



November 9, 2012

Ms. Diane Perkin, Director of Administrative Services Department
City of Lakewood
5050 Clark Ave.
Lakewood, CA 90712

Dear Ms. Perkin:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Lakewood Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 24, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligation(s):

- Item No. 8 - City Advance in the amount of \$2.1 million. The Agency was created in 1972 and while there are exceptions recognizing loans between the City and the Agency as enforceable obligations, no loan agreement or repayment schedules were provided. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable, unless issued within two years of the RDA's creation date or for issuance of indebtedness to third-party investors or bondholders. Therefore, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause this item to be enforceable in future ROPS periods.
- Item No. 9 – Low and Moderate Income Housing Fund Deferred Payment in the amount of \$1.1 million. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation, making Resolution No. LRA 99-11 inoperative, the funds repaid would be unencumbered. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities. This will be accomplished through the due diligence review process pursuant to HSC section 34179.5 and 34179.6. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.
- Item No. 20 – ERAF loan repayment in the amount of \$90,492. HSC section 34176 (e) (6) (B) states that loan or deferral repayments shall not be made prior to the 2013-14

fiscal year. Therefore, this line item is not an enforceable obligation and will not be eligible for RPTTF funding at this time.

- Item No. 1 – County of Los Angeles administrative costs totaling \$2.3 million. The county auditor controller will deduct their administrative costs prior to making a distribution from the RPTTF for approved ROPS expenditures. Therefore, requesting funding for these purposes is unnecessary.
- Items No. 12, and 15 – Although enforceable, the types of services requested totaling \$28,665 are considered general administrative costs and have been reclassified.

Except for item(s) denied in whole or in part as enforceable obligation(s) as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$1,082,789 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 4,333,011
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 1	75,500
Item 8	2,123,920
Item 9	1,085,310
Item 12*	7,700
Item 15*	20,965
Item 20	90,492
Total approved RPTTF for enforceable obligations	\$ 929,124
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	153,665
Total RPTTF approved:	\$ 1,082,789

*Reclassified as administrative cost

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county-auditor controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

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All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. 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 to the successor agency in the RPTTF.

Please direct inquiries to Kylie Le, Supervisor or Brian Dunham, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Edianne Sapinoso, Senior Accountant, City of Lakewood
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office