



March 31, 2016

Ms. Margarita Cruz, Redevelopment Manager
City of Inglewood
One Manchester Boulevard
Inglewood, CA 90301

Dear Ms. Cruz:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Inglewood 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 Nos. 11, 12, 14 – Disposition AB26 Implementation for remediation costs totaling \$180,000 for ROPS 16-17. The Agency requested to reduce funding to zero for these obligations. As such Redevelopment Property Tax Trust Fund (RPTTF) funding has been reduced by \$180,000.
- Item Nos. 15 and 17 – Disposition costs totaling \$1,440,000 is not approved. The Agency requested RPTTF for costs related to legal services and economic and fiscal feasibility of real estate related to the properties held by the Agency for sale. These costs are not necessary to sell the properties and should not be incurred by the Agency. HSC section 34177.3 (b) to states, except as required by an EO, the work of winding down does not include planning, redesign or design, demolition, alteration, or construction, construction financing, site remediation, site development or improvement, land clearances and seismic retrofits. Therefore, the \$400,000 requested for Item No. 15 and the \$80,000 requested for Item No. 17 is not eligible for funding on the ROPS 16-17. To the extent the Agency can provide documentation or clarification showing the need for these costs in order to dispose of properties, these items may be listed on future ROPS for consideration of payment from RPTTF.
- Item Nos. 26 and 27 – Groundwater Monitoring/Investigation/KP Auto totaling \$120,000 for ROPS 16-17. The Agency requested to reduce funding to zero for these obligations. As such RPTTF funding has been reduced by \$120,000.
- Item Nos. 46, 49, and 121 – Various Pre-2011 bond funded projects funded with \$36,627,245 in Bond Proceeds. The Agency received a Finding of Completion on

December 29, 2014 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 type from Improvement/Infrastructure and Project Management Costs to "Bond Funded Project – Pre-2011". Such approval, however, should not be construed as approval of the project or agreement itself as an enforceable obligation.

In addition, for Item No. 121, this project should be funded entirely by Bond Proceeds for the ROPS A period. As such, the Agency requested to move \$200,000 from Other Funds to Bond Proceeds. Therefore, Other Funds has been reduced by \$200,000 and Bond Proceeds has been increased by \$200,000.

- Item No. 102 – Project Implementation Cost Hollywood Park in the amount of \$1,000,000 funded with Other Funds. The Agency requested to reduce funding by \$25,000 for each ROPS A and B period. As such Other Funds has been reduced by \$50,000 for ROPS 16-17.
- Item No. 131 – Disposition costs relating to property appraisals in the amount of \$277,400 is partially allowed. Finance approved the Agency's Long-Range Property Management Plan (LRPMP) on October 1, 2015, which directs several properties listed on the LRPMP to be sold. The Agency provided prior invoices as well as contracts; however, only appraisal costs in the amount of \$102,500 related to such properties were supported. As such the excess amount of \$174,900 is not allowed on ROPS 16-17.
- Item No. 133 – Housing Administrative Cost in the amount of \$150,000 funded with Other Funds for ROPS 16-17. The Agency requested this in error and requested to reduce funding to zero. As such, Other Funds has been reduced by \$150,000 for ROPS 16-17.
- The claimed administrative costs exceed the allowance by \$85,342. HSC section 34171 (b) (3) limits the fiscal year 16-17 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 \$534,658 for the fiscal year 2016-17. Although \$620,000 is claimed for administrative cost, only \$534,658 is available pursuant to the cap. Therefore, \$85,342 of excess administrative cost is not allowed.

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 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 \$23,965,583 as summarized in the Approved RPTTF Distribution Table on Page 5 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the 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,



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

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)	\$ 14,645,819	\$ 10,040,006	\$ 24,685,825
Requested Administrative RPTTF	310,000	310,000	620,000
Total RPTTF requested for obligations on ROPS 16-17	14,955,819	10,350,006	\$ 25,305,825
Adjustment to Agency Requested RPTTF	(300,000)	(300,000)	(600,000)
Total RPTTF adjustments	(300,000)	(300,000)	\$ (600,000)
Total RPTTF Requested	14,345,819	9,740,006	24,085,825
<u>Denied Items</u>			
Item No. 15	(200,000)	(200,000)	(400,000)
Item No. 17	(40,000)	(40,000)	(80,000)
Item No. 131	(65,700)	(109,200)	(174,900)
	(305,700)	(349,200)	(654,900)
Total RPTTF authorized	14,040,119	9,390,806	\$ 23,430,925
Total Administrative RPTTF requested	310,000	310,000	620,000
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	0	(85,342)	(85,342)
Total Administrative RPTTF authorized	310,000	224,658	\$ 534,658
Total RPTTF approved for distribution	14,350,119	9,615,464	\$ 23,965,583

Administrative Cost Allowance Cap Calculation	
Actual RPTTF distributed for fiscal year 2015-16	\$ 17,821,924
Less sponsoring entity loan and Administrative RPTTF	0
Actual RPTTF distributed for 2015-16 after adjustment	17,821,924
Administrative Cap for 2016-17 per HSC section 34171 (b)	534,658
ROPS 16-17 Administrative RPTTF after Finance adjustments	620,000
Administrative Cost Allowance in excess of the cap	\$ (85,342)