



May 15, 2015

Mr. David Christian, Finance Director
City of Yorba Linda
4845 Casa Loma Avenue
Yorba Linda, CA 92885

Dear Mr. Christian:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 06, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Yorba Linda Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to Finance on February 26, 2015, for the period of July through December 2015. Finance issued a ROPS determination letter on April 06, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 21, 2015.

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 determinations being disputed.

- Item No. 62 – Legal-Litigation services in the amount of \$200,000. Finance continues to deny this item. Finance previously determined this item was enforceable due to expected litigation in the January through June 2015 (ROPS 14-15B) Meet and Confer determination letter dated December 17, 2014. However, the Agency has yet to file a lawsuit and has not needed this allocation. Therefore, because there are other mechanisms in the dissolution act to fund enforceable obligations, this item is denied at this time as no obligation currently exists.
- Item No. 64 – Town Center Land Disposition totaling \$25,000. Finance no longer denies this item. However, the amount is reduced to \$10,100 with the Agency's concurrence. During the Meet and Confer process, the Agency provided documentation supporting this item as an enforceable obligation. In addition, the Agency provided information updating the expenditures during the current ROPS period of ROPS 14-15B. As stated in our ROPS 14-15B Meet and Confer determination letter, the agreement was entered into between the Agency and Larry Cohn on October 29, 2014, for photography services related to disposing properties in accordance with the Long Range Property Management Plan (LRPMP). We note that the Contract end date was previously June 30, 2015. However, that date can be expended for up to two One-year periods at the sole discretion of the Agency. The Agency provided documentation during the Meet and

Confer demonstrating this option was exercised. Therefore, this item is an enforceable obligation eligible for RPTTF funding totaling \$10,100 on this ROPS.

- Item Nos. 66, 67, and 71 – Various Town Center Land Disposition costs totaling \$30,000. Finance no longer denies these items. It is our understanding that these costs are related to the termination of the public right to use the related property and is required to sell the property pursuant to the approved LRPMP. Finance notes that these amounts were approved in the ROPS 14-15B Meet and Confer determination letter dated December 17, 2014. However, the amounts were not expended because contracts had yet to be entered and approved by Finance. It is our understanding that the Agency submitted Oversight Board resolutions for the contracts associated with these items on May 7, 2015. To the extent those contracts are approved by Finance, the Agency will be permitted to pay these costs.

In addition, per Finance’s letter dated April 06, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

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 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 review of the Agency’s self-reported prior period adjustment.

Except for the items denied in whole or in part or items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A.

The Agency’s maximum approved RPTTF distribution for the reporting period is \$197,160 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	322,580
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS	\$ 447,580
Total RPTTF requested for non-administrative obligations	322,580
<u>Denied Item</u>	
Item No. 62	(200,000)
Item No. 64	(14,900)
	(214,900)
Total RPTTF authorized for non-administrative obligations	\$ 107,680
Total RPTTF requested for administrative obligations	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 232,680
ROPS 14-15A prior period adjustment	(50,420)
Total RPTTF approved for distribution	\$ 182,260

Please refer to the ROPS 15-16A 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 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 Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Pamela Stoker, Redevelopment & Housing Manager, City of Yorba Linda
Mr. Frank Davies, Property Tax Manager, Orange County
California State Controller's Office