DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

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April 10, 2019

Ms. Tamar Sadd, Senior Administrative Officer
City of Glendale
633 East Broadway, Suite 201
Glendale, CA 91206

Dear Ms. Sadd:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Glendale Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 25, 2019. Finance has completed its review of the ROPS 19-20.

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

- Item Nos. 4 and 147 – 2011 Non-Housing Tax Allocation Bonds (TAB) debt service and debt service reserves in the total amount of $4,076,758 in Reserve Balances and $5,145,628 in Redevelopment Property Tax Trust Fund (RPTTF) is partially reclassified in the amount of $5,145,628 from RPTTF to Bond Proceeds. According to our review, the Agency has approximately $35,583,401 in excess Bond Proceeds.

  Pursuant to HSC section 34177 (l) (1) (E), Agencies are required to use all available funding sources prior to requesting RPTTF for payment of enforceable obligations. The Agency has $35,583,401 in available excess Bond Proceeds. Therefore, Finance has reclassified the total requested amount of $5,145,628 from RPTTF to Bond Proceeds.

- Item No. 153 – Transfer of excess 2011 Non-Housing TAB proceeds to the City of Glendale (City), in the total outstanding amount of $12,297,729. Finance continues to deny this item at this time. Pursuant to HSC section 34191.4 (c), the Agency received a Finding of Completion on May 15, 2013 and may now use a portion of the proceeds from bonds issued on or after January 1, 2011 in a manner consistent with the original bond covenants.

  The Agency states it has excess bond proceeds derived from the 2011 TAB and submitted Oversight Board (OB) Resolution No. OSB-60, approving a Bond Expenditure Agreement (Agreement) with the City. However, Finance disallowed the OB Resolution as noted in our determination letter dated March 9, 2018. The Agreement approved the transfer of additional proceeds upon approval of the

Agency's Last and Final ROPS; however, Finance has neither received nor approved the Agency's Last and Final ROPS.

In addition, the Agency incorrectly included 2011 bond reserves in its calculation when determining the amount of 2011 bond proceeds eligible for transfer to the City. Therefore, $2,049,621 in Bond Proceeds is not approved for transfer on this ROPS. To the extent the Agency can identify the amount of bond proceeds, separate from any reserve balances, the Agency may be able to request the expenditure or transfer of those bond proceeds on a subsequent ROPS. Finance continues to note before a transfer to the City can take place, a revised Agreement must be approved by the OB and Finance.

- Item No. 154 – Transfer of excess 2011 Housing TAB proceeds to the City in the amount of $1,100,052 continues to be denied. It is our understanding $953,229 of this amount was transferred from the Redevelopment Fund of non-housing proceeds into the Housing Fund. While a letter from Agency's bond counsel concludes the Agency is authorized to use non-housing proceeds for housing projects, this transfer of funds for such use does not change these proceeds into housing proceeds.

  Pursuant to HSC section 34176 (g), only proceeds derived from indebtedness obligations backed by the Low and Moderate Income Housing Fund (LMIHF) are eligible for transfer to the housing successor. Since the proceeds from the Redevelopment Fund are not secured by, and do not become secured by, the LMIHF, the $953,229 is ineligible for transfer under HSC section 34176 (g).

  To the extent the Agency can provide documentation to support the portion of the remaining $146,823 ($1,100,052 - $953,229) was interest earned on the bond proceeds deposited in the Housing Fund, the Agency may request the transfer of these amounts on a subsequent ROPS.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency's maximum approved RPTTF distribution for the reporting period is $14,059,278 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period

(ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

http://dof.ca.gov/Programs/Redevelopment/ROPS/

This determination is effective for the ROPS 19-20 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 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 RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Brian Dunham, Lead Analyst, at (916) 322-2985.

Sincerely,

JENNIFER WHITAKER
Program Budget Manager

cc: Ms. 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 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	$ 8,324,182	$ 11,253,723	$ 19,577,905
Administrative RPTTF Requested	242,253	242,253	484,506
Total RPTTF Requested	**8,566,435**	**11,495,976**	**20,062,411**
RPTTF Requested	**8,324,182**	**11,253,723**	**19,577,905**
Adjustments			
Item No. 4	0	(955,314)	(955,314)
Item No. 147	0	(4,190,314)	(4,190,314)
	0	(5,145,628)	(5,145,628)
RPTTF Authorized	**8,324,182**	**6,108,095**	**14,432,277**
Administrative RPTTF Authorized	**242,253**	**242,253**	**484,506**
Total RPTTF Authorized for Obligations	**8,566,435**	**6,350,348**	**14,916,783**
Prior Period Adjustment	(857,505)	0	(857,505)
Total RPTTF Approved for Distribution	**$ 7,708,930**	**$ 6,350,348**	**$ 14,059,278**