

November 10, 2015

Mr. Conal McNamara, Director of Community Development
City of Whittier
13230 Penn Street
Whittier, CA 90602

Dear Mr. McNamara:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Whittier 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 1, 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 No. 45 – Quad Disposition and Development Agreement in the amount of \$730,000 is partially allowed. The Agency requests \$730,000 of Redevelopment Property Tax Trust Fund (RPTTF) for the six-month period comprised of \$364,000 due May 2016 and \$366,000 due November 2016. However, of the \$730,000 requested only \$364,000 is payable this ROPS period. Therefore, the excess \$366,000 is not eligible for RPTTF funding on this ROPS. The Agency may request funding for the excess \$366,000 on the next ROPS.
- Item No. 68 – Whittwood Owner Participation Agreement in the amount of \$585,000 is partially allowed. The Agency requests \$585,000 of RPTTF for the six-month period comprised of \$286,000 due May 2016 and \$299,000 November 2016. However, of the \$585,000 requested only \$286,000 is payable this ROPS period. Therefore, the excess \$299,000 is not eligible for RPTTF funding on this ROPS. The Agency may request funding for the excess \$299,000 on the next ROPS.
- Item No. 118 – Housing administrative costs allowance totaling \$300,000 continues to be denied. 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 Whittier (City) is the City-formed Housing Authority (Authority), 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, \$300,000 of housing

successor administrative allowance requested for ROPS 15-16B and the total outstanding amount of \$300,000 is not allowed.

- Item No. 129 – Unfunded Pension Liability in the amount of \$100,000 is not an enforceable obligation at this time. No documentation was provided to support the amounts claimed. To the extent the Agency can provide suitable documentation, such as the actuarial valuation and/or calculated estimates to support the requested funding, the Agency may be able to obtain RPTTF.

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 \$2,926,594 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	3,905,344
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 4,030,344
Total RPTTF requested for non-administrative obligations	3,905,344
<u>Denied Items</u>	
Item No. 45	(366,000)
Item No. 68	(299,000)
Item No. 118	(300,000)
Item No. 129	(100,000)
	(1,065,000)
Total RPTTF authorized for non-administrative obligations	\$ 2,840,344
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 2,965,344
ROPS 14-15B prior period adjustment	(38,750)
Total RPTTF approved for distribution	\$ 2,926,594

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: Mr. Ben Pongetti, Development Project Manager, City of Whittier
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County