



May 27, 2012

Steven Mandoki, City Manager
City of Lawndale
14717 Burin Avenue
Lawndale, CA 90260

Dear Mr. Mandoki:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Lawndale Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 17, 2012 for period January to June 2012 and On May 24, 2012 for the period of July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

Finance is approving the items listed in both ROPS submitted except for the following:

January through June, 2012

- Line 3, 23, and 47 totaling \$3 million. Documentation provided identifies the City, not the former RDA, as contractually obligated to the third party. Therefore, these items are not enforceable.
- Line 12 and 13 totaling \$72,778. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for these line items were awarded after June 27, 2011.
- Item 44 in the amount of \$65,500. HSC section 34176 (a) states that if a city or county that authorized the creation of an RDA elects to retain the responsibility for performing housing functions, all rights, powers, duties, and obligations shall be transferred to the city or county. Further, 34176 (c) states that the housing successor may enforce affordability covenants and perform related activities. Related activities such as oversight costs on housing assets is an optional obligation of the housing successor, not of the Successor Agency for the RDA. Therefore, this is not an enforceable obligation.
- Item Nos. 45 and 46 totaling \$1.8 million. No supporting documentation was provided to establish this EO.
- Administrative cost of \$151,258 is not allowed. HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated to the Successor Agency in 2011-12 is \$121,638. Since there is a \$250,000 minimum funding for administrative expenses, we are questioning

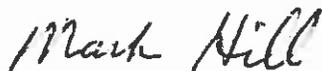
\$151,258 of the claimed \$401,258. The following items are administrative costs:
Items 4, 6 and 43.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of Redevelopment Property Tax Trust Fund (RPTTF) that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. 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 in the RPTTF.

Sincerely,



MARK HILL
Program Budget Manager

cc: Mr. Otis Ginoza, Deputy City Manager, City of Lawndale
Mr. Ken Louie, Finance Director, City of Lawndale
Ms. Kristina Burns, Program Specialist III, Los Angeles County