CITY of CYPRESS
5275 Orange Avenue, Cypress, California 90630
Phone 714-229-6700 www.ci.cypress.ca.us

May 16, 2012

California Department of Finance
915 L Street
Sacramento, CA 95814

State Controller's Office
Division of Audits, Local Government Bureau
Sacramento, CA 94250-5874

Orange County Auditor-Controller's Office
12 Civic Center Plaza, Room 200
P.O. Box 567
Santa Ana, CA 92702

Re: Notice of Oversight Board Reconsideration of Items on Recognized Obligation Payment Schedule;
Notice of Demand for Funding from Redevelopment Property Tax Trust Fund for Items Not Reviewed by Department of Finance

This letter is to provide notice from the Successor Agency of the former Cypress Redevelopment Agency ("Successor Agency") of the following:

1. Pursuant to Health and Safety Code sections 34177(l) and 34180(g), the Successor Agency and the Oversight Board of the Successor Agency ("Oversight Board") approved a Recognized Obligation Payment Schedule ("ROPS") for the period of January 1, 2012-June 30, 2012, and period of July 1, 2012-December 31, 2012. The original Oversight Board-approved ROPS have been reviewed by the Department of Finance ("DOF") and are collectively referred to in this letter as the "Original ROPS."

2. By letter from DOF to the Successor Agency, dated April 27, 2012 (the "DOF Letter"), the Oversight Board has reconsidered, pursuant to Health and Safety Code section 34179(h), the items listed in the DOF Letter that DOF does not view as enforceable obligations. The Oversight Board-approved ROPS, as revised, are enclosed with this communication and collectively referred to as the "Revised ROPS." The DOF Letter is also enclosed with this communication.

Doug Bailey, Mayor
Prakash Narain, M.D., Mayor Pro Tem Phil Luebben, Council Member
Leroy Mills, Council Member Todd W. Seymore, Council Member

3. In accordance with Health and Safety Code section 34179(h), the Oversight Board did not reconsider the items in the Original ROPS that were not identified in the DOF Letter, and therefore those items not identified in the DOF Letter are not subject to further DOF review. The items in the Original ROPS and Revised ROPS that were not identified in the DOF Letter are referred to as the "Conclusively Approved ROPS Items."

4. Pursuant to Health and Safety Code section 34179(h) and in accordance with the letter from the Director of DOF to County Board of Supervisors, City Administrators, and Redevelopment Successor Agency Representatives, dated March 2, 2012, the Conclusively Approved ROPS Items are enforceable obligations and must be funded so that the Successor Agency may continue to make payments when due pursuant to Health and Safety Code section 34177(a) and perform obligations under the Conclusively Approved ROPS Items pursuant to Health and Safety Code section 34177(c).

5. Pursuant to Health and Safety Code sections 34183(a) and 34188, the Successor Agency expects and demands that the county auditor-controller allocate and distribute, no later than the distribution date of June 1, 2012, from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund, amounts sufficient to pay the Conclusively Approved ROPS Items.

Please be advised that the Successor Agency hereby reserves any and all rights, and does not waive any rights that it may now or in the future have, for allocation and distribution of additional funds from the Redevelopment Property Tax Trust Fund for items in the Original ROPS and/or Revised ROPS (including but not limited to items that are not Conclusively Approved ROPS Items) as may be authorized pursuant to any current or future law, administrative or judicial decision, or otherwise.

Thank you.

