardino County Transportation Commission in eminent domain proceeding seeking to condemn former RDA property expected to be conveyed to Successor Agency upon DOF approval; (2) Interpleader account containing former RDA funds previously deposited for disbursement to construction contractor pursuant to EO 91; (3) retention account containing former RDA funds previously deposited for disbursement to construction contractor pursuant to EO 92; or (4) any other source of funding legally available to the Successor Agency.</p>
93	<p>Termination will occur upon settlement, or if case cannot be settled, upon satisfaction of court judgment by sale of property at foreclosure or full payment of judgment awarded; therefore, the termination date shown on the ROPS is an estimate only. San Bernardino County Superior Court Case No. CIVDS1210289 (Braughton Construction, Inc. v. SBEDC). Per SCO ATR order, the affected real property is being transferred to the Successor Agency from the SBEDC, with any outstanding related liabilities, including the mechanics lien sought to be foreclosed in this court case. Case is set for trial on 12/2/2013. The following sources of funds are proposed for payment of the settlements in EOs 90-93: (1) Deposit of probable compensation by San Bernardino County Transportation Commission in eminent domain proceeding seeking to condemn former RDA property expected to be conveyed to Successor Agency upon DOF approval; (2) Interpleader account containing former RDA funds previously deposited for disbursement to construction contractor pursuant to EO 91; (3) retention account containing former RDA funds previously deposited for disbursement to construction contractor pursuant to EO 92; or (4) any other source of funding legally available to the Successor Agency.</p>
PPA	<p>On Excel line 7, the amounts shown as expended in cell numbers N7 and S7 equal \$12,068,863 which is exactly equal to the amount received from the CAC. Pre-2011 bond proceeds may be used subsequent to receipt of a finding of completion.</p>
PPA	<p>Therefore, there is no offset against ROPS 13-14A. Due to the formula error on the PPA sheet, a zero was inserted on line J on the Summary Sheet.</p>
PPA	<p>On line 38, the difference between the estimate and the actual was due to a budgeting error. This error was corrected on ROPS 13-14A and ROPS 13-14B.</p>
PPA	<p>On line 46, based on an anticipated shortfall with respect to the receipt of RPTTF during ROPS III, this affordable housing project expense was originally estimated and authorized to be funded with RPTTF. For reasons related to insufficient RPTTF during ROPS III (the Successor Agency has at all times since dissolution has been and remains cash-flow insolvent) and sufficient remaining LMHIF, this project expense was actually funded with LMHIF as it would have otherwise been funded if the RDA had not been dissolved.</p>

EXHIBIT "B"

**DECEMBER 17, 2013 LETTER
FROM THE
CALIFORNIA DEPARTMENT OF FINANCE**

(See Attachment)

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December 17, 2013

Mr. Allen Parker, City Manager
San Bernardino City
300 North D Street, 6th Floor
San Bernardino, CA 94218

Dear Mr. Parker:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 15, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the San Bernardino City Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to Finance on October 1, 2013, for the period of January through June 2014. Finance issued a ROPS determination letter on November 15, 2013. 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 December 4, 2013.

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 Nos. 10, 12, and 13 – Various Recovery and Revenue Bonds totaling \$15,608,589. The Agency requests funding in the amounts of \$454,100, \$44,225, and \$40,360, respectively, for the ROPS 13-14B period. However, based on documentation provided during the initial review, Finance had denied the items as the Agency is not required to fund the full debt service through tax increment since other revenues are pledged towards the payments. The Agency had provided US Bank account summary schedules as follows:
 - Item No. 10 – The Agency is receiving a "Federal Direct Payment" subsidy as other revenue pledged. Based on the account summary schedule, as of October 16, 2013, the Reserve Fund account balance is \$731,999. The Agency contends \$688,323 is the required balance for the Reserve Fund, leaving \$43,676 available to apply as a credit towards the \$454,100 amount requested. During the Meet and Confer process, the Agency provided the monthly statements for the Interest Account and Reserve Fund as of November 30, 2013 showing a balance of \$43,711 and \$688,323, respectively. Since \$688,323 is the required debt reserve, \$43,711 is available to apply towards the payment. Therefore, \$43,711 is being reclassified to "Other" funds and \$410,389 will be paid from the Redevelopment Property Tax Trust Fund (RPTTF).

