



November 14, 2014

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 14-15B) to the California Department of Finance (Finance) on October 2, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

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

- Item Nos. 13, 14 and 104 – Various line items for property dispositions and remediation in the amount of \$1,170,000 are not allowed. The amounts requested are for obligations that would be necessary for the implementation of the Long Range Property Management Plan (LRPMP). Since the Agency has not yet received a Finding of Completion (FOC) and has not submitted their LRPMP, these costs are premature. Funding for these items may be requested once Finance approves the LRPMP. Therefore, these items are not enforceable obligations and are not eligible for Redevelopment Property Tax Trust Fund (RPTTF) on this ROPS.
- Item Nos. 46 and 49 – Bond funded projects totaling \$57,063,442 are not enforceable obligations at this time. Pursuant to HSC section 34191.4 (c), the Agency's request to use Bond Proceeds for these obligations may be allowable once the Agency receives a FOC from Finance. Since the Agency has not yet received an FOC, these items are not enforceable obligations and are not eligible for Bond Proceeds on this ROPS.
- Item Nos. 109 and 111 – Project management costs for the Locust Street Senior Center and Century Boulevard Reconstruction projects in the amount of \$907,820 are not allowed. These projects were denied by Finance in previous ROPS; therefore, the associated management costs related to these projects are not considered enforceable obligations and not eligible for RPTTF funding on this ROPS.
- Item No. 121 – Project management costs related to Parking Structure 2 in the amount of \$750,000 is not an enforceable obligation. The Agency requests this amount for costs

related to improvements, upgrades as well as maintenance on an Agency owned property. These costs may be enforceable, but no public bids have been accepted nor have any contracts been awarded. Finance cannot verify if the amounts requested are reasonable, neither can it verify if these costs are necessary for the maintenance of the property prior to disposition. Therefore, due to lack of documentation, this line item is not eligible for RPTTF on this ROPS.

In addition, Finance would like to note:

- Item No. 84 – Successor Agency Administrative Costs in the amount of \$265,025. The Agency requested to increase the amount for the six-month period by \$337,135. As such, the requested amount has been increased to \$602,160.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available Reserve Balances totaling \$186,805.

Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Other Funds and in the amount specified below:

- Item No. 84 – Successor Agency Administrative Costs. The Agency requests \$602,160 of RPTTF; however, Finance is reclassifying \$186,805 to Other Funds. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has \$186,805 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$415,355 and the use of Other Funds in the amount of \$186,805, totaling \$602,160.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to review by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part or item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$11,383,353 as summarized in the Approved RPTTF Distribution Table on the next page:

<b>Approved RPTTF Distribution For the period of January through June 2015</b>	
Total RPTTF requested for non-administrative obligations	11,745,761
Total RPTTF requested for administrative obligations	294,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 12,039,761</b>
RPTTF adjustment to non-administrative obligations	0
RPTTF adjustment to administrative obligations	337,135
<b>Total RPTTF adjustments</b>	<b>\$ 337,135</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>11,745,761</b>
<u>Denied Items</u>	
Item No. 13	(40,000)
Item No. 14	(25,000)
Item No. 104	(60,000)
Item No. 109	(92,158)
Item No. 111	(74,505)
Item No. 121	(515,000)
	(806,663)
<b>Total RPTTF for non-administrative obligations</b>	<b>10,939,098</b>
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 10,939,098</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>631,135</b>
<u>Cash Balances - Item reclassified to other funding sources</u>	
Item No. 84	(186,805)
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 444,330</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 11,383,428</b>
ROPS 13-14B prior period adjustment	(75)
<b>Total RPTTF approved for distribution</b>	<b>\$ 11,383,353</b>

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. During the ROPS 14-15B review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was unable to support the amounts reported under prior ROPS period balances and DDR RPTTF balances. Therefore, as noted above, Finance has reclassified the available cash balances that were supported by the Agency's records. Finance will continue to work with the Agency after the ROPS 14-15B review period to resolve any remaining issues as described above. If it is determined the Agency possesses additional cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16A.

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. This determination only applies 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Cindie Lor, Supervisor or Hugo Lopez, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Acting Program Budget Manager

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