



April 13, 2013

Mr. Jim Vanderpool, City Manager
City of Buena Park Successor Agency
6649 Beach Boulevard
Buena Park, CA 90621

Dear Mr. Vanderpool:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Buena Park Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 27, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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, the following do not qualify as enforceable obligations:

- Item No. 5 – Property Taxes in the amount of \$17,400. Since government owned property is exempt from property taxes this line item is being adjusted by \$5,424. The remaining amount of \$11,976 was verified as Orange County Sewer Department Sewer User Fees for property owned by the Agency and is therefore eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 18 – Property Tax Administration in the amount of \$2,500. HSC section 34182 (e) allows the county auditor-controller to deduct their administration costs prior to distributing property tax increment funds. Therefore, this item is not eligible for RPTTF funding. Additionally, the Agency requesting funding for this item from their administrative cost allowance, which has been adjusted accordingly.
- Administrative costs funded by RPTTF exceed the allowance by \$167,972. HSC section 34171 (b) limits administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Three percent of the property tax allocated is \$265,710. Therefore, \$168,725 of the claimed \$433,682 is not an enforceable obligation. The following items were considered administrative expenses and therefore have been reclassified:
 - Item No. 46 through 51 – Property Maintenance
 - Item No. 52 through 55 – Property Utilities
 - Item No. 56 – Property Insurance
 - Item No. 57 – Tice House Acquisition/Improvements

- Item No. 15 – CWD Developer Disposition Agreement. Finance has adjusted the funding source for this line item. The Agency originally requested \$2,624,624 in Reserve funding. Pursuant to HSC section 34179.6 (f), the unencumbered Other Funds and Account balances, as determined in the Due Diligence Review by Finance, shall be remitted to the affected taxing entities. Therefore, the funding source for this item has been changed from Reserves to RPTTF.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$11,628,023 as summarized below:

Approved RPTTF Distribution Amount For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 9,031,138
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 5	5,424
Items 46-57*	168,725
Total approved RPTTF for enforceable obligations	\$ 8,856,989
Plus: Reserve balances reclassified as RPTTF for Item 15	\$ 2,624,624
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	265,710
Minus: ROPS II prior period adjustment	(119,300)
Total RPTTF approved for distribution:	\$ 11,628,023

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the 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 above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/>.

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. 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 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 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,



STEVE SZALAY
Local Government Consultant

cc: Mr. Scott Riordan, Project Manager
Mr. Frank Davies, Property Tax Manager, County of Orange
California State Controller's Office