

January 5, 2018

Mr. Art Gallucci, City Manager
City of Cerritos
18125 Bloomfield Avenue
Cerritos, CA 90703

Dear Mr. Gallucci:

Subject: Last and Final Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34191.6 (b) the City of Cerritos Successor Agency (Agency) submitted a Last and Final Recognized Obligation Payment Schedule (Last and Final ROPS) to the California Department of Finance (Finance) on September 28, 2017. 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. 2 – 2002 Tax Allocation Revenue Bonds Series A Term in the total outstanding amount of \$9,969,750 has been partially reclassified. The agreement for the tax allocation bonds requires a reserve to be held by the Trustee in the amount equal to the maximum annual debt service payment. The Agency has \$2,160,504 in its reserve account to satisfy final debt service payments during the July 1, 2020 through December 31, 2020 (ROPS 20-21A). Therefore, with the Agency's concurrence, a total of \$2,160,504 is reclassified from Redevelopment Property Tax Trust Fund (RPTTF) to Bond Proceeds funding.
- Item Nos. 9 and 10 – Bond Fees in the total outstanding amount of \$195,000 has been adjusted by \$125,000. The Agency has agreed to reduce the bond fees requested to \$10,000 per fiscal year (\$7,000 for line item 9 and \$3,000 for line item 10 each A period) resulting in a total reduction of \$125,000 in RPTTF.
- Item No. 13 – 1993 Revenue Bonds Series A in the total outstanding amount of \$10,829,776 has been partially reclassified. The Indenture for the Bonds references the Trustee's responsibility to deposit funds into a reserve account. The Agency has \$60,289 in its reserve account to satisfy final debt service payments during the July 1, 2023 through December 31, 2023 (ROPS 23-24A). Therefore, with the Agency's concurrence, a total of \$60,289 is reclassified from RPTTF to Bond Proceeds funding.

- Item No. 14 – 1993 Revenue Bonds Series B in the total outstanding amount of \$7,178,285 has been partially reclassified. The Indenture for the Bonds references the Trustee’s responsibility to deposit funds into a reserve account. The Agency has \$196,880 in its reserve account to satisfy final debt service payments during the July 1, 2019 through December 31, 2019 (ROPS 19-20A). Therefore, with the Agency’s concurrence, a total of \$196,880 is reclassified from RPTTF to Bond Proceeds funding.
- Item No. 18 – 2002 Tax Allocation Revenue Bonds Series A in the total outstanding amount of \$49,122,625 has been partially reclassified. The agreement for the tax allocation bonds requires a reserve to be held by the Trustee in the amount equal to the maximum annual debt service payment. The Agency has \$6,512,463 in its reserve account to satisfy final debt service payments during the July 1, 2024 through December 31, 2024 (ROPS 24-25A). Therefore, with the Agency’s concurrence, a total of \$6,512,463 is reclassified from RPTTF to Bond Proceeds funding.
- Item No. 19 – 2002 Subordinate Tax Allocation Revenue Bonds Series B in the total outstanding amount of \$9,156,270 has been partially reclassified. The agreement for the tax allocation bonds requires a reserve to be held by the Trustee in the amount equal to the maximum annual debt service payment. The Agency has \$1,926,975 in its reserve account to satisfy final debt service payments during the July 1, 2023 through June 30, 2024 (ROPS 23-24 A and B) and July 1, 2024 through December 31, 2024 (ROPS 24-25A). Therefore, with the Agency’s concurrence, a total of \$1,926,975 is reclassified from RPTTF to Bond Proceeds funding.
- Item No. 42 – Successor Agency Administrative Costs in the total outstanding amount of \$3,348,310 has been adjusted by \$2,980,810. The Agency has agreed to reduce the administrative costs to \$35,000 per fiscal year (\$17,500 per A and B period) resulting in a total reduction of \$2,980,810.
- Item No. – 43 Loan from City of Cerritos in the outstanding amount of \$64,490,125 has been adjusted as summarized in the table below. Pursuant to HSC section 34191.6 (b) (2), the interest rate on the loans was increased from three percent to four percent. In addition, the payments have been adjusted to not exceed the maximum repayment formula outlined in HSC section 34191.4 (b) (3) (A). As a result, total RPTTF funding for this item has been increased from \$64,490,125 to \$64,976,550. The Agency has agreed to the following adjustments:

ROPS Period	Original Request	Maximum Repayment Amount Allowable	Adjustment
ROPS 18-19	\$ 3,736,301	\$ 2,282,216	\$ (1,454,085)
ROPS 19-20	\$ 3,567,596	\$ 3,736,301	\$ 168,705
ROPS 20-21	\$ 4,004,092	\$ 3,567,596	\$ (436,496)
ROPS 21-22	\$ 4,149,108	\$ 4,004,092	\$ (145,016)
ROPS 22-23	\$ 6,579,092	\$ 4,149,108	\$ (2,429,984)
ROPS 23-24	\$ 5,817,731	\$ 6,579,092	\$ 761,361
ROPS 24-25	\$ 6,621,954	\$ 5,817,731	\$ (804,223)
ROPS 25-26	\$ 6,607,334	\$ 6,621,954	\$ 14,620
ROPS 26-27	\$ 12,893,359	\$ 6,607,334	\$ (6,286,025)
ROPS 27-28	\$ 10,340,961	\$ 12,893,359	\$ 2,552,398
ROPS 28-29	\$ 172,597	\$ 8,717,768	\$ 8,545,171
TOTAL	\$ 64,490,125	\$ 64,976,550	\$ 486,425

- On the ROPS 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), the Agency is required to use all available funding sources prior to RPTTF funding for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding in the amount of \$26,738 for Item No. 1 for the ROPS 18-19A periods has been reclassified from RPTTF to Other Funds.

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 \$149,512,125 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	153,456,530	1,850,339	155,306,869	6,210,518	1,497,971	7,708,489	\$163,015,358
Total adjustments	(10,399,403)	(1,657,839)	(12,057,242)	(123,020)	(1,322,971)	(1,445,991)	(13,503,233)
Total RPTTF approved for distribution							
ROPS 18-19	16,466,365	17,500	16,483,865	1,786,637	17,500	1,804,137	18,288,002
ROPS 19-20	18,116,058	17,500	18,133,558	1,450,654	17,500	1,468,154	19,601,712
ROPS 20-21	16,327,746	17,500	16,345,246	1,115,223	17,500	1,132,723	17,477,969
ROPS 21-22	14,914,315	17,500	14,931,815	871,139	17,500	888,639	15,820,454
ROPS 22-23	15,305,247	17,500	15,322,747	611,337	17,500	628,837	15,951,584
ROPS 23-24	17,344,205	17,500	17,361,705	252,508	17,500	270,008	17,631,713
ROPS 24-25	9,742,776	17,500	9,760,276	0	17,500	17,500	9,777,776
ROPS 25-26	6,621,954	17,500	6,639,454	0	17,500	17,500	6,656,954
ROPS 26-27	6,607,334	17,500	6,624,834	0	17,500	17,500	6,642,334
ROPS 27-28	12,893,359	17,500	12,910,859	0	17,500	17,500	12,928,359
ROPS 28-29	8,717,768	17,500	8,735,268	0	0	0	8,735,268
Total approved RPTTF	143,057,127	192,500	143,249,627	6,087,498	175,000	6,262,498	\$ 149,512,125

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>

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 obligations 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 to 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 Oversight Board (OB) a request to formally dissolve. The OB shall approve the request within 30 days and submit the request to Finance's review.

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. The most recent annual ROPS 17-18 approval would remain effective through June 30, 2018.

Mr. Art Gallucci
January 5, 2018
Page 5

Please direct inquiries to Kylie Oltmann, Supervisor, or Daisy Rose, Lead Analyst, at
(916) 322-2985.

Sincerely,

A handwritten signature in blue ink, appearing to read "ERIKA LI", with a large circular flourish on the left side and a horizontal line extending to the right.

ERIKA LI
Program Budget Manager

cc: Ms. Denise Manoogian, Director of Administrative Services, City of Cerritos
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County