Sincerely,

John B. Bahorski
Successor Agency Contact Representative

Enclosures

OVERSIGHT BOARD RESOLUTION NO. OB - 5

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY APPROVING THE **REVISED** RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY 1, 2012 THROUGH JUNE 30, 2012, AND FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

WHEREAS, the Oversight Board to the Successor Agency to the dissolved Cypress Redevelopment Agency has been appointed pursuant to the provisions of Health & Safety Code Section 34179; and

WHEREAS, pursuant to Health and Safety Code Section 34180(g), the Oversight Board is required to review and approve the Recognized Obligation Payment Schedule prepared by the Successor Agency covering the six month period January 1, 2012 through June 30, 2012, and for each six month period thereafter; and

WHEREAS, the Oversight Board approved, at its regular meeting on April 3, 2012, the Recognized Obligation Payment Schedules for the six month period January 1, 2012-June 30, 2012, and for the six month period July 1, 2012 –December 31, 2012 (the "original Recognized Obligation Payment Schedules"); and

WHEREAS, Successor Agency staff transmitted the ROPS in compliance with the requirements of ABx1 26 on April 13, 2012; and

WHEREAS, On April 27, 2012, the Department of Finance notified the contact person for the Oversight Board and the City/Successor Agency that the ROPS was being returned for reconsideration per Health and Safety Code Section 34179(h); and

WHEREAS, at its public meeting of May 15, 2012, the Oversight Board reviewed and considered the REVISED Recognized Obligation Payment Schedules, attached to this Resolution and Staff Report submitted concurrently with this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

SECTION 1. The Oversight Board hereby approves the REVISED Recognized Obligation Payment Schedule for the period January 1, 2012 through June 30, 2012, as set forth in Exhibit "A" to this Resolution and by this reference incorporated herein.

SECTION 2. The Oversight Board hereby approves the REVISED Recognized Obligation Payment Schedule for the period July 1, 2012 through December 31, 2012, as set forth in Exhibit "B" to this Resolution and by this reference incorporated herein.

SECTION 3. The Board Secretary, or the City Manager (as the person appointed by action of the Oversight Board at its meeting of March 20, 2012, to be the designated contact person to the Department of Finance), shall transmit the approved REVISED Recognized Obligation Payment Schedules to the Department of Finance, State Controller, and County Auditor-Controller in compliance with the requirements of Part 1.85 of Division 24 of the California Health and Safety Code. The staff of the Successor Agency shall take such other and further actions and sign such other and further documents as appropriate to effectuate the intent of this Resolution and to implement the REVISED Recognized Obligation Payment Schedules approved hereby on behalf of the Successor Agency.

SECTION 4. The adoption of this Resolution by the Oversight Board shall not impair the right of the Successor Agency to assert any claim or pursue any legal action challenging the constitutionality of Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature ("AB 1x26") or challenging any determination by the State of California or any office, department or agency thereof with respect to the REVISED Recognized Obligation Payment Schedules approved hereby.

SECTION 5. In the event that the Department of Finance requests the Oversight Board to reconsider any item on the REVISED Recognized Obligation Payment Schedules, and the Department of Finance did not timely request the Oversight Board

to reconsider that same item in the original Recognized Obligation Payment Schedules via the Department of Finance's letter dated April 27, 2012, then that same item shall be deemed to be reconsidered and approved by the Oversight Board. In the event that the Department of Finance requests the Oversight Board to reconsider any item on the REVISED Recognized Obligation Payment Schedules, and the Department of Finance did timely request the Oversight Board to reconsider that same item in the Department of Finance's letter dated April 27, 2012, then that same item may be subject to reconsidered by the Oversight Board at a subsequent Oversight Board meeting. It is the expressed intent of the Oversight Board in this Section of the Resolution that all items in the original Recognized Obligations Payment Schedules and REVISED Recognized Obligation Payment Schedules shall be deemed approved and valid enforceable obligations, unless the Department of Finance has timely submitted to the Oversight Board a notice to reconsider a specific item on either the original Recognized Obligation Payment Schedules or REVISED Recognized Obligation Payment Schedules.

SECTION 6. If any section, subsection, sentence, clause, or phrase of this Resolution is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this Resolution. The Board hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause, or phrase thereof irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared invalid.

PASSED AND ADOPTED by the Oversight Board at a meeting held on the 15th day of May, 2012.

