

November 2, 2015

Ms. Lorry Hempe, Public Works Special Projects Manager
City of Lynwood
11330 Bullis Road
Lynwood, CA 90262

Dear Ms. Hempe:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Lynwood 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 September 23, 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. 20 through 24 – Obligations related to the Rogel v. LRA settlement agreement totaling \$833,333. Finance continues to deny these items. These items were previously denied by Finance in our ROPS 15-16A determination letter and later upheld through the ROPS 15-16A Meet and Confer process. It is our understanding that the 2009 settlement agreement represents a pre-AB x1-26 obligation of the former redevelopment agency (RDA) to build inclusionary and replacement housing pursuant HSC section 33413. However, the provisions of HSC section 33413, including the obligations imposed, depend on the allocation of tax increment and were rendered inoperative upon the passing of dissolution law as explicitly stated in HSC section 34189. Therefore, Redevelopment Property Tax Trust Fund (RPTTF) in the amount of \$833,333 is not allowed during this period.
- Item No. 98 – Pass through payments to various agencies in the amount of \$236,044 in RPTTF is not an enforceable obligation at this time. No documentation was provided to support the amount claimed. To the extent the Agency can provide suitable documentation, such as demand letters from various agencies, to support the requested funding, the Agency may be able to obtain RPTTF on future ROPS.
- Item Nos. 99 and 100 – Housing Administrative cost allowance pursuant to AB 471 totaling \$800,000. The Agency requests \$325,000 for the six-month period. 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 elected to not assume the housing functions. Because the housing successor to the former redevelopment agency of the City of Lynwood (City) is the City-formed Housing Authority (Authority) and the Authority

operates under the control of the City, the Authority is considered the City under Dissolution Law pursuant to HSC section 34167.10. Therefore, \$325,000 of housing successor administrative allowance requested for ROPS 15-16B and total outstanding amount of \$800,000 is not allowed.

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 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, 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 \$2,240,924 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	3,956,691
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 4,081,691
Total RPTTF requested for non-administrative obligations	3,956,691
Denied Items	
Item No. 20	(500,000)
Item No. 21	(100,000)
Item No. 22	(83,333)
Item No. 23	(50,000)
Item No. 24	(100,000)
Item No. 98	(236,044)
Item No. 99	(225,000)
Item No. 100	(100,000)
	(1,394,377)
Total RPTTF authorized for non-administrative obligations	\$ 2,562,314
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 2,687,314
ROPS 14-15B prior period adjustment	(446,390)
Total RPTTF approved for distribution	\$ 2,240,924

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 (l) (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 Nicole Prisakar, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Bruno Naulls, Project Manager, City of Lynwood
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County