



November 19, 2015

Ms. Carlos Jaramillo, Deputy Director of Community & Economic Development  
 City of La Habra  
 201 East La Habra Boulevard  
 La Habra, CA 90631

Dear Ms. Jaramillo:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of La Habra 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 5, 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 Nos. 1 through 6 – 1998 Certificates of Participation (COP) Series B and C, debt service principal and interest payments. While Finance has determined that the COPs are not an enforceable obligation of the Agency, the principal and interest payments required by the Loan between the City of La Habra (City) and the former redevelopment agency are allowed as the enforceable obligation.

To simplify the reporting for this obligation, Finance is denying and permanently retiring Item Nos. 1 through 4 and Item No. 6. The description of Item No. 5 has been revised to include all principal and interest payments due this ROPS period pursuant to the Loan. According to the Loan's payment schedule, the amount due is \$70,175. Therefore, Finance has increased the funding for Item No. 5 from zero to \$70,175 to reflect this approval.

Additionally, Finance is approving Item Nos. 34 through 38 – Various ROPS period shortfalls of principal and interest payments related to the Loan which went unfunded or denied in ROPS 14-15A, ROPS 14-15B, and ROPS 15-16A, totaling \$851,357. (See table below.) However, because these are one-time payments rather than recurring payments or payments expected to be made over time, Finance is permanently retiring these line items on the ROPS as well.

ROPS 14-15A		ROPS 14-15B		ROPS 15-16A	
principal	interest	principal	interest	principal	interest
\$310,000	\$59,743	n/a	\$78,307	\$325,000	\$78,307

- Item No. 16 – Owner Participation Agreement, Marketplace Property Tax in the amount of \$398,935 requested for ROPS 15-16B and total outstanding obligation in the amount of \$1,664,978 is not allowed. It is our understanding the payment for this obligation is due October of each year. Furthermore, Finance approved, and the Agency received, sufficient RPTTF during the ROPS 15-16A period. Therefore, this item is not eligible for Other Funds in the amount of \$44,165 or RPTTF funding in the amount of \$354,770 on this ROPS.
- Item No. 39 – Twenty Percent Set-Aside in the amount of \$26,374 is not allowed. HSC section 34191.4 (b) (3) (C) requires that twenty percent of any loan repayment shall be deducted from the loan repayment amount and transferred to the Low and Moderate Income Housing Asset Fund. Because the City is the recipient of the loan repayments, this is an obligation of the City, and not the Agency.

However, Finance notes the Agency is still eligible to receive \$26,374 for loan repayments pursuant to HSC section 34191.4 (b). Therefore, Finance has increased the amount of RPTTF for Item No. 18 from \$731,377 to \$757,751 to allow the Agency to receive the full repayment amount allowable pursuant to the formula.

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 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 the items that have been 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,026,675 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of January through June 2016</b>	
Total RPTTF requested for non-administrative obligations	2,317,082
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations on ROPS 15-16B</b>	<b>\$ 2,442,082</b>
RPTTF adjustment to non-administrative obligations	
Item No. 5	\$ 70,175
Item No. 18	26,374
	96,549
<b>Total RPTTF requested for non-administrative obligations</b>	<b>2,413,631</b>
<u>Denied Items</u>	
Item No. 2	(70,175)
Item No. 16	(354,770)
Item No. 39	(26,374)
	(451,319)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 1,962,312</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 2,087,312</b>
ROPS 14-15B prior period adjustment	(80,637)
<b>Total RPTTF approved for distribution</b>	<b>\$ 2,026,675</b>

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.

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

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. John Balderas, Senior Accountant, City of La Habra  
Mr. Frank Davies, Property Tax Manager, Orange County