



May 4, 2018

Mr. Lee Squire, Financial Services Manager
City of Brea
1 Civic Center Circle
Brea, CA 92821

Dear Mr. Squire:

Subject: Last and Final Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34191.6 (b) the City of Brea Successor Agency (Agency) submitted a Last and Final Recognized Obligation Payment Schedule (Last and Final ROPS) to the California Department of Finance (Finance) on January 25, 2018. Finance has completed its review of the Agency's Last and Final ROPS.

HSC section 34191.6 (c) authorizes Finance to make amendments or changes to the Last and Final ROPS if the changes are agreed to in writing by the Agency. The Agency has agreed in writing to the following changes made by Finance to the Agency's Last and Final ROPS:

- Item No. 49 – Agency Administration. Total claimed administrative costs of \$2,179,404 have been adjusted by \$1,841,328, to \$338,076. While the total administrative costs originally claimed were within the fiscal year administrative cap, the amount appeared excessive given the number and nature of obligations listed on the Last and Final ROPS. Therefore, with the Agency's concurrence, Finance adjusted the Administrative Cost Allowance for the entire Last and Final ROPS to \$338,076. Adjustments specific to each ROPS period are reflected in the approved Last and Final ROPS.
- Item No. 56 – 2011 A Non-Housing (2011 Bonds) Proceeds Funding Agreement in the amount of \$5,443,433 has been adjusted. Due to a 2017 refunding of the 2011 Bonds, the requirement for a portion of the 2011 Bonds to be used for defeasance has been satisfied; therefore, the remaining proceeds are eligible to be transferred to the City of Brea (City) pursuant to Oversight Board (OB) Resolution No. 2018-03.

Although the balance of 2011 Bond Proceeds is \$5,339,451 as of March 31, 2018, the Agency stated additional interest will be earned from the time this Last and Final ROPS is approved to the time the proceeds are actually transferred. The Agency estimates \$5,359,451 in 2011 Bond Proceeds will be available as of July 1, 2018, at which time the proceeds are anticipated to be transferred to the City. Finance will approve a transfer up to this amount; however, should the amount of 2011 Bond proceeds be less than \$5,359,451, the Agency is only authorized to transfer the actual amount of 2011 Bond Proceeds available.

Nothing in this letter should be construed as an authorization to transfer bond proceeds in an amount greater than the balance existing on the date of transfer. Furthermore, our approval is specifically limited to the use of excess 2011 bond proceeds pursuant to HSC section 34191.4 (c) (2). However, such approval should not be construed as approval of the project itself as an enforceable obligation.

Finance is approving the Agency's Last and Final ROPS with the above amendments and changes. These changes are reflected in the approved Last and Final ROPS.

The Agency's maximum approved RPTTF distribution for the Last and Final ROPS is \$188,207,808 as summarized in the Approved RPTTF Distribution table.

