



April 14, 2013

Ms. Margarita Cruz, Redevelopment Manager
City of Inglewood
One Manchester Boulevard
Inglewood, CA 90301

Dear Ms. Cruz:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Inglewood Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 28, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, which may have included obtaining clarification for various items.

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

- Item 30 – Litigation in the amount of \$600,000. It is our understanding the Agency requested this item be removed from the ROPS. Therefore, this item is not an enforceable obligation and is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 39 and 54 – Housing administrative costs totaling \$550,000 are not enforceable obligations. HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the City assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor. Therefore, these items are not enforceable obligations and not eligible for RPTTF funding on the ROPS.
- Item 43 through 47 – Locust Street Senior Center Design Build Project totaling \$1.2 million. Since the Agency has not yet received a finding of completion they cannot enter into any new contracts unless they are for winding down purposes. Since these line items are for the development process and the management of Senior Center Committee, these line items do not meet the above criteria and are not eligible for RPTTF funding at this time. Upon receiving a finding of completion from Finance, the use of bond proceeds may be an eligible funding source for this project.
- Item No. 58 and 59 – Madison Square Garden Project Implementation Cost totaling \$460,000. It is our understanding that the Madison Square Garden OPA is not an

obligation of the Agency. This contract is between the City of Inglewood, MSG Forum LLC and Forum Enterprises Inc. and the former RDA is not a party to the contract. Since the Madison Square Garden OPA is not enforceable, the staff, legal, and engineering costs associated with this project are not enforceable obligations. Therefore, these items are not eligible for RPTTF funding.

- Item No. 69 – Outstanding debt in the amount of \$12,000 is not an obligation of the Agency. This contract is between the City of Inglewood and Applied Best Practice and the former RDA is not a party to the contract. Therefore, this line item is not an enforceable obligation and not eligible for RPTTF funding on the ROPS.
- Item No. 76 and 77 – Training and education reimbursement totaling \$104,000. The funding agreements provided were only valid for a 12-month period from December 14, 2010 through December 21, 2012. Also these contracts are between the City of Inglewood and Inglewood Management Employee Organization (IMEO) and the former RDA is not a party to the contract. Therefore, these line items are not enforceable obligations and not eligible for RPTTF funding on the ROPS.
- Claimed administrative costs exceed the allowance by \$6,905. HSC section 34171 (b) limits the fiscal year 2013-14 administrative expense to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. As a result the Agency is eligible for \$263,895 for administrative expenses. Although \$250,000 is claimed for administrative costs, item numbers 70 through 75 and 78 through 80 totaling \$20,800 are considered general administrative expenses and should be counted toward the cap. Therefore, \$6,905 of excess administrative cost is not allowed.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

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

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$8,331,339 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 9,376,691
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 30	100,000
Item 39	25,000
Item 43	75,000
Item 44	10,000
Item 45	100,000
Item 47	50,000
Item 54	100,000
Item 58	10,000
Item 59	75,000
Item 69	1,400
Item 70*	1,800
Item 71*	7,500
Item 72*	2,500
Item 73*	2,000
Item 74*	2,500
Item 75*	2,400
Item 76	8,000
Item 77	5,000
Item 78*	1,000
Item 79*	500
Item 80*	600
Total approved RPTTF for enforceable obligations	<u>\$ 8,796,491</u>
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	<u>263,895</u>
Minus: ROPS II prior period adjustment	<u>(729,047)</u>
Total RPTTF approved for distribution:	\$ 8,331,339

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. 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. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

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

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not 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 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 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 Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Sharon Koike, Assistant Finance Director, City of Inglewood
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office