- o Item Nos. 12 and 13 – Other revenue is received monthly from third parties. The Agency contends other revenues received are required to fund other obligations related to the projects and are not available to fund debt service payments. However, pursuant to Section 5.02 of the Bond Indenture, on the 15th of each month, a portion of gross revenues deposited in the Revenue Fund, in order of priority, should be applied towards annual trustees fees, then applied to fund the taxes, assessments, and insurance for the projects, then applied to fund interest and principal due on the next succeeding due date. Further, January 2013 invoices for interest due showed that the amount paid by the Agency was reduced by cash on hand credits of \$5,693 and \$23,291, respectively. During the Meet and Confer process, the Agency failed to provide additional documents to verify the balances in the Interest Funds for each of the bonds. As such, Finance will use the unverified account summary schedules provided during the initial review showing balances of \$2,177 and \$49,390, respectively. Therefore, for Item Nos. 12 and 13, Finance reclassifies \$2,177 and \$40,360 to “Other” funds and approves \$42,048 and \$0 to be paid from the RPTTF, respectively.

Finance does not consider the US Bank account summary schedules provided as sufficient supporting documentation. However, since other revenue is available for Item No. 10 and appears to be available for Item Nos. 12 and 13, the funding source is being changed from “RPTTF” to “Other Funds” in the amounts of \$43,711, \$2,177, and \$40,360, respectively, reflecting the proper use of other revenues. Therefore, these line items are eligible for \$410,389, \$42,048, and \$0 in RPTTF funding, respectively.

- Item No. 82 – Debt Service Reserve Fund (DSRF) Replenishment in the amount of \$5,085,237. Finance no longer denies this item; however, the funding source is being reclassified to “Other” funds. The amount requested represents total funding needed to replenish the DSRF to the required balances for Item Nos. 3, 4, 6 through 11, and 28. During the July through December 2013 period (ROPS 13-14A) Finance approved \$6,408,144 in RPTTF funding for this item. Finance notes that the Agency’s total DSRF amount outstanding provided during ROPS 13-14B has now increased to \$6,640,033. The Agency contends it did not receive sufficient RPTTF funding during ROPS 13-14A and claims that only \$1,554,796 in RPTTF funding was available to fund the DSRF amount. The remaining \$5,085,237 (\$6,640,033-\$1,554,796) is being requested on ROPS 13-14B.

Finance authorized \$17,569,239 in RPTTF funds for ROPS 13-14A enforceable obligations, and applied a ROPS II Prior Period Adjustment (PPA) in the amount of \$5,876,914, resulting in \$11,692,325 in RPTTF funds approved for distribution, which was fully distributed by the San Bernardino County Auditor Controller. The Agency also received \$510,467 in RPTTF funds for administrative costs. Consequently, sufficient RPTTF funding was available for the Agency to replenish the required reserves for the ROPS 13-14A period, including the funding that is available from the PPA of \$5,876,914.

The Agency contends that all of the ROPS II PPA had actually been spent and that it is impossible to recover such funds. The Agency also continues to contend that given the Agency’s dire fiscal condition, the Agency has been required to “triage” the use of its RPTTF. However, the items on which the funds were spent were not approved by Finance; therefore, the funds should be available for expenditure.

