

December 17, 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

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 16, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Brea Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on October 2, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 16, 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 December 1, 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 determination being disputed.

- 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 was not allowed. Finance no longer denies \$13,916 of this item. Finance initially denied this item because the Agency was requesting funding for the full amount, rather an invoice for their portion as a co-grantee. During the Meet and Confer process, the Agency agreed that this item is a joint obligation and provided the invoice for the Agency's share of the costs. Therefore, Finance continues to deny \$23,401 (\$37,317 - \$13,916) of this item and approves \$13,916 from Other Funds.

In addition, per Finance's letter dated November 16, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- 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.

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. 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
Reclassified Item	
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>

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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

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