

April 12, 2015

Ms. Ruth Davidson-Guerra, Assistant Community Development Director/Successor Agency
Implementing Official
City of Burbank
150 North Third Street
Burbank, CA 91502

Dear Ms. Davidson-Guerra:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Burbank Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on March 2, 2015 for the period of July 1, 2015 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 1 – Golden State 1993 Series A Tax Allocation Bond in the amount of \$44,673,444. This item has been partially refunded by the Tax Allocation Refunding Bonds, Series 2015. Per the Agency's request, the total outstanding amount is reduced to \$9,738,347 and the six-month funding request for the ROPS 15-16A period is reduced to \$504,076 in Redevelopment Property Tax Trust Fund (RPTTF).
- Item Nos. 8, 10, 12, 14 – Bond debts totaling \$35,663,532. These bond debts were fully refunded by the Tax Allocation Refunding Bonds, Series 2015. Therefore, these items are no longer needed. As such RPTTF funding is denied, and per the Agency's request, these items will be retired.
- Item Nos. 89 and 90 – Haagen DDA (Burbank Partners) City Centre Property and Sales Tax Rebates totaling \$36,238 is not allowed. The Agency requests these funds because the actual debt amounts exceeded the estimated amounts approved during ROPS 14-15A for Item Nos. 24 and 25. However, based on the ROPS 14-15A Prior Period Adjustments (PPA) review submitted by the Los Angeles County Auditor-Controller (CAC), the Agency's RPTTF expenditures in excess of total available RPTTF was allowed to net against remaining RPTTF cash available. Therefore, these line items are not enforceable obligations and are not eligible for RPTTF Funding on this ROPS.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments)

associated with the July through December 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the CAC and the State Controller. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 RPTTF distribution for the reporting period is \$10,387,150 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution For the period of July through December 2015	
Total RPTTF requested for non-administrative obligations	20,098,449
Total RPTTF requested for administrative obligations	397,000
Total RPTTF requested for obligations on ROPS	\$ 20,495,449
Total RPTTF requested for non-administrative obligations	20,098,449
<u>Denied Items</u>	
Item No. 1	(3,447,780)
Item No. 8	(1,423,463)
Item No. 10	(486,421)
Item No. 12	(750,754)
Item No. 14	(234,922)
Item No. 89	(13,483)
Item No. 90	(22,755)
	(6,379,578)
Total RPTTF authorized for non-administrative obligations	\$ 13,718,871
Total RPTTF authorized for administrative obligations	\$ 397,000
Total RPTTF authorized for obligations	\$ 14,115,871
ROPS 14-15A prior period adjustment	(3,728,721)
Total RPTTF approved for distribution	\$ 10,387,150

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 15-16A review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was able to support the amounts reported except for the Other Funds and RPTTF Beginning Cash Balances, Other Funds Revenues, and Reserve Balances Expenditures. Finance will continue to work with the Agency after the ROPS 15-16A 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 15-16B.

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

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

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 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 Kylie Oltmann, Supervisor or Veronica Green, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Lusine Arutyunyan, Administrative Analyst, City of Burbank
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County
California State Controller's Office