Approved Last and Final ROPS RPTTF Distributions							
ROPS Period	A Periods			B Periods			Annual Total
	RPTTF	Admin RPTTF	A Period Total	RPTTF	Admin RPTTF	B Period Total	
Total requested	572,013	1,089,702	1,661,715	187,297,719	1,089,702	188,387,421	\$190,049,136
Total adjustments	0	-920,664	-920,664	0	-920,664	-920,664	-1,841,328
Total RPTTF approved for distribution							
ROPS 18-19	65,172	26,150	91,322	16,420,875	26,150	16,447,025	16,538,347
ROPS 19-20	119,210	21,417	140,627	16,678,193	21,417	16,699,610	16,840,237
ROPS 20-21	50,131	17,948	68,079	16,745,616	17,948	16,763,564	16,831,643
ROPS 21-22	22,500	17,948	40,448	15,325,913	17,948	15,343,861	15,384,309
ROPS 22-23	22,500	7,750	30,250	13,489,838	7,750	13,497,588	13,527,838
ROPS 23-24	22,500	7,750	30,250	13,448,940	7,750	13,456,690	13,486,940
ROPS 24-25	22,500	7,750	30,250	13,450,452	7,750	13,458,202	13,488,452
ROPS 25-26	22,500	7,750	30,250	12,103,864	7,750	12,111,614	12,141,864
ROPS 26-27	22,500	6,440	28,940	9,908,214	6,440	9,914,654	9,943,594
ROPS 27-28	22,500	6,440	28,940	11,151,914	6,440	11,158,354	11,187,294
ROPS 28-29	22,500	6,440	28,940	10,265,632	6,440	10,272,072	10,301,012
ROPS 29-30	22,500	6,440	28,940	9,586,200	6,440	9,592,640	9,621,580
ROPS 30-31	22,500	6,440	28,940	6,783,108	6,440	6,789,548	6,818,488
ROPS 31-32	22,500	4,475	26,975	6,785,832	4,475	6,790,307	6,817,282
ROPS 32-33	22,500	4,475	26,975	5,899,970	4,475	5,904,445	5,931,420
ROPS 33-34	22,500	4,475	26,975	5,900,358	4,475	5,904,833	5,931,808
ROPS 34-35	22,500	4,475	26,975	1,678,200	4,475	1,682,675	1,709,650
ROPS 35-36	22,500	4,475	26,975	1,674,600	4,475	1,679,075	1,706,050
Total approved RPTTF	572,013	169,038	741,051	187,297,719	169,038	187,466,757	\$ 188,207,808

Please refer to the approved Last and Final ROPS schedule used to calculate the total RPTTF approved for distribution:

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

Any agreed-upon amendments or changes are reflected in the approved Last and Final ROPS posted on the above website.

This is Finance's determination related to the enforceable obligations reported on the Last and Final ROPS. HSC section 34191.6 (c) (2) allows agencies to submit no more than two requests to amend the approved Last and Final ROPS. ROPS distributions will occur twice annually, one distribution for the July 1 through December 31 (ROPS A period) and one distribution for the January 1 through June 30 (ROPS B period). The Agency will receive RPTTF distributions up to the maximum approved amount on the Last and Final ROPS.

The Agency shall not expend more than the amount approved for each enforceable obligation listed and approved on the Last and Final ROPS. All unspent RPTTF received for enforceable obligations by the Agency should be retained for distribution to the affected taxing entities pursuant to HSC section 34191.6 (d) (2) (G). Further, any revenues, interest, and earnings of the Agency not authorized for use pursuant to the approved Last and Final ROPS shall be remitted the County Auditor-Controller (CAC) pursuant to HSC section 34191.6 (c) (3). Pursuant to HSC section 34187 (e), once an agency has retired or paid off all enforceable obligations and all real property has been disposed of, the Agency is required to dispose of all remaining assets and remit any proceeds to the CAC for distribution to the affected taxing entities.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the Last and Final ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF. However, HSC section 34191.6 (c) (5) provides mechanisms for the Agency to pay enforceable obligations if insufficient RPTTF is available on an approved Last and Final ROPS.

HSC section 34187 (b) defines the process of final dissolution of the Agency. When all enforceable obligations have been retired or paid off, all real property has been disposed of, and all outstanding litigation has been resolved, the Agency shall, within 30 days of meeting these conditions, submit to the OB a request to formally dissolve. The OB shall approve the request within 30 days and submit the request to Finance's review and approval.

Pursuant to HSC section 34191.6 (c), Last and Final ROPS approved less than 15 days before the date of the RPTTF distribution shall not be effective until the subsequent RPTTF distribution period; therefore, if an agency receives a Last and Final ROPS approval after this cutoff date, the most recent annual ROPS 18-19 approval would remain effective through June 30, 2019.

Please direct inquiries to Nichelle Jackson, Supervisor, or Alexander Watt, Lead Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI
Program Budget Manager

cc: Ms. Cindy Russell, Administrative Services Director, City of Brea
Ms. Cindy Wong, Manager, Property Tax Manager, Orange County