



December 17, 2015

Ms. Anne Haraksin, Deputy City Manager  
City of La Mirada  
13700 La Mirada Boulevard  
La Mirada, CA 90638

Dear Ms. Haraksin:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated October 28, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of La Mirada Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on September 24, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on October 28, 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 November 9, 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. 35 – Low and Moderate Income Housing Fund (LMIHF) loan repayment for purposes of the Supplemental Educational Revenue Augmentation Fund (SERAF) in the amount of \$97,048. Finance continues to deny this item at this time.

HSC section 34191.4 (b) (3) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year. According to the County Auditor-Controller's report, the amount distributed to the taxing entities for the 2012-13 and 2014-15 fiscal years are \$5,208,067 and \$4,168,655, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for applicable fiscal year 2015-16 is \$0.

During the Meet and Confer session, the Agency claimed the amounts Finance used in the calculation maximum repayment amount allowed for the 2015-16 fiscal year are incorrect. Specifically, the Agency believes that the base year amount reported to Finance by the county auditor controller should be reduced by \$1,646,603 because the Agency believes that the prior period adjustment (PPA) applied pursuant to HSC section 34186 (a) for the January through June 2012 (ROPS I) period in the January through

June 2013 (ROPS III) period should have been accounted for in the demand payment required by HSC section 34183.5 (b) (2) (A) instead. However, the demand payment is based on the difference between the amount distributed for the ROPS I period and the Finance approved amount on the ROPS I, whereas a PPA is the difference between the amount approved for a ROPS period and the actual amount spent during that same period. The Agency's PPA of \$1,646,603 on the ROPS III distribution resulted from the fact that the Agency requested, was approved for, and received more funds than it expended in the ROPS I period. Therefore, Finance maintains that our calculation of the maximum repayment amount for fiscal year 2015-16, which is based on information provided by the county auditor controller, is accurate. Further, we note that there are no provisions in Redevelopment Agency Dissolution statute that allow Finance to make adjustments to the Redevelopment Property Tax Trust Fund (RPTTF) distribution amounts reported by the county auditor controller. As such, the \$97,048 requested for the LMIHF loan repayment continues to be disallowed at this time.

In addition, per Finance's letter dated October 28, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

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.

In addition, Finance noted on the Agency's ROPS 14-15B prior period adjustment worksheet, the Agency's expenditures exceeded Finance's authorization for Reserve Balances totaling \$1,652, specifically, Item No. 21 in the amount of \$750 and Item No. 22 in the amount of \$902. Per HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds specified on the ROPS up to the amount authorized by Finance. HSC sections 34177 (a) (4) and 34173 (h) (1) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your oversight board and Finance prior to making payments on enforceable obligations.

Except for the item denied in whole or in part, 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 \$6,310,521 as summarized in the Approved RPTTF Distribution table on the next page:

<b>Approved RPTTF Distribution</b>	
<b>For the period of January through June 2016</b>	
Total RPTTF requested for non-administrative obligations	6,370,044
Total RPTTF requested for administrative obligations	37,525
<b>Total RPTTF requested for obligations on ROPS 15-16B</b>	<b>\$ 6,407,569</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>6,370,044</b>
<u>Denied Item</u>	
Item No. 35	(97,048)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 6,272,996</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 37,525</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 6,310,521</b>
Self-reported ROPS 14-15B prior period adjustment (PPA)	0
<b>Total RPTTF approved for distribution</b>	<b>\$ 6,310,521</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>

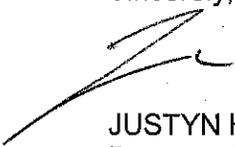
This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when funding was requested for the six-month period. Finance's determination is effective for this time period only and should 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.

Ms. Anne Haraksin  
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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. Judith Quinonez, Senior Accountant, City of La Mirada  
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County