

March 20, 2014

Mr. John B Bahorski, City Manager  
City of Cypress  
5275 Orange Avenue  
Cypress, CA 90630

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Cypress Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 7, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 14-15A at this time.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Funds (RPTTF). Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

Therefore, with the Agency's concurrence, the funding source for the following items have been reclassified in the amounts specified below:

- Item No. 1 – Reimbursement Agreement in the amount of \$43,981. The Agency requested \$43,981 from RPTTF; however, Finance is reclassifying \$1,550 to Other Funds. This item was determined to be an enforceable obligation for the ROPS 14-15A period, however, the obligation does not require payment from property tax revenues and the Agency has \$1,550 in Other Funds. Therefore, Finance is approving RPTTF in the amount of \$42,431 and the use of Other Funds in the amount of \$1,550, totaling \$43,981 for this item.
- Item No. 3 – Employee Costs in the amount of \$8,000. The Agency requested \$1,550 from Other Funds and \$6,450 from the Administrative Cost Allowance (ACA) funded by RPTTF. Per HSC section 34183 (a) (2), any available funding must be applied to an enforceable obligation prior to administrative costs. Therefore, Finance has applied \$1,550 in Other Funds to Item No. 1 as noted above, and approves ACA funded by RPTTF in the amount of \$8,000 for this item.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments)

associated with the July through December 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment self-reported by the Agency. HSC section 34186 (a) also specifies the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below includes only the prior period adjustment self-reported by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,154 as summarized below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	43,981
Total RPTTF requested for administrative obligations	20,475
<b>Total RPTTF requested for obligations</b>	<b>\$ 64,456</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>43,981</b>
<u>Reclassified Item</u>	
Item No. 1	(1,550)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 42,431</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>20,475</b>
<u>Reclassified Item</u>	
Item No. 3	1,550
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 22,025</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 64,456</b>
ROPS 13-14A prior period adjustment	(63,302)
<b>Total RPTTF approved for distribution</b>	<b>\$ 1,154</b>

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

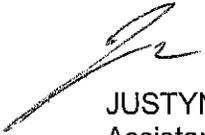
The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the

ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Nichelle Thomas, Supervisor or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Mr. Matt Burton, Assistant Director of Finance & Administrative Services, City of Cypress  
Mr. Frank Davies, Property Tax Manager, Orange County  
California State Controller's Office