

November 16, 2015

Mr. Lee Squire, Financial Services Manager
City of Brea
1 Civic Center Circle
Brea, CA 92821

Dear Mr. Squire:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Brea Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 2, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item No. 9 – 2004 Refunding Lease Revenue Bonds in the amount of \$228,000. At the Agency's request, Finance has reclassified funding for this item. The Agency originally requested Redevelopment Property Tax Trust Funds (RPTTF) in the amount of \$94,506; however, Finance is reclassifying \$10,000 to Other Funds due to the adjustment the Agency made to Item No. 19 – Bond Services. Therefore, Finance is approving RPTTF in the amount of \$84,506 and the use of Other Funds in the amount of \$238,000, totaling \$322,506 for this item.
- Item No. 19 – Bond Services in the amount of \$10,000. At the Agency's request, the funding request for this item has been removed. Therefore, this item is no longer eligible for Other Funds, and has been reclassified as directed by the Agency.
- Item No. 55 – Brea Mall/Ring Road Easement Agreement (Agreement) in the amount of \$37,317 requested for ROPS 15-16B and total obligation in the amount of \$437,241 is not allowed. It is our understanding the Agency and Brea Foundation are the grantees named in the Agreement, responsible for the Ring Road maintenance costs. The Agency presented an invoice from Brea Mall for the payment of these costs. However, the Agency is requesting funding for the full amount, rather an invoice for their portion as a co-grantee. To the extent the Agency can provide additional documentation to support their responsibility for maintenance costs, the Agency may be able to obtain Other Funds on future ROPS.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with

the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). 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 that has been denied or reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 \$17,061,590 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	16,860,555
Total RPTTF requested for administrative obligations	236,340
Total RPTTF requested for obligations on ROPS 15-16B	\$ 17,096,895
Total RPTTF requested for non-administrative obligations	16,860,555
<u>Reclassified Item</u>	
Item No. 9	(10,000)
	(10,000)
Total RPTTF authorized for non-administrative obligations	\$ 16,850,555
Total RPTTF requested for administrative obligations	236,340
Total RPTTF authorized for administrative obligations	\$ 236,340
Total RPTTF authorized for obligations	\$ 17,086,895
ROPS 14-15B prior period adjustment	(25,305)
Total RPTTF approved for distribution	\$ 17,061,590

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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 January 1 through June 30, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

Please direct inquiries to Nichelle Thomas, Supervisor, or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Bill Gallardo, Administrative Services Director, City of Brea
Mr. Frank Davies, Property Tax Manager, Orange County