



Transmitted via e-mail

April 10, 2020

Troy Helling, City Manager
City of Industry
15625 East Stafford Street
City of Industry, CA 91744

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Industry Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 20, 2020. Finance has completed its review of the ROPS 20-21.

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

- Item Nos. 283 through 285, 287, and 288 – 2015A Project 1, 2015A Project 2, 2015B Project 2, 2015A Project 3, and 2015B Project 3 Tax Allocation Revenue Refunding Bonds debt service payments in the amounts of \$42,739,628, \$1,027,000, \$20,840,258, \$1,039,750, and \$4,789,487, respectively, funded with Redevelopment Property Tax Trust Fund (RPTTF) have been adjusted. It is our understanding the Agency requested incorrect amounts of RPTTF for bond debt service payments for the ROPS 20-21B period. Therefore, with the Agency's concurrence, to accurately reflect the debt service payments required for the ROPS B period, the debt service requested from RPTTF has been adjusted in the amounts specified below:

Item No.	Item Name	Requested	Adjusted	Authorized
283	2015A Project 1 Bonds	\$42,739,628	(\$9,706,814)	\$33,032,814
284	2015A Project 2 Bonds	1,027,000	(250)	1,026,750
285	2015B Project 2 Bonds	20,840,258	4,339,236	25,179,494
287	2015A Project 3 Bonds	1,039,750	(750)	1,039,000
288	2015B Project 3 Bonds	4,789,487	(273,053)	4,516,434
	Total	\$70,436,123	(\$5,641,631)	\$64,794,492

- Item No. 302 – Road improvements in the amount of \$3,000,000 in Other Funds for the ROPS 19-20 period is not allowed. Finance determined the 2005 Lease is an enforceable obligation per our determination letter dated February 20, 2013. As part of the 2005 Lease, the former Redevelopment Agency agreed to be responsible for specific public improvements. However, a contract for the public improvements requested has not been executed and/or properly approved; therefore, this item is not eligible for Other Funds at this time.
- Item Nos. 303 and 304 – Costs related to traffic mitigation improvements in the total outstanding amount of \$3,200,000 and \$990,000, respectively, is not allowed. The Agency clarified funding is not needed at this time; therefore, the requested \$4,190,000 of Other Funds is not authorized.
- The claimed administrative costs exceed the allowance by \$16,014. 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 \$2,016,686 for fiscal year 2020-21. Although \$2,032,700 in Other Funds is claimed for ACA, only \$2,016,686 is available pursuant to the cap. Therefore, as noted in the table below, \$16,014 of Other Funds that are in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2019-20	\$67,222,868
Less distributed Administrative RPTTF	(0)
Less sponsoring entity loan repayments	(0)
RPTTF distributed for 2019-20 after adjustments	\$67,222,868
ACA Cap for 2020-21 per HSC section 34171 (b)	\$2,016,686
ACA requested for 2020-21 after adjustments	2,032,700
ACA in Excess of the Cap	\$(16,014)

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized in the table includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, 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 must use the RAD App to complete and submit its Meet and Confer request form.

The Agency's maximum approved RPTTF distribution for the reporting period is \$106,690,490, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 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 20-21. 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 deemed denied until the matter is resolved.

The ROPS 20-21 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 20-21 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 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 Kylie Oltmann, Supervisor, or Nicole Prisakar, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Yamini Pathak, Finance Director, City of Industry
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 41,912,012	\$ 70,436,123	\$ 112,348,135
Administrative RPTTF Requested	0	0	0
Total RPTTF Requested	41,912,012	70,436,123	112,348,135
RPTTF Requested	41,912,012	70,436,123	112,348,135
<u>Adjustment(s)</u>			
Item No. 283	0	(9,706,814)	(9,706,814)
Item No. 284	0	(250)	(250)
Item No. 285	0	4,339,236	4,339,236
Item No. 287	0	(750)	(750)
Item No. 288	0	(273,053)	(273,053)
	0	(5,641,631)	(5,641,631)
RPTTF Authorized	41,912,012	64,794,492	106,706,504
Administrative RPTTF Authorized	0	0	0
Total RPTTF Approved for Distribution	\$ 41,895,998	\$ 64,794,492	\$ 106,690,490