CHAIR, OVERSIGHT BOARD

ATTEST:

Denise Basham
SECRETARY, OVERSIGHT BOARD

STATE OF CALIFORNIA
COUNTY OF ORANGE) SS
CITY OF CYPRESS)

I, DENISE BASHAM, Secretary to the Oversight Board, hereby certify that the foregoing resolution was duly adopted at a meeting of the Oversight Board, held on the 15th day of May, 2012.

AYES: 6 BOARD MEMBERS: Burton, Mealey, Saltz, Yarc, Mills and Bailey
NOES: 1 BOARD MEMBERS: Williams
ABSENT: 0 BOARD MEMBERS: None

Denise Basham
SECRETARY, OVERSIGHT BOARD

RECOGNIZED OBLIGATION PAYMENT SCHEDULE - CONSOLIDATED
FILED FOR THE JANUARY 2012 to JUNE 2012 PERIOD

Name of Successor Agency SUCCESSOR AGENCY TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY

	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
Outstanding Debt or Obligation	$ 28,585,918.11	$ 508,576.50
	Total Due for Six Month Period	
Outstanding Debt or Obligation	$ 907,829.50	
Available Revenues other than anticipated funding from RPTTF	$ 399,253.00	
Enforceable Obligations paid with RPTTF	$ 408,131.25	
Administrative Cost paid with RPTTF	$ 100,445.25	
Pass-through Payments paid with RPTTF	$ -	
Administrative Allowance (greater of 5% of anticipated Funding from RPTTF or 250,000. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)	$ 20,406.56	

Certification of Oversight Board Chairman:
Pursuant to Section 34177(l) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Enforceable Payment Schedule for the above named agency.

Douglas Bailey — Name
Chairman — Title
Signature
5/16/12 — Date

Name of Redevelopment Agency: CYPRESS REDEVELOPMENT AGENCY

Project Area(s) RDA Project Area All

FORM A - Redevelopment Property Tax Trust Fund (RPTTF)

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	*** Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF) Payments by month Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Total
1)	Reimbursement Agreement	Lease Revenue Bond-Reimbursement Lease Agreement Dated July 1, 2001	City of Cypress	Association of Bay Area Governments Lease Revenue Bonds 2001 Series A (California Capital Projects) - Reimbursement Agreement Dated July 1, 2001. Issue refinanced Certificates of Participation (Civic Center Refinancing and Improvement Projects) and its Reimbursement Agreement dated July 1, 1991. Recorded in OC (8/7/1991).	Civic Center Project Area	$2,844,153.75 Note: Final Two Payments totaling $498,750 are not included in the outstanding Debt amount as will be paid from Bond Reserves	408,131.25	RPTTF	0.00	0.00	0.00	0.00	0.00	408,131.25	$ 408,131.25
2)	Restated and Re-entered Repayment Agreement/ Promissory Note	Original Note dated July 1, 2009. The Oversight Board re-entered an amended and restated Note with a revised payment schedule. Adopted by the Oversight Board on May 15,2012.	City of Cypress	Promissory Note used to finance infrastructure improvements, development assistance and RDA operations. Due to insufficient cash flow of Tax Increment, the Cypress Redevelopment Agency could not issue bonded debt for the improvements.	All	$25,741,764.36 based on current LAIF rate.	0.00	RPTTF	0.00	0.00	0.00	0.00	0.00	0.00	$ -
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	Totals - This Page (RPTTF Funding)					$ 28,585,918.11	$ 408,131.25	N/A	$ -	$ -	$ -	$ -	$ -	$ 408,131.25	$ 408,131.25
	Totals - Page 2 (Other Funding)					$ -	$ -	N/A	$ -	$ -	$ 250,000.00	$ -	$ -	$ 149,253.00	$ 399,253.00
	Totals - Page 3 (Administrative Cost Allowance)					$ -	$ 100,445.25	N/A	$ 19,522.25	$ 22,332.00	$ 15,085.00	$ 15,010.00	$ 11,505.00	$ 16,991.00	$ 100,445.25
	Totals - Page 4 (Pass Thru Payments)					$ -	$ -	N/A	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Grand total - All Pages					$ 28,585,918.11	$ 508,576.50		$ 19,522.25	$ 22,332.00	$ 265,085.00	$ 15,010.00	$ 11,505.00	$ 574,375.25	$ 907,829.50