HSC section 34177 (a) (3) states that only those payments listed on the approved ROPS may be made from the funding source specified in the ROPS. Also, HSC section 34183 (a) (2) explicitly requires debt service payments to be made first, followed by revenue bonds (to the extent revenues are insufficient to cover the payments due), and all other obligations, if sufficient RPTTF funding remains. Additionally, HSC section 34171 (d) (1) (A) permits reserves to be held only when required by the bond indenture, or when the next property tax allocation will be insufficient to pay the next bond payment due in the following half of the fiscal year. Therefore, to the extent the Agency has not been funding approved enforceable obligations in this order, the Agency is in violation of the law. As such, the Agency should reverse those non-debt service transactions that were either not approved by Finance or subordinated to the Agency's debt service payments. Once corrected, the Agency should return the funding to each DSRF.

Based on a review of the prior period adjustment form for the ROPS II period, the Agency reported expending "Other" funds (i.e., funds from each DSRF) to make the debt service payments instead of RPTTF funds as approved by Finance. However, as noted above, HSC section 34177 (a) (3) states that only those payments listed on the approved ROPS may be made from the funding source specified in the ROPS. HSC section 34177 (a) (4) goes on to state that with prior approval from the oversight board, the successor agency can make payments for enforceable obligations from sources other than those listed in the ROPS. However, no such approval was presented to Finance, and as such, the Agency's reserve balances should not have been depleted. Again, to the extent funding was moved inappropriately out of each DSRF, the Agency should return the funds to the proper accounts.

Further, Finance requested copies of bond fiscal statements as of June 30, 2013, for each affected bond's DSRF account to confirm the ending balances and to verify that each DSRF account was underfunded. The Agency provided a DSRF summary schedule in Excel and PDF format prepared by US Bank. Finance does not consider the summary schedules as sufficient supporting documentation. Therefore, for all the reasons stated above, this item is not eligible for additional RPTTF funding since sufficient balances were available from the ROPS 13-14A distribution to fully fund each DSRF and no funds should have been drawn from each DSRF in the first place. As such, the funding source is being reclassified to "Other" funds.

- Item No. 85 – Past Under-Paid Pass Thru Payments in the amount of \$2,644,578. Finance no longer denies this item. According to the Agency, the San Bernardino Municipal Water District (District) has determined that the Agency owes the District past due pass thru payments for fiscal years 2007-08 through 2011-12. The summary letter provided by the District shows the amount owed to the District. However, Finance initially denied this item as HSC section 34171 (d) (1) (E) defines an enforceable obligation as a legally binding and enforceable agreement or contract and an agreement had not been established between the Agency and the District, specifying the responsibilities of each party, total compensation amount, and payment terms. During the Meet and Confer process, the District provided additional documents from Rosenow Spevacek Group, Inc., showing how the summary of amounts owed was determined, which included the 1988 pass through agreement between the District and the former redevelopment agency (RDA), an explanation of how the original methodology used to calculate the statutory pass through amounts was incorrect, the corrected methodology used to determine the actual statutory pass through amounts owed, and the actual

payments already received by the District. Therefore, this item is an enforceable obligation and is eligible for RPTTF funding.

