



May 15, 2015

Ms. Lorry Hempe, Public Works Special Projects Manager
City of Lynwood
11330 Bullis Road
Lynwood, CA 90262

Dear Ms. Hempe:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 02, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Lynwood Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to Finance on February 24, 2015, for the period of July through December 2015. Finance issued a ROPS determination letter on April 2, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 16, 2015.

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 determinations being disputed.

- Item Nos. 20 through 24 – Obligations related to the Rogel v. LRA settlement agreement totaling \$833,333. Finance continues to deny these items. Additional documentation provided by the Agency during the Meet and Confer does not support these items as enforceable obligations. These items were previously denied by Finance in our July through December 2014 ROPS (ROPS 14-15A) determination letter and later upheld through the ROPS 14-15A Meet and Confer process. The 2009 settlement agreement represents pre-ABx1-26 obligations of the former redevelopment agency to build inclusionary and replacement housing pursuant HSC section 33413. However, the provisions of HSC section 33413, including the obligations imposed, depend on the allocation of tax increment and was rendered inoperative upon the passing of dissolution law (ABx-1 26 and AB 1484), as explicitly stated in HSC section 34189. Therefore, Redevelopment Property Tax Trust Fund (RPTTF) in the amount of \$833,333 is not allowed during this period.

In addition, per Finance's letter dated April 2, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item 73 – Disposition and Development Agreement in the amount of \$20,000 is not eligible for payment from RPTTF. It is our understanding; the requested amount

represents developer deposits that the Agency was allowed to retain during the Other Funds and Accounts Due Diligence Review. As such, the payment of such deposits should be from Reserve Balances. Therefore, Finance has reclassified \$20,000 from RPTTF to Reserve Balances.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. 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 balances totaling \$24,099.

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

- Item No. 7 – 2011 Tax Allocation Bond Series A in the amount of \$24,099. The Agency requests \$565,638 of RPTTF; however, Finance is reclassifying \$24,099 to Other Funds. This item is an enforceable obligation for the ROPS 15-16A period. However, the obligation does not require payment from property tax revenues and the Agency has \$24,099 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$541,539 and the use of Other Funds in the amount of \$24,099 totaling \$565,638.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 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 review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part or item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A. The Agency's maximum approved RPTTF distribution for the reporting period is \$1,279,656 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of July through December 2015	
Total RPTTF requested for non-administrative obligations	2,572,566
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS	\$ 2,697,566
Total RPTTF requested for non-administrative obligations	2,572,566
<u>Denied Items</u>	
Item No. 20	(500,000)
Item No. 21	(100,000)
Item No. 22	(83,333)
Item No. 23	(50,000)
Item No. 24	(100,000)
	(833,333)
<u>Reclassified Item</u>	
Item No. 73	(20,000)
	\$ 1,719,233
<u>Cash Balances - Item reclassified to Other Funds</u>	
Item No. 7	(24,099)
Total RPTTF authorized for non-administrative obligations	\$ 1,695,134
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 1,820,134
ROPS 14-15A prior period adjustment	(540,478)
Total RPTTF approved for distribution	\$ 1,279,656

Please refer to the ROPS 15-16A 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, 2015. 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if the

Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Danielle Brandon, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Bruno Naulls, Project Manager, City of Lynwood
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County
California State Controller's Office