



May 17, 2013

Mr. John B. Bahorski, City Manager
City of Cypress Successor Agency
5275 Orange Avenue
Cypress, CA 90630

Dear Mr. Bahorski:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated April 5, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Cypress Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 20, 2013 for the period of July through December 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on April 23, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

Item No. 1 – Reimbursement Agreement with the City of Cypress in the amount of \$1,954,680. Finance no longer denies this item. The Agency provided documentation supporting this agreement was entered into at the time of issuance and solely for the purpose of repaying the debt for the 2001 Certificates of Participation. In addition, this item was identified as an enforceable obligation in Finance's Other Funds and Accounts Due Diligence Review determination letter dated May 5, 2013. Therefore, this item is an enforceable obligation eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

The Agency's maximum approved RPTTF distribution for the reporting period is \$129,275 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 52,721
Minus: Six-month total for items denied or reclassified as administrative cost	-
Total approved RPTTF for enforceable obligations	\$ 52,721
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	76,554
Minus: ROPS II prior period adjustment	-
Total RPTTF approved for distribution:	\$ 129,275

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 that was self-reported by the Agency and the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment. Please refer to the worksheet used by the CAC to determine the audited prior period adjustment for the Agency:

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

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>

The amount available from the RPTTF is the same as the 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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for July through December 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 questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Matt Burton, Assistant Director of Finance & Administrative Services
Mr. Frank Davies, Property Tax Manager, County of Orange
California State Controller's Office