*** The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.**

**** All totals due during fiscal year and payment amounts are projected.**

***** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)**

RPTTF - Redevelopment Property Tax Trust Fund **Bonds - Bond proceeds** **Other - reserves, rents, interest earnings, etc**

LMIHF - Low and Moderate Income Housing Fund **Admin - Successor Agency Administrative Allowance**

Name of Redevelopment Agency: CYPRESS REDEVELOPMENT AGENCY

Project Area(s) RDA Project Area All

FORM B - All Revenue Sources Other Than Redevelopment Property Tax Trust Fund (RPTTF)

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Funding Source ***	Payable from Other Revenue Sources Payments by month Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Total
1)	Habitat for Humanity Development Assistance Agreement	May 25,2011	Habitat for Humanity	Development Agreement for Housing Regulatory/ Fee Assistance	Lincoln Avenue Project Area	250,000.00	250,000.00	LMIHF	0.00	0.00	250,000.00	0.00	0.00	0.00	$ 250,000.00
2)	Habitat for Humanity Development Assistance		Habitat for Humanity	Additional Infrastructure Assistance Budgeted as contingency	Lincoln Avenue Project Area	149,253.00	149,253.00	LMIHF	0.00	0.00	0.00	0.00	0.00	149,253.00	$ 149,253.00
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33)															$ -
	Totals - LMIHF										$ 250,000.00			$ 149,253.00	$399,253.00
	Totals - Bond Proceeds														$0.00
	Totals - Other														$0.00
	Grand total - This Page					$ -	$ -		$ -	$ -	$ 250,000.00	$ -	$ -	$ 149,253.00	$ 399,253.00

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.

** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)

RPTTF - Redevelopment Property Tax Trust Fund
LMIHF - Low and Moderate Income Housing Fund
Bonds - Bond proceeds
Admin - Successor Agency Administrative Allowance
Other - reserves, rents, interest earnings, etc

Name of Redevelopment Agency: CYPRESS REDEVELOPMENT AGENCY

Project Area(s) RDA Project Area All

FORM C - Administrative Cost Allowance Paid With Redevelopment Property Tax Trust Fund (RPTTF)

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Funding Source **	Payable from the Administrative Allowance Allocation **** Payments by month						
								Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Total
1)	Employee Costs	City Employees	Payroll costs for staff engaged in Redevelopment and Successor Agency activities for period January- June 2012	All		47,290.00	RPTTF	7,790.00	8,000.00	7,000.00	7,000.00	7,000.00	10,500.00	$ 47,290.00
2)	Legal Services	Rutan & Tucker/ Aleshire & Wynder/Other	Legal Services for Redevelopment and Successor Agency	All		33,908.25	RPTTF	9,908.25	10,000.00	5,000.00	5,000.00	2,000.00	2,000.00	$ 33,908.25
3)	Audit Services	Marcum (Caporicci & Larson)	Final audit work for FY 2011-12 RDA audit	All		3,790.00	RPTTF	0.00	1,540.00	250.00	0.00	0.00	2,000.00	$ 3,790.00
4)	Office Rental	City of Cypress	Rental Space/ Utilities	All		3,600.00	RPTTF	600.00	600.00	600.00	600.00	600.00	600.00	$ 3,600.00
5)	Administrative/ Office Supplies	Various Vendors	Telephone, postage, printing/copying, computer usage and office supplies associated with the RDA and Successor Agency	All		11,107.00	RPTTF	1,224.00	2,192.00	1,485.00	2,410.00	1,905.00	1,891.00	$ 11,107.00
6)	Land Lease	OCTA	Lease of Land/ ROW for parking	Lincoln Avenue Project Area		750.00	RPTTF			750.00				$ 750.00
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	Totals - This Page				$ -	$ 100,445.25		$ 19,522.25	$ 22,332.00	$ 15,085.00	$ 15,010.00	$ 11,505.00	$ 16,991.00	$100,445.25

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.

** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)

RPTTF - Redevelopment Property Tax Trust Fund Bonds - Bond proceeds Other - reserves, rents, interest earnings, etc

LMIHF - Low and Moderate Income Housing Fund Admin - Successor Agency Administrative Allowance

**** - Administrative Cost Allowance caps are 5% of Form A 6-month totals in 2011-12 and 3% of Form A 6-month totals in 2012-13. The calculation should not factor in pass through payments paid for with RPTTF in Form D.

Name of Redevelopment Agency CYPRESS REDEVELOPMENT AGENCY

Project Area(s) RDA Project Area All

FORM D - Pass-Through Payments

OTHER OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Source of Fund***	Pass Through and Other Payments **** Payments by month						
								Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Total
1)	NONE													$ -
2)														$ -
3)														$ -
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	Totals - Other Obligations				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board before the final ROPS is submitted to the State Controller and State Department of Finance by April 15, 2012. It is not a requirement that the Agreed Upon Procedures Audit be completed before submitting the final Oversight Approved ROPS to the State Controller and State Department of Finance.

** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)

RPTTF - Redevelopment Property Tax Trust Fund | Bonds - Bond proceeds | Other - reserves, rents, interest earnings, etc

LMIHF - Low and Moderate Income Housing Fund | Admin - Successor Agency Administrative Allowance

**** - Only the January through June 2012 ROPS should include expenditures for pass-through payments. Starting with the July through December 2012 ROPS, per HSC section 34183 (a) (1), the county auditor controller will make the required pass-through payments prior to transferring money into the successor agency's Redevelopment Obligation Retirement Fund for items listed in an oversight board approved ROPS.

RECOGNIZED OBLIGATION PAYMENT SCHEDULE - CONSOLIDATED
FILED FOR THE JULY 2012 to DECEMBER 2012 PERIOD

Name of Successor Agency SUCCESSOR AGENCY TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY

	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
Outstanding Debt or Obligation	$ 28,177,786.86	$ 2,662,082.22
	Total Due for Six Month Period	
Outstanding Debt or Obligation	$ 114,040.25	
Available Revenues other than anticipated funding from RPTTF	$ -	
Enforceable Obligations paid with RPTTF	$ 60,821.25	
Administrative Cost paid with RPTTF	$ 53,219.00	
Pass-through Payments paid with RPTTF	$ -	
Administrative Allowance (greater of 5% of anticipated Funding from RPTTF or 250,000. Note: Calculation should not include pass-through payments made with RPTTF. The RPTTF Administrative Cost figure above should not exceed this Administrative Cost Allowance figure)	$ 3,041.06	

Certification of Oversight Board Chairman:
Pursuant to Section 34177(l) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Enforceable Payment Schedule for the above named agency.

Douglas Bailey — Name
Chairman — Title
Signature
5/16/12 — Date

Name of Redevelopment Agency: CYPRESS REDEVELOPMENT AGENCY

Project Area(s) RDA Project Area All

FORM A - Redevelopment Property Tax Trust Fund (RPTTF)

