

Transmitted via e-mail

April 14, 2021

John Downs, Director of Finance & Administration
City of Lynwood
11330 Bullis Road
Lynwood, CA 90262

2021-22 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Lynwood Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2021 through June 30, 2022 (ROPS 21-22) to the California Department of Finance (Finance) on January 28, 2021. Finance has completed its review of the ROPS 21-22.

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

- Item Nos. 7 and 8 – 2011 Tax Allocation Bonds Series A and B. The scheduled debt service payments for the 2011 bonds are approved. However, Finance notes the Agency has excess 2011 bond proceeds. Pursuant to HSC section 34191.4 (c) (2) (C), the remaining proceeds that cannot be spent pursuant to HSC section 34191.4 (c) (2) (A) or (B) shall be used at the earliest date permissible under the applicable bond covenants to defease the bonds or purchase those same outstanding bonds on the open market for cancellation. Therefore, Finance encourages the Agency to use remaining 2011 proceeds to defease the 2011 bonds on the earliest date permitted under the indenture to successfully wind down the Agency.
- Item No. 20 – Notice of Entry of Judgment - Rogel v LRA in the total outstanding amount of \$14,975,284 is overstated. The Agency should update the outstanding balance to reflect amounts the Agency previously received as approved on the ROPS. Finance has approved \$4,000,000, \$3,000,000, and \$4,000,000 in ROPS periods July 1, 2018 through June 30, 2019 (ROPS 18-19), July 1, 2019 through June 30, 2020 (ROPS 19-20), and July 1, 2020 through June 30, 2021 (ROPS 20-21), respectively, totaling \$11,000,000. Additionally, we are approving the requested amount of \$4,500,000 in Redevelopment Property Tax Trust Fund (RPTTF) funding for the ROPS 21-22 period. The Settlement Agreement indicates the Pre-Contract Reserve Cap is \$17,000,000. Therefore, Finance has reduced the total outstanding balance reported on the Agency's ROPS Detail Form by \$13,475,284 to \$1,500,000. The outstanding balance on the subsequent ROPS Detail Form should be updated accordingly.

- Item No. 87 – RPTTF Shortfall in the amount of \$308,918 is not allowed. The County Auditor-Controller (CAC) reports the Agency received a RPTTF distribution shortfall for the ROPS 20-21 period in the amount of \$433,918. However, at the time of our determination, no information was available regarding which specific obligations remain unpaid. Therefore, the requested \$308,918 is not eligible for RPTTF funding at this time. To the extent the Agency can provide documentation, such as unpaid vendor invoices, the Agency may be eligible for funding on a future ROPS.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 18-19 period. The ROPS 18-19 prior period adjustment (PPA) will offset the ROPS 21-22 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the CAC's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,144,673, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2021 through December 31, 2021 period (ROPS A period), and one distribution for the January 1, 2022 through June 30, 2022 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 21-22 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted items, Finance does not object to the remaining items listed on the ROPS 21-22. If the Agency disagrees with our determination with respect to any items on the ROPS 21-22, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from 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/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 21-22. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 21-22 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 21-22 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted 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 the RPTTF is the same as the amount of property tax increment available prior to the enactment of the 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 the RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Delania G. Whitaker, Senior Management Analyst, City of Lynwood
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution July 2021 through June 2022			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 6,143,895	\$ 2,144,357	\$ 8,288,252
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	6,268,895	2,269,357	8,538,252
RPTTF Requested	6,143,895	2,144,357	8,288,252
<u>Adjustment(s)</u>			
Item No. 87	(308,918)	0	(308,918)
RPTTF Authorized	5,834,977	2,144,357	7,979,334
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 18-19 prior period adjustment (PPA)	(84,661)	0	(84,661)
Total RPTTF Approved for Distribution	\$ 5,875,316	\$ 2,269,357	\$ 8,144,673