- Item No. 87 – Carousel Mall Past Due Property Tax totaling \$869,691. Finance continues to deny this item. The amount consists of past due property taxes for nine parcels. The Agency acquired the property through a Purchase Money Note dated May 3, 2010, when the former owner defaulted. Documentation was provided for each parcel's past due amounts owed for property tax years 2009, 2010, and 2012. Finance initially denied this item as the title owners of the properties during these tax years are third parties; therefore, the Agency should pursue collection of amounts due from the previous owners. Additionally, governmental property is exempt from property taxes. Based upon further review of the County of San Bernardino Treasurer-Tax Collector's website during the Meet and Confer process, it was determined that the Agency is not the current owner of the properties. The current owner for all nine parcels is the Carousel Mall LLC, not the Agency. All of these properties were inappropriately transferred to the San Bernardino Economic Development Corporation (SBEDC) in March 2011, which then transferred the properties to Carousel Mall LLC in December 2011. If and when the properties are transferred back to the Agency, the past due property taxes for tax years 2009 and 2010 may be obligations of the Agency; however, the past due property taxes for tax year 2012 should remain the obligation of the Carousel Mall LLC since these amounts would never have been incurred had the former RDA not transferred the properties. Therefore, this line item is not an enforceable obligation and is not eligible for RPTTF funding.
- Item Nos. 88 and 90 to 93 – Liabilities related to former RDA properties, totaling \$4,161,000, transferred to the SBEDC. Finance continues to deny these items. During the California State Controller Office's (Controller) Asset Transfer Review, the Controller ordered the return of several properties formerly owned by the Agency. The Agency contends the Controller's return order also includes any outstanding related liabilities related to those assets; therefore, those liabilities are now obligations of the Agency. However, Finance denied these items as it was our understanding these liabilities were incurred or created during the time the properties were owned and operated by the SBEDC, and any contracts or agreements signed were executed between the SBEDC and various third parties; the former RDA was not a party to the contracts. Therefore, the following line items are not enforceable obligations and not eligible for RPTTF funding as specified below:
 - Item No. 88 – ACAA Limited Partnership (ACAA) Purchase Money Note totaling \$1,900,000. The promissory note, dated May 19, 2011, is between ACAA and SBEDC, the former RDA is not a party to the contract. The Agency contends the \$1,900,000 principal amount due June 1, 2012, was not paid and provided a May 22, 2013, default letter from ACAA, which was addressed to SBEDC, not the Agency. During the Meet and Confer process, the Agency stated that the funding source should be "Other" funds, not the RPTTF. Finance acknowledges the request to change funding sources; however, the payment of the promissory note is still the obligation of SBEDC, not the Agency. Therefore, this item is not an enforceable obligation and is not eligible for "Other" funds or RPTTF funding.
 - Item Nos. 90 to 93 – Discounted Settlement of Lawsuits to foreclose mechanics liens against former RDA properties totaling \$2,261,000. According to documentation provided, these liens are tied to properties that the former RDA

transferred to SBEDC during March 2011. The project contracts were executed between SBEDC and the contractors, and project work was completed while SBEDC held title to the properties. The liens were filed because SBEDC stopped payments to the contractors. Since SBEDC, not the former RDA or the Agency, is the noted party to the contracts, SBEDC is financially obligated to pay for the contracted work. Therefore, these items are not enforceable obligations and are not eligible for "Other" funds.

- The Agency's claimed administrative costs exceed the allowance by \$219,174. HSC section 34171 (b) limits fiscal year 2013-14 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$880,901 in administrative expenses. The San Bernardino County Auditor-Controller's Office distributed \$510,467 in administrative costs for the July through December 2013 period, thus leaving a balance of \$370,434 available for the January through June 2013 period. Although \$572,997 is requested for administrative cost, Item No. 89 – CAC Underpayment of ROPS 13-14A Administrative Costs in the amount of \$16,610 is considered an administrative expense and has been reclassified. Therefore, the Agency is approved for \$370,434 in administrative costs, and the excess \$219,174 (\$589,607-\$370,434) is not allowed.
- Pursuant to HSC section 34186 (a), successor agencies were required to report the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. The amount of RPTTF funding approved in the table below includes the prior period adjustment that was self-reported by the Agency. HSC section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF initially approved in the table below included only the prior period adjustment that was self-reported by the Agency in the amount of \$2,142,163.

During the Meet and Confer process, the Agency stated that the formula included within the ROPS 13-14B form provided by Finance did not allow for the proper reporting of circumstances like the Agency's. As such, Finance allowed the Agency to recomplete and resubmit the form with their corrected amounts. The resubmitted form showed a prior period adjustment of \$0; however, based on further review of the amounts included, the prior period adjustment should be \$962,503 (\$944,503 + \$18,000), as discussed below.