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	*** Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF) Payments by month Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total
1)	Reimbursement Agreement	Lease Revenue Bond-Reimbursement Lease Agreement Dated July 1, 2001	City of Cypress	Association of Bay Area Governments Lease Revenue Bonds 2001 Series A (California Capital Projects) - Reimbursement Agreement Dated July 1, 2001. Issue refinanced Certificates of Participation (Civic Center Refinancing and Improvement Projects) and its Reimbursement Agreement dated July 1, 1991. Recorded in OC (8/7/1991).	Civic Center Project Area	$2,436,022.50 Note: Final Two Payments totaling $498,750 are not included in the outstanding Debt amount as will be paid from Bond Reserves	481,642.50	RPTTF	0.00	0.00	0.00	0.00	0.00	60,821.25	$ 60,821.25
2)	Restated and Re-entered Repayment Agreement/ Promissory Note	Original Note dated July 1, 2009. The Oversight Board re-entered an amended and restated Note with a revised payment schedule. Adopted by the Oversight Board on May 15,2012.	City of Cypress	Promissory Note used to finance infrastructure improvements, development assistance and RDA operations. Due to insufficient cash flow of Tax Increment, the Cypress Redevelopment Agency could not issue bonded debt for the improvements.	All	$25,741,764.36 based on current LAIF rate.	2,092,175.72	RPTTF	0.00	0.00	0.00	0.00	0.00	0.00	$ -
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32)															$ -
	Totals - This Page (RPTTF Funding)					$ 28,177,786.86	$ 2,573,818.22	N/A	$ -	$ -	$ -	$ -	$ -	$ 60,821.25	$ 60,821.25
	Totals - Page 2 (Other Funding)					$ -	$ -	N/A	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Totals - Page 3 (Administrative Cost Allowance)					$ -	$ 88,264.00	N/A	$ 8,520.00	$ 7,010.00	$ 7,260.00	$ 6,510.00	$ 9,010.00	$ 14,909.00	$ 53,219.00
	Totals - Page 4 (Pass Thru Payments)					$ -	$ -	N/A	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Grand total - All Pages					$ 28,177,786.86	$ 2,662,082.22		$ 8,520.00	$ 7,010.00	$ 7,260.00	$ 6,510.00	$ 9,010.00	$ 75,730.25	$ 114,040.25

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**** All totals due during fiscal year and payment amounts are projected.**

***** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)**

RPTTF - Redevelopment Property Tax Trust Fund **Bonds - Bond proceeds** **Other - reserves, rents, interest earnings, etc**

LMIHF - Low and Moderate Income Housing Fund **Admin - Successor Agency Administrative Allowance**

Name of Redevelopment Agency: CYPRESS REDEVELOPMENT AGENCY

Project Area(s) RDA Project Area All

FORM B - All Revenue Sources Other Than Redevelopment Property Tax Trust Fund (RPTTF)

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Funding Source ***	Payable from Other Revenue Sources Payments by month Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total
1)								LMIHF	0.00	0.00	0.00	0.00	0.00	0.00	$ -
2)															$ -
3)															$ -
4)															$ -
5)															$ -
6)															$ -
7)															$ -
8)															$ -
9)															$ -
10)															$ -
11)															$ -
12)															$ -
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24)															$ -
25)															$ -
26)															$ -
27)															$ -
28)															$ -
29)															$ -
30)															$ -
31)															$ -
32)															$ -
33)															$ -
	Totals - LMIHF														$0.00
	Totals - Bond Proceeds														$0.00
	Totals - Other														$0.00
	Grand total - This Page					$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -

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** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)

RPTTF - Redevelopment Property Tax Trust Fund
LMIHF - Low and Moderate Income Housing Fund
Bonds - Bond proceeds
Admin - Successor Agency Administrative Allowance
Other - reserves, rents, interest earnings, etc

Name of Redevelopment Agency: CYPRESS REDEVELOPMENT AGENCY

Project Area(s) RDA Project Area All

FORM C - Administrative Cost Allowance Paid With Redevelopment Property Tax Trust Fund (RPTTF)

