



Transmitted via e-mail

May 15, 2020

Tess Anson, Finance Manager
City of Rosemead
8838 East Valley Boulevard
Rosemead, CA 91770

2020-21 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 14, 2020. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Rosemead Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to Finance on January 21, 2020. 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 27, 2020.

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. 24 and 27 – Senior Housing Shortfall Subsidy with the total outstanding amounts of \$2,785,088 and \$1,282,729, respectively, is being further adjusted by Finance. During the Meet and Confer, the Agency requested an additional increase to Finance's adjusted amount noted in our ROPS 20-21 determination letter. Under the Assistance and Operating Agreement (2002 Agreement), dated August 13, 2002, the Agency is responsible for reimbursing the Rosemead Housing Development Corporation (RHDC) the shortfall between the gross receipts and the operating expenses with regard to the senior housing project. The Agency has requested \$32,000 in Redevelopment Property Tax Trust Fund (RPTTF) for Item No. 24, and \$10,000 in RPTTF for Item No. 27. In Finance's April 14, 2020 letter, Finance increased RPTTF for Item No. 24 to \$100,000 and Item No. 27 to \$50,000. However, documentation provided during the Meet and Confer indicates an additional increase in funding is necessary to adequately reflect the actual shortfall amounts. Therefore, Finance is increasing the funding requested for Item No. 24 by \$78,422 from \$32,000 to \$110,422, and Item No. 27 by \$40,016 from \$10,000 to \$50,016 in RPTTF.

In addition, per Finance's letter dated April 14, 2020, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- Item Nos. 22, 23, 25, and 26 – Senior Housing Land Lease and Operations Overhead with the total outstanding amounts totaling \$11,801,859 are not allowed. The Agency has included these items pursuant to the 2002 Agreement, as noted above. However, the 2002 Agreement indicates the Agency is responsible for the shortfall occurring between the gross receipts and the operating expenses of the project. In addition, the ground leases with regard to Item Nos. 22 and 25 are between the RHDC and the City of Rosemead; the former Redevelopment Agency is not a party to the ground lease. Therefore, RPTTF in the amount of \$91,200, \$113,100, \$181,300, and \$113,100 for Item Nos. 22, 23, 25, and 26, respectively, totaling \$498,700 is not approved.

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 includes the prior period adjustment (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 \$3,432,431, 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.

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 Final and Conclusive review is 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 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 Todd Vermillion, Supervisor, or Thong Thao, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Scott Miller, Consultant, City of Rosemead
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	\$ 3,192,225	\$ 769,850	\$ 3,962,075
Administrative RPTTF Requested	60,000	60,000	120,000
Total RPTTF Requested	3,252,225	829,850	4,082,075
RPTTF Requested	3,192,225	769,850	3,962,075
<u>Adjustment(s)</u>			
Item No. 22	(45,600)	(45,600)	(91,200)
Item No. 23	(56,550)	(56,550)	(113,100)
Item No. 24	39,211	39,211	78,422
Item No. 25	(126,275)	(55,025)	(181,300)
Item No. 26	(56,550)	(56,550)	(113,100)
Item No. 27	20,016	20,000	40,016
	(225,748)	(154,514)	(380,262)
RPTTF Authorized	2,966,477	615,336	3,581,813
Administrative RPTTF Authorized	60,000	60,000	120,000
ROPS 17-18 prior period adjustment (PPA)	(269,382)	0	(269,382)
Total RPTTF Approved for Distribution	\$ 2,757,095	\$ 675,336	\$ 3,432,431