DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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REVISED

April 4, 2014

Mr. Travis Hickey, Assistant Director of Finance and Admin Services
City of Santa Fe Springs
11710 East Telegraph Road
Santa Fe Springs, CA 90670

Dear Mr. Hickey:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 14-15A) determination letter dated March 28, 2014. A revision is necessary based on revised information obtained from the Los Angeles County Auditor-Controller (CAC) and a reduction in available Reserve Balances from $64,250 to $54,050. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Santa Fe Springs Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 27, 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.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, we are approving all the line items listed in your ROPS 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 RPTTF Redevelopment Property Tax Trust Fund. 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. The Agency provided financial records that displayed available Reserve Balances totaling $64,250 and Other Funds totaling $130,480. However, subsequent to our March 28, 2014 letter, it has come to our attention; the Agency will expend $10,200 in Reserve Balances for Item No. 19. In addition, the Agency will retain $600 in Reserve Balances for low and moderate income housing purposes. As a result, only $53,450 is available in Reserve Balances and Other Funds totaling $130,480.

Therefore, with the Agency's concurrence, the funding source for the following items has been reclassified to Other Funds and Reserve Balances in the amounts specified below:

- Item No. 26 – Proportional share of unfunded liabilities in the amount of $10,514,000. The Agency requests $187,750 of RPTTF; however Finance is reclassifying $130,480 to Other Funds. This item is an enforceable obligation for the ROPS 14-15A period. However, the obligation does not require payment from property tax revenues and the

Agency has $130,480 available in Other Funds. Therefore, Finance is approving RPTTF in the amount of $57,270 and the use of Reserve Balances in the amount of $130,480, totaling $187,750.

- Item Nos. 34 and 42 through 48 – Various obligations totaling $63,387. The Agency requests $60,037 of RPTTF; however Finance is reclassifying $53,450 to Reserve Balances. These items are enforceable obligations for the ROPS 14-15 period. However, these obligations do not require payment from property tax revenues and the Agency has $53,450 available in Reserve Balances. Therefore, Finance is approving RPTTF in the amount of $6,587 and the use of Reserve Balances in the amount of $53,450, totaling $60,037.

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. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part as an enforceable obligation or for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, you 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 at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is $479,895 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014		
Total RPTTF requested for non-administrative obligations		543,225
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations	**$**	**668,225**
Total RPTTF for non-administrative obligations		**543,225**
Cash Balances - Items reclassified to other funding sources		
Item No. 26		(130,480)
Item No. 34		(2,713)
Item No. 42		(7,002)
Item No. 43		(1,235)
Item No. 44		(11,500)
Item No. 45		(1,500)
Item No. 46		(16,000)
Item No. 47		(6,500)
Item No. 48		(7,000)
		(183,930)
Total RPTTF authorized for non-administrative obligations	**$**	**359,295**
Total RPTTF authorized for administrative obligations	**$**	**125,000**
Total RPTTF authorized for obligations	**$**	**484,295**
ROPS 13-14A prior period adjustment		(4,400)
Total RPTTF approved for distribution	**$**	**479,895**

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 Kylie Oltmann, Supervisor or Veronica Green, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Jose Gomez, Asst. City Manager/Director of Finance, City of Santa Fe Springs
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County
California State Controller's Office