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	Funding Source **	Payable from the Administrative Allowance Allocation **** Payments by month						
								Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total
1)	Employee Costs	City Employees	Payroll costs for staff engaged in Redevelopment and Successor Agency activities for period January- June 2012	All		62,969.00	RPTTF	6,000.00	5,000.00	4,000.00	4,000.00	6,000.00	6,969.00	$ 31,969.00
2)	Legal Services	Rutan & Tucker/ Aleshire & Wynder/Other	Legal Services for Redevelopment and Successor Agency	All		19,475.00	RPTTF	2,500.00	2,000.00	2,000.00	2,000.00	2,000.00	5,000.00	$ 15,500.00
3)	Audit Services	White Nelson Diehl Evans LLP	Final audit work for FY 2011-12 RDA audit and Successor Agency review/audit	All		4,930.00	RPTTF	0.00	0.00	500.00	500.00	1,000.00	2,930.00	$ 4,930.00
4)	Office Rental	City of Cypress	Rental Space/ Utilities	All		0.00	RPTTF	0.00	0.00	0.00	0.00	0.00	0.00	$ -
5)	Administrative/ Office Supplies	Various Vendors	Telephone, postage, printing/copying, computer usage and office supplies associated with the RDA and Successor Agency	All		140.00	RPTTF	20.00	10.00	10.00	10.00	10.00	10.00	$ 70.00
6)	Land Lease	OCTA	Lease of Land/ ROW for parking	Lincoln Avenue Project Area		750.00	RPTTF			750.00				$ 750.00
7)														$ -
8)														$ -
9)														$ -
10)														$ -
11)														$ -
12)														$ -
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	Totals - This Page				$ -	$ 88,264.00		$ 8,520.00	$ 7,010.00	$ 7,260.00	$ 6,510.00	$ 9,010.00	$ 14,909.00	$53,219.00

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** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)

RPTTF - Redevelopment Property Tax Trust Fund Bonds - Bond proceeds Other - reserves, rents, interest earnings, etc

LMIHF - Low and Moderate Income Housing Fund Admin - Successor Agency Administrative Allowance

**** - Administrative Cost Allowance caps are 5% of Form A 6-month totals in 2011-12 and 3% of Form A 6-month totals in 2012-13. The calculation should not factor in pass through payments paid for with RPTTF in Form D.

Name of Redevelopment Agency CYPRESS REDEVELOPMENT AGENCY

Project Area(s) RDA Project Area All

FORM D - Pass-Through Payments

OTHER OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34177 (*)

	Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Source of Fund***	Pass Through and Other Payments **** Payments by month						
								Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total
1)	NONE													$ -
2)														$ -
3)														$ -
4)														$ -
5)														$ -
6)														$ -
7)														$ -
8)														$ -
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	Totals - Other Obligations				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)

RPTTF - Redevelopment Property Tax Trust Fund   Bonds - Bond proceeds   Other - reserves, rents, interest earnings, etc

LMIHF - Low and Moderate Income Housing Fund   Admin - Successor Agency Administrative Allowance

**** - Only the January through June 2012 ROPS should include expenditures for pass-through payments. Starting with the July through December 2012 ROPS, per HSC section 34183 (a) (1), the county auditor controller will make the required pass-through payments prior to transferring money into the successor agency's Redevelopment Obligation Retirement Fund for items listed in an oversight board approved ROPS.

DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 27, 2012

Richard Storey, Finance Director
City of Cypress
5275 Orange Avenue
Cypress, CA 90630

Dear Mr. Storey:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Successor Agency to the Dissolved Cypress Redevelopment Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 13, 2012, for the January through June 2012 period and the July through December 2012 period. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following items do not qualify as EOs:

January through June 2012 Period

- Promissory Note, on page 1, in the amount of $25.1 million. HSC section 34171 (d) (2) states that loan agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable unless the agreements were entered into within the first two years of the date of the creation of the former RDA. It is our understanding that the loan was not issued within the first two years of the former RDA's establishment date of 1979.

- County Property Tax Administration, on page 1, in the amount of $65,000. HSC section 34182 (e) allows the county auditor-controller to deduct from the Redevelopment Property Tax Trust Fund for their administration costs prior to distributing property tax increment funds. Therefore, this item is not an EO.

Further, the ROPS submitted to Finance is not in the recommended format. For reference, please refer to Finance's website at: http://www.dof.ca.gov/assembly_bills_26-27/view.php (Exhibit 6). Please revise the ROPS to sequentially number the items listed on the ROPS.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Frank Davies, Administrative Manager, Orange County Auditor Controller