DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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May 17, 2013

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

Dear Ms. Cruz:

Subject: Recognized Obligation Payment Schedule

This letter supersedes California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 14, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Inglewood Successor Agency (Agency) submitted ROPS 13-14A to Finance for the period of July through December 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on April 26, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

- Item No. 30 – Litigation in the amount of $600,000. It is our understanding this obligation will be funded during the January 2013 through June 2013 ROPS period and does not need to be funded during the 13-14A period. Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.

- Item Nos. 39 and 54 – Housing administrative costs totaling $550,000. Finance originally denied these items as enforceable obligations pursuant to HSC section 34176 (a) (1), which states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a redevelopment agency (RDA), all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Finance continues to deny the items. Since the City of Inglewood assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor. Therefore, these items are not enforceable obligations and not eligible for RPTTF funding on the ROPS.

- Item Nos. 43 through 45, and 47 – Locust Street Senior Center Design Build Project totaling $1.2 million. Finance originally denied these items because the Agency has not yet received a Finding of Completion and therefore cannot enter into any new contracts unless they are for wind-down purposes. Since these line items are for the development process and the management of the Locust Street Senior Center project, these line items do not meet the above criteria and are not eligible for RPTTF funding at this time. Pursuant to HSC section 34191.4 (c), your request to use bond funds for these

obligations may be allowable once the Agency receives a Finding of Completion from Finance and if the bond proceeds requested for use were derived from bonds issued prior to January 1, 2011.

- Item Nos. 58 and 59 – Madison Square Garden Project Implementation Cost totaling $460,000. Finance originally denied the obligations as it was our understanding that the Madison Square Garden OPA is not an obligation of the Agency. Finance continues to deny these items. This contract is between the City of Inglewood (City), MSG Forum LLC and Forum Enterprises Inc.; the former RDA is not a party to the contract. Since the Madison Square Garden OPA is not enforceable, the staff, legal, and engineering costs associated with this project are not enforceable obligations. Therefore, these items are not enforceable obligations and are not eligible for RPTTF funding.

- Item No. 69 – Outstanding debt in the amount of $12,000 was originally denied as an obligation because the contract is between the City and Applied Best Practice; the former RDA is not a party to the contract. Upon further review, Finance continues to deny the obligation. The former RDA's bond issuances are identified in Exhibit A to the contract; however, the document specifically states "the City will be billed at our current hourly rate". Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.

- Item Nos. 76 and 77 – Training and education reimbursement totaling $104,000 were originally denied as the funding agreements provided to support the request were only valid for a 12-month period from December 14, 2010 through December 21, 2012. Also these contracts are between the City and Inglewood Management Employee Organization (IMEO); the former RDA is not a party to the contract. Finance received the current Memorandum of Understanding (MOU) approved on December 19, 2012, in which training and education reimbursement are addressed. However, training is not identified as being mandatory for Agency staff, and the training of former RDA employees is contrary to the definition of "wind down activities" pursuant to HSC section 34177.3 (b). Additionally, educational reimbursement will be paid by the City, and not the former RDA. Therefore, Finance continues to maintain these line items are not enforceable obligations and are not eligible for RPTTF funding.

- Claimed administrative costs exceed the allowance by $191,905. HSC section 34171 (b) limits the fiscal year 2013-14 administrative expense to three percent of property tax allocated to the Agency or $250,000, whichever is greater. As a result the Agency is eligible for $263,895 for administrative expenses. Although $250,000 is claimed for administrative costs, item numbers 70 through 75 and 78 through 80 totaling $20,800 are considered general administrative expenses and should be counted toward the cap. Additionally, during the Meet and Confer process, item numbers 43 through 46 totaling $185,000 were reclassified as administrative expenses. Therefore, $191,905 of excess administrative cost is not allowed.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is $8,331,339 as summarized below:

Approved RPTTF Distribution Amount		
Total RPTTF funding requested for obligations	$	9,376,691
Minus: Six-month total for items denied or reclassified as administrative cost		
Item 30		100,000
Item 39		25,000
Item 43*		75,000
Item 44*		10,000
Item 45*		100,000
Item 47		50,000
Item 54		100,000
Item 58		10,000
Item 59		75,000
Item 69		1,400
Item 70*		1,800
Item 71*		7,500
Item 72*		2,500
Item 73*		2,000
Item 74*		2,500
Item 75*		2,400
Item 76		8,000
Item 77		5,000
Item 78*		1,000
Item 79*		500
Item 80*		600
Total approved RPTTF for enforceable obligations	$	8,796,491
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost		263,895
Minus: ROPS II prior period adjustment		(729,047)
Total RPTTF approved for distribution:	**$**	**8,331,339**

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time

period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Nichelle Thomas, Supervisor or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Sharon Koike, Assistant Finance Director, City of Inglewood
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office