Originally, the Agency did not include any amounts in the "Available RPTTF" column, even though the amount authorized by Finance was not the amount available from the CAC's distribution. This error did, in fact, overstate the original prior period adjustment reported. In our review of the resubmitted form provided during the Meet and Confer process, Finance determined that the Agency had included the actual expended amount in the "Available RPTTF" column, deleted the formula in the "Net Lesser of Authorized/Available" column, and calculated the difference between the "Actual" column and the "Available" column to allow for the over expenditure of line items. To correct for these inappropriate changes made to Finance's form, Finance has corrected the amounts in the "Available RPTTF" column to total the CAC distribution of \$12,068,863 without exceeding any of the approved amounts and re-entered the formulas to calculate

the "Net Lesser of Authorized/Available" and the difference of "Actual" and "Net Lesser of Authorized/Available" to disallow expenditures above Finance's approved amounts.

Specifically, the over expenditures summarized in the table below were disallowed.

Item No.	Description	Authorized	Actual	Disallowed
2	1997A Bond	\$ 22,500	\$ 43,656	\$ 21,156
9	2005B TAB	430,887	431,106	219
15	CMB-E \$10,000,000	261,600	262,500	900
26	Woolworth Bldg	506,637	517,053	10,416
33	Litigation – Carousel Mall (Placo)	40,000	107,119	67,119
38	Long Term Property Maintenance	102,000	946,693	844,693
	Total	\$ 1,363,624	\$ 2,308,127	\$ 944,503

To the extent the Agency believes any of these over expenditures were required for enforceable obligations, they should list the item(s) on a subsequent ROPS for Finance's review and approval.

The actual allowed expenditures totals \$11,106,360 (\$11,668,640 - \$944,503 + \$382,223) and the CAC had distributed \$12,068,863, which results in an additional \$18,000 not expended on allowed items or within allowed amounts. Therefore, Finance will adjust the prior period adjustment from \$2,142,163 to \$962,503.

- During the Meet and Confer process, the Agency requested Finance to increase the amounts requested from the RPTTF for Item Nos. 21, 28, and 38 for expenditures incurred during the ROPS II period, but not approved by Finance.
 - Item No. 21 – Carousel Mall Note in the amount of \$330,000. While the ROPS 13-14B has an Item No. 21 listed, it is listed as "Intentionally Left Blank" with "None" as the payee. Therefore, Finance cannot review the amount reported as expended to determine if it is related to an enforceable obligation since there is no associated line item on the ROPS 13-14B. To the extent the Agency believes this payment was for an enforceable obligation, the Agency should list the item on a subsequent ROPS for Finance's review and approval.
 - Item No. 28 – 2006 Tax Allocation Bond Debt Service in the amount of \$651,996. The Agency provided the Debt Service Invoice and the wire transfer for this item from October 2012 in the amount of \$651,996. Finance had determined that Item No. 28 is an enforceable obligation during the initial review. Therefore, Finance will increase the amount requested for Item No. 28 on ROPS 13-14B in the amount of \$651,996.
 - Item No. 38 – Property Maintenance in the amount of \$711,485. The Agency provided an Excel spreadsheet detailing the various expenditures incurred during the ROPS II period that the Agency classified as maintenance costs totaling \$578,826. However, no information was provided indicating how these costs are associated with Agency-owned properties. Additionally, the Agency added a line item in the spreadsheet in the amount of \$213,060 as property maintenance

related payroll without providing supporting documents to show how the costs were allocated to the Agency, what type of work was performed, and how these costs are associated with Agency-owned properties.

Finance also notes that many of the expenditures identified in the Excel spreadsheet do not appear to be costs of maintaining assets prior to disposition. For example, the items on the spreadsheet have descriptions or vendors such as Aztec Uniform Towel Rental, California Computer Options, Reynolds of San Bernardino – Installment Note and Interest, Muzak, Sweet Dreams Realty, Yellow Transportation, Southern California Edison, Sparklets Drinking Water, Verizon, USA Mobility, Konica Minolta, Wells Fargo, and Toshiba Finance Services that appear to be for general administrative costs, not property maintenance, and should be included as part of the administrative cost allowance. Therefore, Finance is denying the Agency's request to increase Item No. 38 on ROPS 13-14B.

