



May 17, 2019

Ms. Melissa Lindley, Principal Administrative Analyst  
City of Santa Monica  
1901 Main Street, Suite C  
Santa Monica, CA 90405

Dear Ms. Lindley:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 27, 2019. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Santa Monica Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on January 28, 2019. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 17, 2019.

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:

- The Agency identified errors in the submission of its original Report of Prior Period Adjustments (PPA) and requested the PPA be reduced as discussed below:
  - Item No. 12 – Wells Fargo Term Loan. The Agency originally indicated an actual expenditure amount of \$8,913,119 for this item. During the Meet and Confer, the Agency indicated a payment, in the amount of \$25,652, was inadvertently counted twice, and reported the actual expenditure amount for the July 1, 2016 to June 30, 2017 (ROPS 16-17) period was actually \$8,887,467 (\$8,913,119 - \$25,652). Therefore, the original PPA amount for this item has been adjusted by \$25,652 from \$118,270 to \$143,922 to account for the revised expenditure amount.
  - No. 13 – Bank of America Term Loan. It is our understanding the Agency exceeded the authorized expenditure amount for this item by \$54,782. The Agency contends the PPA amount should be reduced to reflect this excess expenditure. However, pursuant to HSC section 34177 (a) (3), only those payments listed on the ROPS may be made by the Agency from the funds specified on the ROPS, up to the lesser of the authorized or available amount as reported by the County Auditor-Controller (CAC). As such, the Agency must obtain authorization from the Oversight Board and Finance prior to expending funds in excess of the amounts approved on the ROPS through the ROPS review process. Therefore, the Agency's request to reduce the PPA by the excess amount of \$54,782 for this item is not allowed.

In addition, per Finance's letter dated March 27, 2019, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- Item No. 13 – Bank of America Term Loan in the total outstanding amount of \$35,431,568 is overstated. The Agency should update the outstanding loan balance to reflect amounts the Agency previously received to make loan repayments as approved on the ROPS. According to the most recent loan invoice provided by the Agency, the current outstanding loan balance should be \$28,787,878. Therefore, the total outstanding loan balance reported on the Agency's ROPS Detail Form has been reduced by \$6,643,690 to \$28,787,878.

In addition, the requested amount of \$5,057,428 is partially approved in the amount of \$4,734,780. The Agency requested \$5,057,428; however, the estimated payment schedule indicates only \$4,734,780 is due for the ROPS 19-20 period. Therefore, with the Agency's concurrence, the total ROPS 19-20 Redevelopment Property Tax Trust Fund (RPTTF) request in the amount of \$5,057,428 has been decreased by \$322,648 (\$5,057,428 – \$4,734,780).

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the PPA resulting from the CAC's review of the PPA Form submitted by the Agency, as adjusted by Finance during the Meet and Confer. The PPA has been adjusted by \$25,652 from \$119,095 to \$144,747.

The Agency's maximum approved RPTTF distribution for the reporting period is \$30,205,537 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 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 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied 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.

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The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of 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 Nichelle Jackson, Supervisor, or Michael Painter, Analyst, at (916) 322-2985.

Sincerely,

 JENNIFER WHITAKER  
Program Budget Manager

cc: Mr. Andy Agle, Director of Housing and Economic Development, City of Santa Monica  
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County



**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 1, 2019 through June 30, 2020</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>ROPS 19-20 Total</b>
RPTTF Requested	\$ 24,336,735	\$ 5,913,448	\$ 30,250,183
Administrative RPTTF Requested	422,749	0	422,749
<b>Total RPTTF Requested</b>	<b>24,759,484</b>	<b>5,913,448</b>	<b>30,672,932</b>
<b>RPTTF Requested</b>	<b>24,336,735</b>	<b>5,913,448</b>	<b>30,250,183</b>
<u>Adjustment</u>			
Item No. 13	(54,738)	(267,910)	(322,648)
<b>RPTTF Authorized</b>	<b>24,281,997</b>	<b>5,645,538</b>	<b>29,927,535</b>
<b>Administrative RPTTF Authorized</b>	<b>422,749</b>	<b>0</b>	<b>422,749</b>
<b>Total RPTTF Authorized for Obligations</b>	<b>24,704,746</b>	<b>5,645,538</b>	<b>30,350,284</b>
Prior Period Adjustment	(144,747)	0	(144,747)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 24,559,999</b>	<b>\$ 5,645,538</b>	<b>\$ 30,205,537</b>