



November 13, 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) (1) (A), the City of Inglewood Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 2, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item Nos. 14, 15, 17 and 131 – AB26 Implementation costs related to remediation, legal and property disposition totaling \$685,000 is partially allowed. Finance approved the Agency's Long-Range Property Management Plan (LRPMP) on October 1, 2015, which directs several of the properties listed on the LRPMP to be transferred to the City of Inglewood (City) for either future development or governmental use. As such, the implementation costs associated with these properties should be the responsibility of the City. Therefore, \$64,910 for Item No. 14, \$66,879 for Item No. 15, \$3,000 for Item No. 17, and \$42,150 for Item No. 131 totaling \$176,939 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on ROPS 15-16B.
- Item No. 16 – AB26 Implementation costs related to title and escrow fees in the total outstanding amount of \$350,000. The request of \$80,000 from RPTTF for the six-month period has been reclassified to Other Funds. This item is an enforceable obligation for ROPS 15-16B period; however, this obligation does not require payment from property tax revenues and can be funded with proceeds from the sale of property. Therefore \$80,000 has been reclassified to Other Funds.
- Item No. 82 – Property Maintenance in the amount of \$173,250 from RPTTF is partially reclassified and partially allowed. As discussed on the next page, Item No. 121, a bond funded project in the amount of \$66,550 has been reclassified from Other Funds, and the amount has been applied to the requested RPTTF for this item accordingly. In addition, of the \$173,250 requested for property maintenance, \$23,573 is related to properties listed on the LRPMP as future development or governmental use. Finance approved the Agency's LRPMP on October 1, 2015, as such; the costs associated with

the maintenance of these properties should be the responsibility of the City. Therefore, \$23,573 is not eligible for RPTTF funding. As such, Finance is approving RPTTF in the amount of \$83,127 and the use of Other Funds in the amount of \$66,550, totaling \$149,677.

- Item No. 121 – Parking Structure 2 in the amount of \$867,601. The Agency requests \$801,051 from Bond proceeds and \$66,550 from Other Funds for the six-month period. While the Agency is authorized to expend excess pre-2011 bond proceeds under HSC section 34191.4 (c) (1), the use of excess bond proceeds cannot cause new obligations for the Agency. As such, the Agency's request to fund project management costs incidental to the use of excess Bond proceeds is not eligible for funding from RPTTF or Other Funds. Finance notes that to the extent allowable, the Agency should use available Bond proceeds to fund project management costs and to the extent that Bond proceeds cannot be used, the Agency could alternatively use its administrative allowance. Therefore, Finance is reclassifying \$66,550 requested from Other Funds to Bond proceeds.
- Item No. 130 – Housing Administrative Support in the amount of \$75,000 requested for ROPS 15-16B and total outstanding obligation of \$3,000,000 are not enforceable obligations. Pursuant to HSC section 34171 (p), the housing successor administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency (RDA) elected to not assume the housing functions and that the housing functions were transferred to a local housing authority in the territorial jurisdiction of the RDA. Here, however, the City of Inglewood elected to be the housing successor to the RDA and retained the housing assets by submitting the housing asset transfer form to Finance on August 22, 2012. Therefore, the City of Inglewood is not eligible for the housing successor administrative costs allowance of \$75,000 requested for ROPS 15-16B and total outstanding amount of \$3,000,000.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). The amount of RPTTF approved in the table on the next page includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the item denied in whole or in part or the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 \$12,249,008 as summarized in the Approved RPTTF Distribution table on the next page:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	12,361,070
Total RPTTF requested for administrative obligations	310,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 12,671,070
Total RPTTF requested for non-administrative obligations	12,361,070
<u>Denied Item</u>	
Item No. 14	(64,910)
Item No. 15	(66,879)
Item No. 17	(3,000)
Item No. 82	(23,573)
Item No. 130	(75,000)
Item No. 131	(42,150)
	(275,512)
<u>Reclassified Items</u>	
Item No. 16	(80,000)
Item No. 82	(66,550)
	(146,550)
Total RPTTF authorized for non-administrative obligations	\$ 11,939,008
Total RPTTF authorized for administrative obligations	\$ 310,000
Total RPTTF authorized for obligations	\$ 12,249,008
ROPS 14-15B prior period adjustment	0
Total RPTTF approved for distribution	\$ 12,249,008

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (I) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied 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 statutes. 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.

Please direct inquiries to Kylie Oltmann, Supervisor, or Zuber Tejani, 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