However, to the extent the Agency believes some of the expenditures identified are enforceable obligations associated with maintaining assets prior to disposition, the Agency should list those costs on a subsequent ROPS for Finance's review and approval. If such costs are identified and listed on the ROPS, the Agency should be able to identify how these costs are associated with Agency-owned properties, as well as supporting documents showing that the properties were owned by the Agency when the expenditures were incurred.

Furthermore, although Finance has approved \$946,693 on ROPS 13-14B for maintenance of Agency properties, the Agency should be able to identify how any costs incurred are associated with Agency-owned properties, as well as supporting documents showing that the properties are currently owned by the Agency. Without these supporting documents, any costs incurred may be disallowed and added to the prior period adjustment as funds available for expenditure on a future ROPS.

Except for items denied in whole or in part as enforceable obligations or for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 13-14B. The Agency's maximum approved RPTTF distribution for the reporting period is \$11,202,042 as summarized on the following page:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	19,099,901
Total RPTTF requested for administrative obligations	572,977
Total RPTTF requested for obligations	\$ 19,672,878
Total RPTTF requested for non-administrative obligations	19,099,901
Denied Items	
Item No. 87	(869,691)
Item No. 88	(1,900,000)
Reclassified Items - RPTTF to "Other"	
Item No. 10	(43,711)
Item No. 12	(2,177)
Item No. 13	(40,360)
Item No. 82	(5,085,237)
	(5,171,485)
Reclassified Item - RPTTF to Admin	
Item No. 89	(16,610)
Increase to Requested Funding	
Item No. 28	651,996
Total RPTTF approved for non-administrative obligations	11,794,111
Total RPTTF allowable for administrative obligations (see Admin Cost Cap table below)	370,434
Total RPTTF approved for obligations	12,164,545
ROPS III prior period adjustment	(962,503)
Total RPTTF approved for distribution	\$ 11,202,042
Administrative Cost Cap Calculation	
Total RPTTF for 13-14A (July through December 2013)	17,569,239
Total RPTTF for 13-14B (January through June 2014)	11,794,111
Total RPTTF for fiscal year 2013-14	29,363,350
Allowable administrative cost for fiscal year 2013-14 (Greater of 3% or \$250,000)	880,901
Administrative allowance for 13-14A (July through December 2013)	510,467
Allowable RPTTF distribution for administrative cost for ROPS 13-14B	370,434

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency; however, the Agency could not provide the financial records in time. As a result, Finance will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency's fund balances. If it is determined the Agency possesses fund balances that are available to pay approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14B%20Forms%20by%20Successor%20Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only 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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Lisa Connor, Project Manager, San Bernardino City
Ms. Linda Santillano, Property Tax Manager, San Bernardino County
California State Controller's Office

**EXCERPT FROM MEET AND CONFER FORM
PROVIDING BACKGROUND INFORMATION
WITH RESPECT TO
ENFORCEABLE OBLIGATION NO. 82**

In its November 15, 2013 letter, DOF stated that it had applied \$5,876,914 from the ROPS II prior period adjustment to ROPS 13-14A. In its May 15, 2013 meet and confer request form (and discussed in great detail during the May 17, 2013 meet and confer meeting), the Successor Agency advised DOF of the following with respect to the matter of prior period adjustments:

“Prior Period Form A, items 21, 86 and 89 (ROPS II):

