



May 16, 2014

Mr. Steve Valenzuela, Chief Executive Officer  
City of Los Angeles Designated Local Authority  
448 South Hill Street, 12/F  
Los Angeles, CA 90013

Dear Mr. Valenzuela:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 28, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Los Angeles Designated Local Authority Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to Finance on February 14, 2014, for the period of July through December 2014. Finance issued a ROPS determination letter on March 28, 2014. 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 8, 2014.

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 item being disputed.

- Item No. 434 – Settlement Agreement with Ace Roofing Company totaling \$250,000. Finance no longer denies this item. Finance initially denied this item as it was our understanding the settlement agreement was not entered by a competent court of law as required by HSC section 34171 (d) (1) (D). During the Meet and Confer session, the Agency provided the judgment entered into on April 8, 2014 by the California Superior Court. Therefore, this item is eligible for Reserve Balance funding.

In addition, per Finance's letter dated March 28, 2014, we continue to deny the following item not contested by the Agency during the Meet and Confer:

- Item No. 358 – Settlement Agreement with Grand Hope Park Incorporated totaling \$820,999. It is our understanding this settlement agreement is not entered by a competent court of law or binding arbitration against the Agency as required by HSC section 34171 (d) (1) (D). Therefore, this item is not eligible for Reserve Balance funding at this time.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF) funding. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment

from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available Other Funds totaling \$2,700,000.

Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified from RPTTF to Other Funds in the amount specified below:

- Item No. 1 – Bunker Hill Project Tax Allocation Refunding Bond, Series H debt service payment in the amount of \$14,385,297. The Agency requests \$14,385,297 of RPTTF; however Finance is reclassifying \$2,700,000 to Other Funds. This item is an enforceable obligation for the ROPS 14-15A period. However, the obligation does not require payment from property tax revenues and the Agency has \$2,700,000 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$11,685,297 and the use of Other Funds in the amount of \$2,700,000, totaling \$14,385,297.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies 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 table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 14-15A. The Agency's maximum approved RPTTF distribution for the reporting period is \$42,843,910 as summarized below:

<b>Approved RPTTF Distribution For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	52,141,883
Total RPTTF requested for administrative obligations	0
<b>Total RPTTF requested for obligations</b>	<b>\$ 52,141,883</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>52,141,883</b>
Cash Balances - Item reclassified to other funding sources	
Item No. 1	(2,700,000)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 49,441,883</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>0</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 0</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 49,441,883</b>
ROPS 13-14A prior period adjustment	(6,597,973)
<b>Total RPTTF approved for distribution</b>	<b>\$ 42,843,910</b>

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. 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 section 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 HSC section 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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Daisy Pan, Special Projects Officer, City of Los Angeles Designated Local Authority  
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County  
California State Controller's Office