



October 22, 2015

Mr. Omar Dadabhoy, Community Development Director  
City of Stanton  
7800 Katella Avenue  
Stanton, CA 90680

Dear Mr. Dadabhoy:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Stanton 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 September 11, 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. 86 – Housing Authority Administration Fee in the total outstanding amount of \$150,000 is not allowed. Finance continues to deny this item. Pursuant to HSC section 34177 (p), the housing entity administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency elected to not assume the housing functions. Because the housing entity to the former redevelopment agency of the City of Stanton (City) is the City-formed Housing Authority (Authority) and the Authority operates under the control of the City, the Authority is considered the City under Dissolution Law. Therefore, this item is not an enforceable obligation and the requested \$150,000 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 88 and 89 – Various legal costs related to the sale and development of Stanton Plaza totaling \$23,000 are not allowed. The Agency submitted Oversight Board Resolution 2015-06, approving a Disposition and Development Agreement (DDA) with Frontier Real Estate Investments, Inc. for eleven properties located at 11382, 11430 and 11462 Beach Boulevard.

However, Finance denied the DDA pursuant to HSC section 34177.3 (a); which prevents agencies from creating new enforceable obligations or begin new redevelopment work, except in compliance with an enforceable obligation that existed prior to June 28, 2011. Therefore, these items are not enforceable obligations and are not eligible for RPTTF funding in the requested amount of \$15,716, or Other Funds in the requested amount of \$7,284.

Pursuant to HSC section 34186 (a), 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) also specifies the prior period adjustment self-reported by the Agency is 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, 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, 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 \$5,583,071 as summarized in the Approved RPTTF Distribution table below:

| <b>Approved RPTTF Distribution<br/>For the period of January through June 2016</b> |                     |
|--|---------------------|
| Total RPTTF requested for non-administrative obligations                           | 5,633,509           |
| Total RPTTF requested for administrative obligations                               | 125,000             |
| <b>Total RPTTF requested for obligations on ROPS 15-16B</b>                        | <b>\$ 5,758,509</b> |
| <b>Total RPTTF requested for non-administrative obligations</b>                    | <b>5,633,509</b>    |
| <b>Denied Items</b>  |                     |
| Item No. 86  | (150,000)           |
| Item No. 88  | (10,716)            |
| Item No. 89  | (5,000)             |
| <b>Total RPTTF authorized for non-administrative obligations</b>                   | <b>\$ 5,467,793</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>\$ 5,592,793</b> |
| ROPS 14-15B prior period adjustment  | (9,722)             |
| <b>Total RPTTF approved for distribution</b>                                       | <b>\$ 5,583,071</b> |

During the ROPS 15-16B period, the Agency reported cash balances and activity for the period January 1, 2015 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 (I) (1) (E) requires these cash 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: Ms. Suzanne Harrell, Managing Director, City of Stanton  
Mr. Frank Davies, Property Tax Manager, Orange County