1. With respect to form A, items 21 and 86, it is the Successor Agency position that it did not illegally use any of its funds. Item A 21 involves interest only payments related to the May 3, 2010 Carousel Mall Note and item A 86 involves preparation of land inventory for sale, lease, or development, which is essentially on-going real property management related costs that will be incurred until the Successor Agency ultimately divests itself of real property assets pursuant to its Long-Range Property Management Plan. Regarding these two items, both were correctly approved as enforceable obligations. At the time that the 2nd ROPS was prepared, Successor Agency staff was informed by DOF that it was necessary to try to balance the anticipated RPTTF against the projected spending plan to fund enforceable obligations. Although the Successor Agency attempted to do this at that time (which affected items A 21 and A 86), it was later discovered that such an effort is actually not required. During the middle of the 2nd ROPS implementation period, it became evident that adjustments and reprioritization of expenditures would be required. This was primarily caused by the Successor Agency’s cash-flow insolvency (described further below) that was significantly exacerbated by the July 2012 DOF mandated and County Auditor-Controller enforced \$4,183,433 claw-back. Further, the Successor Agency does not agree that HSC § 34177 (a) (3) limits that Successor Agency to the exact amounts per line item. In fact, it is impossible to manage a ROPS in that fashion. The important and overriding factor is whether an item is an enforceable obligation, not the amount of RPTTF that was estimated on a particular ROPS line. Remember the amounts shown on a ROPS are estimates, not actual costs. The ROPS functions as a budget, not an audit. Given the Successor Agency’s dire fiscal condition, the Successor Agency has been required to “triage” the use of its RPTTF. Given the lack of RPTTF as compared to the Successor Agency’s enforceable obligations, it is anticipated that this process will continue for several more years and at least until real property assets can be liquidated. Therefore, the Successor Agency requests that DOF reverse its position with respect to these two matters.
2. With respect to form A, item 89, it is the Successor Agency position that it did not illegally use any of its funds. This item was added pursuant to the DOF mandated and County Auditor-Controller enforced payment demand letter dated July 9, 2012. It was not originally included on the 2nd ROPS, as it could not have been anticipated when the 2nd ROPS was filed. Further, in the Successor Agency correspondence to DOF of October 30, 2012 and December 13, 2012, the nature and cause of the Successor Agency’s cash-flow insolvency was explained in detail and, thus, should not be a surprise to DOF. Regarding

1 the July 9, 2012 claw-back payment, it was caused by DOF's May 31, 2012 determination
2 letter concerning the enforceable obligations on the 1st ROPS. The \$4,183,433 claw-back
3 was the difference between the amount of tax increment received by the former
4 redevelopment agency during January 2012 and the amount of RPTTF that DOF approved
5 in its letter of May 31, 2012 for use during the period of January through June 2012
6 (which, at the time, the Successor Agency was not allowed a meet and confer meeting).
7 Prior to the May 31, 2012 DOF letter, the former redevelopment agency and then the
8 Successor Agency was utilizing tax increment (RPTTF) for enforceable obligations it had
9 included on its EOPS and then ROPS. It could not have possibly predicted what the DOF
10 ultimately did, which was to basically disallow the use of tax increment (RPTTF) for a
11 variety of purposes for which the former redevelopment agency and then the Successor
12 Agency thought, in good faith, were enforceable obligations. Since the money in question
13 had already been paid out, it was impossible to undo what had already been done. As a
14 result, DOF's letter of May 31, 2012 created a "false surplus" of RPTTF that the Auditor-
15 Controller later demanded be clawed-back under the threat of severe penalties. On July 9,
16 2012 the Successor Agency was faced with a "Catch 22" dilemma. It knew it did not have
17 \$4,183,433 of surplus RPTTF that the Auditor-Controller demanded; however, it did have
18 the RPTTF that was distributed to it for the 2nd ROPS period. Therefore, in an attempt to
19 be compliant with the dissolution acts, the Successor Agency took what it believed at the
20 time to be the most reasonable step and paid the claw-back with 2nd ROPS RPTTF. If it
21 had not done this, then more serious consequences would have ensued (the Auditor-
22 Controller's letter of July 9, 2012 clearly described these dire consequences).
23 Unfortunately, this payment had the unintended consequence of causing the Successor
24 Agency to draw upon debt service reserves to make certain current debt service payments
25 on several of its bond issues beyond what would otherwise be required. In that regard, the
26 Successor Agency's overarching cash-flow insolvency problem would have required some
27 debt service reserve draws even if the claw-back was not paid. Therefore, given the
28 foregoing, it is requested that DOF reverse its position on this matter."

