



Transmitted via e-mail

April 7, 2023

Ernesto Marquez, City Manager
City of Hawaiian Gardens
21815 Pioneer Boulevard
Hawaiian Gardens, CA 90716

2023-24 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Hawaiian Gardens Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2023 through June 30, 2024 (ROPS 23-24) to the California Department of Finance (Finance) on February 1, 2023. Finance has completed its review of the ROPS 23-24.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 8, 9, 10, and 23 – Various line items in the amount of \$2,744,361. The Agency inadvertently requested funding from Bond Proceeds instead of the Redevelopment Property Tax Trust Fund (RPTTF). Therefore, with concurrence from the Agency, Finance has adjusted the requested amounts of \$5,500, \$3,000, \$1,000, and \$2,734,861, respectively, from Bond Proceeds to RPTTF.
- On the ROPS 23-24 form, the Agency reported cash balances and activity for the period July 1, 2020 through June 30, 2021 (ROPS 20-21). According to our review, the Agency has approximately \$63,843 from Other Funds available to fund enforceable obligations on the ROPS 23-24. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. The item below does not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amount specified below:
 - Item No. 22 – 2019A Tax Allocation Refunding Bonds (Tax Exempt) in the amount of \$447,650 is partially reclassified. In addition to available Other Funds, the Agency inadvertently requested \$447,650 from Bond Proceeds instead of RPTTF. Therefore, Finance is approving RPTTF in the amount of \$383,807 and the use of Other Funds in the amount of \$63,843, totaling \$447,650.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 20-21 period. The ROPS 20-21 prior period adjustment (PPA) will offset the ROPS 23-24 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,368,654, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2023 through December 31, 2023 period (ROPS A period), and one distribution for the January 1, 2024 through June 30, 2024 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 23-24 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted items, Finance approves the remaining items listed on the ROPS 23-24 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 23-24, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 23-24. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 23-24 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 23-24 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Zuber Tejani, Supervisor, or Lynel Ford, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Linda Hollinsworth, Finance Director, City of Hawaiian Gardens
Linda Santillano, Property Tax Apportionment Division Chief, Los Angeles County
Martha Arana, Countywide Oversight Board Representative

Approved RPTTF Distribution July 2023 through June 2024			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 0	\$ 0	\$ 0
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	125,000	125,000	250,000
RPTTF Requested	0	0	0
<u>Adjustment(s)</u>			
Item No. 8	0	5,500	5,500
Item No. 9	0	3,000	3,000
Item No. 10	500	500	1,000
Item No. 22	338,482	45,325	383,807
Item No. 23	2,398,738	336,123	2,734,861
	2,737,720	390,448	3,128,168
RPTTF Authorized	2,737,720	390,448	3,128,168
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 20-21 Prior Period Adjustment (PPA)	(9,514)	0	(9,514)
Total RPTTF Approved for Distribution	\$ 2,853,206	\$ 515,448	\$ 3,368,654