



April 12, 2015

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 15-16A) to the California Department of Finance (Finance) on March 2, 2015 for the period of July 1, 2015 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, 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. 11 and 12 – Disposition - AB26 implementation costs related to soil and groundwater testing totaling \$50,000. Per the Agency's request, the six-month funding request of \$50,000 in Redevelopment Property Tax Trust Fund (RPTTF) has been reduced to zero.
- Item Nos. 13 and 104 – Property Disposition costs related to sale of properties owned by the Agency totaling \$110,000 have been reclassified. The Agency requests, \$50,000 and \$60,000 respectively from RPTTF. With concurrence from the Agency, the funding source for these line items has been changed from RPTTF to Other Funds.
- Item No. 49 – Street Reconstruction: Century Blvd /Imperial Highway, Prairie Avenue in the amount of \$5,501,646 funded with Bond Proceeds. The Agency requested Finance decrease funding for this obligation by \$1,980,358. Therefore, Finance is approving \$3,521,288 (\$5,501,646 -\$1,980,358) in Bond Proceeds.
- Item Nos. 109 and 111 – Project specific costs related to the Senior Center and Century Boulevard Reconstruction totaling \$1,833,744. It is our understanding, the project specific costs are associated with the above Bond funded projects. The Agency requested funding from RPTTF totaling \$253,718 (\$98,000 +\$155,718). However, it is also our understanding that these costs are an expense needed for the support of the project that is being funded with bond proceeds. Since this project is funded with bond proceeds, the cost associated with this project should also be funded with bond

proceeds. Therefore, \$253,718 requested for these line items are not eligible for RPTTF and has been reclassified to Bond Proceeds.

- Item No. 121 – Capital Improvements related to parking structure No. 2 in the amount of \$785,512. The Agency requested to increase the six-month funding request by \$124,500. In addition, the Agency requested to change the funding source from RPTTF to Bond Funds. Therefore, Finance is approving RPTTF in the amount of zero and Bond Funds in the amount of \$663,162 (\$538,662+\$124,500).

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. HSC section 34186 (a) also specifies 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 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 items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 RPTTF distribution for the reporting period is \$12,196,070 as summarized in the Approved RPTTF Distribution table below:

| Approved RPTTF Distribution | |
|--|----------------------|
| For the period of July through December 2015 | |
| Total RPTTF requested for non-administrative obligations | 12,848,450 |
| Total RPTTF requested for administrative obligations | 300,000 |
| Total RPTTF requested for obligations on ROPS | \$ 13,148,450 |
| RPTTF adjustment to non-administrative obligations | |
| Item No. 11 | (25,000) |
| Item No. 12 | (25,000) |
| Item No. 121 | 124,500 |
| Total RPTTF adjustments | \$ 74,500 |
| Total RPTTF requested for non-administrative obligations | 12,922,950 |
| <u>Reclassified Items</u> | |
| Item No. 13 | (50,000) |
| Item No. 104 | (60,000) |
| Item No. 109 | (98,000) |
| Item No. 111 | (155,718) |
| Item No. 121 | (663,162) |
| | (1,026,880) |
| Total RPTTF authorized for non-administrative obligations | \$ 11,896,070 |
| Total RPTTF authorized for administrative obligations | \$ 300,000 |
| Total RPTTF authorized for obligations | \$ 12,196,070 |
| ROPS 14-15A prior period adjustment | 0 |
| Total RPTTF approved for distribution | \$ 12,196,070 |

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 15-16A review, Finance requested financial records to support the cash balances reported by the Agency; however, the Agency was unable to support the amounts reported. Specifically, the reported beginning balances and expenses for the Reserve Balances could not be supported by the Agency's financial records. As a result, Finance will continue to work with the Agency after the ROPS 15-16A review period to properly identify the Agency's cash balances. If it is determined the Agency possesses 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 15-16B.

Please refer to the ROPS 15-16A 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 July 1 through December 31, 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 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 Kylie Oltmann, Supervisor or Veronica Green, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
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