18 Based on the foregoing, DOF was given written formal notice that all of the \$5,876,914 from the
19 ROPS II prior period adjustment that is mentioned above had actually been spent and that it is
20 impossible to recover such funds. The Successor Agency understands that DOF did not like how
21 the Successor Agency spent those funds. Notwithstanding DOF's view of this matter, it is not
22 possible for any entity, inclusive of DOF, to create the \$5,876,914 mentioned above by written
23 fiat. Therefore, the \$5,876,914 did not exist during the period of ROPS 13-14A and cannot be
24 counted by DOF as funding available for use by the Successor Agency during that period.

22 Based on the foregoing, DOF's assumption with respect to the availability of \$5,876,914 from the
23 ROPS II prior period adjustment for use during the ROPS 13-14A period is erroneous. Therefore,
24 EO # 82 is an enforceable obligation.

25 Further, in its November 15, 2013 letter, DOF acknowledged that the Successor Agency provided
26 a DSRF summary schedule in Excel and PDF formats prepared by US Bank. DOF further stated
27 that it did not consider the summary schedules as sufficient supporting documentation. Given
28 DOF's doubt as to the accuracy of US Bank's reports, US Bank has prepared the attached
"Reserve Valuation" reports for each of the Successor Agency's bond issues, which are *prima facie*
evidence of the minimum amounts that must be maintained within the DSRF for each bond
issue and the amounts of the current DSRF deficits. Please note that US Bank has also provided a
summary report for DOF's ease of review, which is also attached. These documents also confirm

1 that the current DSRF deficit for all Successor Agency bond issues on a combined basis is
2 \$5,090,163.52 as of November 19, 2013.

3 As a consequence of the foregoing, the correct DSRF replenishment number for EO No. 82 on
4 ROPS 13-14B is \$5,090,163.52. US Bank is anticipating that as much as possible of this amount
5 will be paid during ROPS 13-14B. In addition, DOF has received sufficient evidence to support
6 the requested amount.

7 Therefore, the Successor Agency requests that DOF authorize \$5,090,163.52 of RPTTF for ROPS
8 13-14B for this purpose. Failure to do this will cause the Successor Agency not to replenish any of
9 its DSRF deficits. In that regard, the Successor Agency reminds DOF of the April 1, 2013 letter it
10 received from legal counsel for US Bank, AMBAC Assurance Corporation and Assured Guaranty
11 Corporation which provides, among other things, an overview of the legal reasons why EO # 82 is
12 an enforceable obligation. Based on the foregoing, it is clear that DOF cannot deny that EO # 82
13 is an enforceable obligation and cannot claim that the Successor Agency actually had \$5,876,914
14 (or any amount) from the ROPS II prior period adjustment for use during the ROPS 13-14A.
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EXHIBIT "D"

**THE SUCCESSOR AGENCY'S PLAN
FOR USE OF RPTTF AND NON-RPTTF
FOR ROPS 13-14B
(JANUARY THROUGH JUNE 2014)**

<u>USES OF RPTTF</u>	<u>AMOUNTS</u>
Debt Service and Related (EOs 3, 4, 6-17, 28, 84 & 86):	\$9,207,098
Successor Agency Administrative Fee (EO 32):	370,434
Property Maintenance Expenses (EO 38):	946,693
Litigation and Administrative Related (EOs 31, 33, 34 & 36):	79,850
Various Enforceable Obligations (EOs 19, 20, 23-25 & 40):	<u>597,967</u>
Total Amount Distributed by Auditor-Controller:	\$11,202,042
<u>USES OF NON-RPTTF</u>	<u>AMOUNTS</u>
Debt Service (EOs 12 & 13) ¹ :	\$62,857

Notes:

1. The indicated amount will be credited toward debt service by US Bank from surplus funds available from these two multi-family residential revenue bond issues (i.e., Highland Lutheran and Casa Ramona).
2. The plan does not include any funding for replenishment of currently outstanding debt service reserve fund shortfalls, as the DOF has disallowed the use of RPTTF for that purpose.