



March 21, 2016

Mr. Jeff Muir, CFO
Culver City
9770 Culver Boulevard
Culver City, CA 90232

Dear Mr. Muir:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Culver City Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 19, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item No. 19 – Unfunded Pension Liabilities in the amount of \$298,080 in Redevelopment Property Tax Trust Fund (RPTTF), is partially allowed. Although this item is considered an enforceable obligation, Finance has determined that the amount requested is excessive for a single ROPS period. A reasonable payment schedule for the total outstanding obligation in unfunded pension liability allocated over five years results in ten bi-annual payments of \$49,680 and will cause the least amount of disruption to the taxing entities. It is our understanding the Agency did not request funding for ROPS 15-16B, therefore, \$149,040 ($\$49,680 \times 3$ ROPS periods 15-16B and 16-17) of unfunded pension obligation is eligible for funding on ROPS 16-17. The remaining balance of \$149,040 is not approved for funding at this time, and should continue to be placed on future ROPS until the obligation is retired.
- Item No. 20 – Unfunded Other Post-Employment Benefit Liabilities in the amount of \$931,500 in Other Funds, is partially allowed. Although this item is considered an enforceable obligation, Finance has determined that the amount requested is excessive for a single ROPS period. A reasonable payment schedule for the total outstanding obligation in unfunded postemployment benefit liability allocated over five years results in ten bi-annual payments of \$155,250 and will cause the least amount of disruption to the taxing entities. It is our understanding the Agency did not request funding for ROPS 15-16B, therefore, \$465,750 ($\$155,250 \times 3$ ROPS periods 15-16B and 16-17) of unfunded pension obligation is eligible for funding on ROPS 16-17. The remaining balance of \$465,750 in Other Funds will be applied to Item No. 46. As such, the Agency should continue to request funding authorization on future ROPS until this obligation is retired.

- Item Nos. 35 and 36 – Property maintenance costs for Agency-owned properties in the amounts of \$5,000 and \$7,620, respectively, are not approved. Finance approved the Agency's Long-Range Property Management Plan on March 18, 2014. These properties were approved for transfer to the City of Culver City (City) for government use, therefore these maintenance costs are no longer an obligation of the Agency and not eligible for RPTTF.
- Item No. 46 – 2011 Tax Allocation Bonds Reserve in the amount of \$3,250,000, is partially reclassified. As discussed in Item No. 20, \$465,750 in Other Funds is available for this obligation. Therefore, \$465,750 will be reclassified to Other Funds and the remaining balance of \$2,784,250 is approved for RPTTF funding.
- Item No. 49 – Housing Entity Administrative Allowance in the amount of \$150,000. Finance continues to deny this obligation. 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 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, \$150,000 of housing successor administrative allowance is not allowed.
- Item No. 53 – Settlement with United States Environmental Protection Agency (USEPA) in the amount of \$309,405, is partially allowed. The settlement agreement dated August 21, 2015, between the Agency and USEPA gives the Agency an option to settle in the amount of \$309,045. Therefore, the excess of \$360 in RPTTF is not eligible for funding.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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/

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$20,230,142 as summarized in the Approved RPTTF Distribution table on page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through

June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

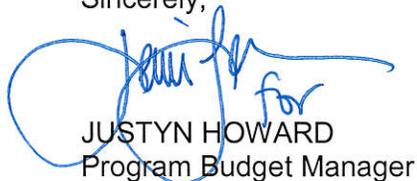
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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. Erica McAdoo, Sr. Management Analyst, Culver City
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 5,583,472	\$ 14,594,440	\$ 20,177,912
Requested Administrative RPTTF	415,000	415,000	830,000
Total RPTTF requested for obligations on ROPS 16-17	5,998,472	15,009,440	\$ 21,007,912
Total RPTTF Requested	5,583,472	14,594,440	20,177,912
<u>Denied Items</u>			
Item No. 19	(149,040)	0	(149,040)
Item No. 35	(2,500)	(2,500)	(5,000)
Item No. 36	(3,810)	(3,810)	(7,620)
Item No. 49	(150,000)	0	(150,000)
Item No. 53	(360)	0	(360)
	(305,710)	(6,310)	(312,020)
<u>Reclassified Item</u>			
Item No. 46	0	(465,750)	(465,750)
Total RPTTF authorized	5,277,762	14,122,380	\$ 19,400,142
Total Administrative RPTTF authorized	415,000	415,000	\$ 830,000
Total RPTTF approved for distribution	5,692,762	14,537,380	\$ 20,230,142