

December 17, 2014

Mr. Travis Hickey, Assistant Director of Finance and Administrative Services
City of Santa Fe Springs
11710 East Telegraph Road
Santa Fe Springs, CA 90670

Dear Mr. Hickey:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated October 24, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the Santa Fe Springs Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to Finance on September 15, 2014, for the period of January through June 2015. Finance issued a ROPS determination letter on October 24, 2014. 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 November 5, 2014.

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 item being disputed.

- Item No. 55 – Developer Deposits in the amount of \$35,037. Finance continues to deny this item. Finance initially denied this item because insufficient documentation was provided to support the amount claimed. The Agency provided the Planning Commission reports from February 8, 2006 and March 27, 2014. However, these documents were insufficient to support that the requested amount is an obligation of the Agency. During the Meet and Confer process, the Agency provided accounting records showing that the developer deposit was made to a former Redevelopment Agency account and continues to be accounted for in the Agency's account. However, the Agency was unable to provide any other documents to support that the payment of this item would be pursuant to the definition of an enforceable obligation as defined in HSC section 34171 (d) (1). To the extent the Agency can provide suitable documentation, such as an executed contract or agreement, to support the requested funding, the Agency may be able to obtain Redevelopment Property Tax Trust Fund (RPTTF) on future ROPS.

In addition, per Finance's letter dated October 24, 2014, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 42 – Loan agreement with City Santa Fe Springs (City). Based on review of actual invoices paid by the City, in which the Agency is obligated to reimburse, the requested \$15,270 in RPTTF funding has been increased to \$15,571.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. HSC section 34186 (a) also specifies 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 table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the item denied in whole, Finance is not objecting to the remaining items listed on your ROPS 14-15B. The Agency's maximum approved RPTTF distribution for the reporting period is \$12,351,973 as summarized in the Approved RPTTF Distribution Table below:

Approved RPTTF Distribution For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	12,133,185
Total RPTTF requested for administrative obligations	253,524
Total RPTTF requested for obligations on ROPS	\$ 12,386,709
RPTTF adjustment to non-administrative obligations	301
RPTTF adjustment to administrative obligations	0
Total RPTTF adjustments	\$ 301
Total RPTTF requested for non-administrative obligations	12,133,486
<u>Denied Item</u>	
Item No. 55	(35,037)
Total RPTTF authorized for non-administrative obligations	\$ 12,098,449
Total RPTTF requested for administrative obligations	253,524
Total RPTTF authorized for administrative obligations	\$ 253,524
Total RPTTF authorized for obligations	\$ 12,351,973
ROPS 13-14B prior period adjustment	0
Total RPTTF approved for distribution	\$ 12,351,973

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 14-15B review, Finance requested financial records to support the cash balances reported by the Agency. Except for Bond Proceeds and RPTTF, Finance was not able to reconcile Agency reported beginning balances to trial balance reports provided. Finance will continue to work with the Agency after the ROPS 14-15B review period to resolve any remaining issues as described above. If it is determined the Agency possesses additional cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16A.

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. This determination only applies to items where funding was requested for the six-month period. 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 section 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Mr. Jose Gomez, Assistant City Manager/Director of Finance, City of Santa Fe Springs
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County
California State Controller's Office