DEPARTMENT OF FINANCE

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April 15, 2016

Ms. Elena Bolbolian, Deputy Director of Community Development
City of Glendale
633 East Broadway, Suite 201
Glendale, CA 91206

Dear Ms. Bolbolian:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Glendale 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 28, 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. 26 – Parks Set-aside Payment for Legendary Tower Project in the amount of $12,622 for the July 1, 2016 through December 31, 2016 (ROPS A period). The Agency requests to reduce Redevelopment Property Tax Trust Fund (RPTTF) funding to zero. It is our understanding the Agency wishes to postpone funding this obligation until they can more accurately assess the amounts owed.

- Item No. 55 – Property management contract in the amount of $24,000 for ROPS 16-17. The Agency requested $12,000 of RPTTF in error for the January 1, 2017 through June 30, 2017 (ROPS B period). It is our understanding the contract with Overland Pacific & Cutler, Inc. should be funded with Other Funds. In order to accurately reflect the use of lease revenues as a funding source for this obligation, Finance is reclassifying $12,000 from RPTTF to Other Funds.

- Item Nos. 106 and 108 – Paseo/Parking Lot 10 and Central Library Renovation funded with $1,881,430 in Bond Proceeds. The Agency received a Finding of Completion on May 15, 2013 and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. Our approval is specifically limited to the use of excess pre-2011 bond proceeds pursuant to HSC section 34191.4 (c) (1). Therefore, we have changed the Obligation types from Improvement/Infrastructure to "Bond Funded Project – Pre-2011". Such approval, however, should not be construed as approval of the project/agreement itself as an enforceable obligation.

- Item No. 139 – 2013 Refunding Tax Allocation Bonds in the amount of $6,723,200 for the ROPS 16-17 period. The Agency is requesting $1,066,650 for the ROPS A period. However, the Agency requests to reduce the ROPS A period amount by $50,000 due to a clerical error. As such, ROPS A period is approved in the amount of $1,016,650.

- Item No. 149 – City Loan in the amount of $2,500 for payment of additional accounting services for the ROPS A period is not allowed. Our records indicate the Agency was fully funded for both ROPS 15-16A and 15-16B. Pursuant to HSC section 34173 (h) (1), the City may loan funds to the Agency for enforceable obligations when the Agency receives insufficient distribution from approved sources of funding to pay enforceable obligations in a ROPS period. Since the Agency did not incur a shortfall, funding for this obligation is not allowed.

- The claimed administrative costs exceed the allowance by $60,000. HSC section 34171 (b) (3) limits the fiscal year 2016-17 Administrative Cost Allowance (ACA) to three percent of actual distributed RPTTF in the preceding fiscal year or $250,000, whichever is greater; not to exceed 50 percent of the distributed RPTTF in the preceding fiscal year. As a result, the Agency's maximum ACA is $250,000 for the fiscal year 2016-17. Although $250,000 is claimed for administrative cost, Item Nos. 46 and 49 for financial and legal professional services totaling $60,000 is considered an administrative cost and should be counted toward the cap. Therefore, $60,000 of excess administrative cost allowance is not allowed.

- On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. 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 our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified Other Funds and in the amount specified below:

    - Item No. 139 – 2013 Refunding Tax Allocation Bonds in the amount of $6,016,650 for ROPS A period. The Agency requests $1,016,650 in RPTTF and $5,000,000 in Other Funds for the ROPS A period; however Finance is reclassifying $190,403 to Other Funds. This item is an enforceable obligation for ROPS 16-17; however, the obligation does not require payment from property tax revenues. Therefore, Finance is approving RPTTF in the amount of $876,247 and the use of Other Funds in the amount of $5,190,403 totaling $6,016,650 for the ROPS A period.

Except for the items denied in whole or in part or the items that have been adjusted, 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 M&C within five business days of the date of this letter. The M&C 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 $23,315,858 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 Zuber Tejani, Lead Analyst at (916) 445-1546.

Sincerely,

for

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Philip Lanzafame, Director of Community Development, City of Glendale
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)	$ 14,061,945	$ 9,331,438	$ 23,393,383
Requested Administrative RPTTF	125,000	125,000	250,000
Total RPTTF requested for obligations on ROPS	14,186,945	9,456,438	**$ 23,643,383**
Adjustment to Agency Requested RPTTF (Item Nos. 26 and 139)	(62,622)	0	(62,622)
Total RPTTF adjustments	(62,622)	0	$ (62,622)
Total RPTTF Requested	13,999,323	9,331,438	23,330,761
Denied Item			
Item No. 149	(2,500)	0	(2,500)
Reclassified Items			
Item No. 46	(10,000)	(10,000)	(20,000)
Item No. 49	(20,000)	(20,000)	(40,000)
Item No. 55	0	(12,000)	(12,000)
Item No. 139	(190,403)	0	(190,403)
	(220,403)	(42,000)	(262,403)
Total RPTTF authorized	13,776,420	9,289,438	**$ 23,065,858**
Total Administrative RPTTF requested	125,000	125,000	250,000
Reclassified Items			
Item No. 46	10,000	10,000	20,000
Item No. 49	20,000	20,000	40,000
Total Administrative RPTTF after Finance adjustments	155,000	155,000	310,000
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	0	(60,000)	(60,000)
Total Administrative RPTTF authorized	155,000	95,000	**$ 250,000**
Total RPTTF approved for distribution	13,931,420	9,384,438	**$ 23,315,858**

Administrative Cost Cap Calculation	
Actual RPTTF distributed for fiscal year 2015-16	$ 8,344,656
Less sponsoring entity loan and Administrative RPTTF	289,212
Actual RPTTF distributed for 2015-16 after adjustment	8,055,444
Administrative Cap for 2016-17 per HSC section 34171 (b)	250,000
ROPS 16-17 Administrative RPTTF after Finance adjustments	310,000
Administrative Costs in excess of the cap	**$ (60,000)**