



March 28, 2019

Mr. David Mango, Director of Building and Planning
City of Maywood
4319 Slauson Avenue
Maywood, CA 90270

Dear Mr. Mango:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Maywood Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 23, 2019. Finance has completed its review of the ROPS 19-20.

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

- Item No. 5 – Administrative Costs in the amount of \$121,434. The Agency inadvertently requested \$121,434 in Redevelopment Property Tax Trust Fund (RPTTF) to pay administrative costs. With the Agency's concurrence, this item was reclassified to Administrative RPTTF.
- Item No. 12 – Series 2017A-1 Tax Allocation Bonds in the amount of \$608,176. The Agency requested \$339,692 in RPTTF funding for the July through December (ROPS 19-20A) period in error. The Agency was distributed \$34,917 to be held as reserve balance during ROPS 18-19B for the August 1, 2019 payment. Therefore, to accurately reflect the correct funding source for the debt service payment, Finance made an adjustment to increase Reserve Balances by \$34,917, and decrease RPTTF by the same amount from \$339,692 to \$305,495.
- Item No. 13 – Series 2017A-2 Tax Allocation Bonds in the amount of \$7,728. The Agency requested \$4,312 in RPTTF funding for the ROPS 19-20A period in error. The Agency was distributed \$444 to be held as Reserve Balances during ROPS 18-19B for the August 1, 2019 payment. Therefore, to accurately reflect the correct funding source for the debt service payment, Finance made an adjustment to increase Reserve Balances by \$444, and decrease RPTTF by the same amount from \$4,312 to \$3,868.
- Item No. 14 – Series 2017B TABs debt service in the amount of \$514,560. The Agency requested \$23,306 in RPTTF funding for the ROPS 19-20A period and \$491,254 in RPTTF for the January through June (ROPS 19-20B) period in error. According to the debt service schedule provided by the Agency, the amount requested for the ROPS 19-20A period should be \$491,254 and the amount requested for the ROPS 19-20B period should be \$13,035.

Further, the Agency was distributed \$233,974 to be held as reserve balance during ROPS 18-19B for the August 1, 2019 payment. Therefore, to accurately reflect the funding source and correct amount due for the debt service payment, Finance made an adjustment of \$233,974 to increase the total requested amount in ROPS 19-20A from \$23,306 to \$257,280 in RPTTF and increased Reserve Balances by the same amount from zero to \$233,974. As a result, a total of \$491,254 (\$257,280 in RPTTF plus \$233,974 in Reserve Balances) is approved for the ROPS 19-20A period. Additionally, Finance made an adjustment to decrease the total requested amount in ROPS 19-20B from \$491,254 to \$13,035 in RPTTF, an adjustment of \$478,219.

- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). According to our review, the Agency has approximately \$4,199 from Other Funds and \$38,764 from Reserve Balances, totaling \$42,963, available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following items have been reclassified in the amounts specified below:

The following items do not require payment from property tax revenues and the Agency has \$38,764 in available Reserve Balances and \$4,199 in available Other Funds. Therefore, the funding source for these items has been reclassified and in the amounts specified below:

Item No.	Item Name	Total Funding Authorized	RPTTF Approved	Reserve Balances Approved	Other Funds Approved
12	Series 2017A-1 Tax Allocation Bonds (TABs)	\$608,176	\$534,495	\$38,764	\$0
15	Bank Trustee Admin Fee	\$6,000	\$1,801	\$0	\$4,199
Total		\$614,176	\$536,296	\$38,764	\$4,199

- The claimed administrative cost exceeds the allowance by \$121,434. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is zero for fiscal year 2019-20.

Although \$121,434 is claimed for ACA, only zero is available pursuant to the cap. Therefore, as noted in the table below, \$121,434 in excess ACA is not allowed.

Administrative Cost Allowance Calculation	
Actual RPTTF distributed for fiscal year 2018-19	0
Less distributed Administrative RPTTF	0
Less sponsoring entity loan repayments	0
RPTTF distributed for 2018-19 after adjustments	0
ACA Cap for 2019-20 per HSC section 34171 (b)	0
ACA requested for 2019-20	0
Plus amount reclassified to ACA	121,434
Total ACA	121,434
ACA in Excess of the Cap	\$ (121,434)

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 prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, 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 of the date of this letter. The Meet and Confer process and guidelines are available on our website:

<http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/>

The Agency's maximum approved RPTTF distribution for the reporting period is \$679,634 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.

Absent a Meet and Confer, 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:

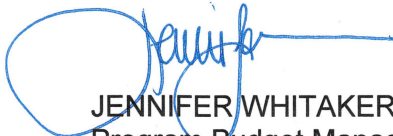
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

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.

The amount available from 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 RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Stephen Franz, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Ofelia Mancera, Successor Agency Finance Director, City of Maywood
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 434,031	\$ 823,867	\$ 1,257,898
Administrative RPTTF Requested	0	0	0
Total RPTTF Requested	434,031	823,867	1,257,898
RPTTF Requested	434,031	823,867	1,257,898
<u>Adjustments</u>			
Item No. 5	(60,717)	(60,717)	(121,434)
Item No. 12	(73,681)	0	(73,681)
Item No. 13	(444)	0	(444)
Item No. 14	233,974	(478,219)	(244,245)
Item No. 15	(4,199)	0	(4,199)
	94,933	(538,936)	(444,003)
RPTTF Authorized	528,964	284,931	813,895
Administrative RPTTF Requested	0	0	0
<u>Adjustment</u>			
Item No. 5	60,717	60,717	121,434
Adjusted Administrative RPTTF	60,717	60,717	121,434
Excess Administrative Costs	(60,717)	(60,717)	(121,434)
Administrative RPTTF Authorized	0	0	0
Total RPTTF Authorized for Obligations	528,964	284,931	813,895
Prior Period Adjustment	(134,261)	0	(134,261)
Total RPTTF Approved for Distribution	\$ 394,703	\$ 284,931	\$ 679,634