



April 11, 2016

Mr. Stephen Parker, Director of Administrative Services  
 City of Stanton  
 7800 Katella Avenue  
 Stanton, CA 90680

Dear Mr. Parker:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Stanton Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 27, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item Nos. 1, 2, 64, and 65 – 2005 Tax Allocation Bonds, Series A and Series B have been refunded. It is our understanding the 2005 Tax Allocation Bonds, Series A and Series B were refunded by the 2016 Subordinate Tax Allocation Refunding Bonds, Series A and Series B, after the Agency submitted the ROPS to Finance. Therefore, debt service payments are no longer required for the 2005 Tax Allocation Bonds, Series A and Series B, and with the Agency’s concurrence, these line items have been retired from the ROPS.

Therefore, the amounts disallowed for each item is identified below:

<b>ROPS A Period (July through December 2016)</b>				
<b>Item Nos.</b>	<b>Bond Proceeds</b>	<b>Reserve Balances</b>	<b>RPTTF</b>	<b>Total</b>
1	\$ 131	513,420	154,811	\$ 668,362
2	\$ 72	306,863	85,513	\$ 392,448
<b>ROPS B Period (January through June 2017)</b>				
<b>Item Nos.</b>	<b>Bond Proceeds</b>	<b>Reserve Balances</b>	<b>RPTTF</b>	<b>Total</b>
64	\$0	0	200,000	\$ 200,000
65	\$0	0	110,000	\$ 110,000

RPTTF: Redevelopment Property Tax Trust Fund

- Item Nos. 3, 4, and 5 – Various debt service payments have been adjusted. It is our understanding the Agency made an error in requesting funding for these items for the ROPS A period. Therefore, with the Agency’s concurrence, the following adjustments have been made to properly reflect the necessary debt service payment requirement:

- Item No. 3 – 2010 Tax Allocation Bonds, Series A in the amount of \$1,403,136 will be reduced by \$2,976 to \$1,400,160 (\$1,403,136 – \$2,976).
- Item No. 4 – 2011 Housing Tax Allocation Bonds, Series A in the amount of \$909,760 will be reduced by \$5,335 to \$904,425 (\$909,760 – \$5,335).
- Item No. 5 – 2011 Tax Allocation Bonds, Series B in the amount of \$829,061 will be reduced by \$771 to \$828,290 (\$829,061 – \$771).
- Item No. 82 – Tina Pacific Neighborhood Rehabilitation Project (Project) funded with \$4,750,000 in 2011 Housing Bond Proceeds. Our approval is specifically limited to the use of 2011 bond proceeds to the extent they are available in accordance with HSC section 34176 (g). Such approval, however, should not be construed as approval of the Project itself as an enforceable obligation.
- Item No. 86 – Stanton 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. 91 and 92 – Long-Range Property Management Plan Property Disposition costs in the total outstanding amount of \$40,000 are not allowed. The Agency was unable to provide documentation to support the amount requested. To the extent the Agency can provide suitable documentation, such as invoices, contracts, or agreements, to support the requested funding, the Agency may be able to obtain funding in the future. Therefore, the requested amount of \$30,000 (\$21,963 RPTTF and \$8,037 Other Funds) is not eligible for funding.
- Item Nos. 95 and 96 – 2016 Subordinate Tax Allocation Refunding Bonds, Series A and Series B. As stated earlier, the Agency submitted the ROPS prior to the issuance of the 2016 refunding bonds. Therefore, at the Agency's request, Finance is authorizing RPTTF funding in the following amounts for each item as identified below:

Item No.	ROPS A Period	ROPS B Period
95	\$ 279,040	\$ 224,788
96	481,670	420,525
<b>Total</b>	<b>\$ 760,710</b>	<b>\$ 645,313</b>

- Item No. 97 – Costs of Issuance totaling \$20,000 is not allowed. It is our understanding this item was placed on the ROPS in case the 2016 refunding bonds were not issued. Since the 2016 refunding bonds were issued, this item is no longer needed. With the Agency's consent, this line item has been retired from the ROPS.

- Item No. 100 – Project Costs in the total outstanding amount of \$535,000 is not allowed. Pursuant to HSC section 34191.4 (c) (2), after receiving a Finding of Completion, the Agency may expend proceeds derived from bonds issued on or after January 1, 2011 in a manner consistent with the original bond covenants. The Agency received a Finding of Completion on August 15, 2013.

However, the Agency was unable to provide any documentation to support the fiscal year expenditure of the bond proceeds. To the extent the Agency can provide suitable documentation, such as a bond expenditure agreement or a budget to support the fiscal year expenditure, the Agency may be able to obtain Bond Proceeds in the future. Therefore, this item is not eligible for Bond Proceeds funding in the amount of \$535,000 for the ROPS 16-17 period.

Except for the items denied in whole or in part or for the items that have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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/)

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,693,427 as summarized in the Approved RPTTF Distribution Table on Page 5 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

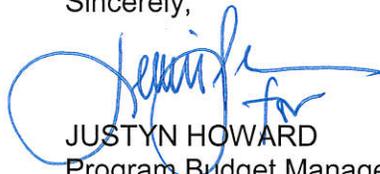
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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

Attachment

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 2,639,265	\$ 5,678,309	\$ 8,317,574
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>2,764,265</b>	<b>5,803,309</b>	<b>\$ 8,567,574</b>
Adjustment to Agency Requested RPTTF	760,710	645,313	1,406,023
<b>Total RPTTF adjustments</b>	<b>760,710</b>	<b>645,313</b>	<b>\$ 1,406,023</b>
<b>Total RPTTF requested</b>	<b>3,399,975</b>	<b>6,323,622</b>	<b>9,723,597</b>
<u>Denied Items</u>			
Item No. 1	(154,811)	(355,475)	(510,286)
Item No. 2	(85,513)	(173,326)	(258,839)
Item No. 3	(2,976)	0	(2,976)
Item No. 4	(5,335)	0	(5,335)
Item No. 5	(771)	0	(771)
Item No. 64	0	(200,000)	(200,000)
Item No. 65	0	(110,000)	(110,000)
Item No. 86	(150,000)	0	(150,000)
Item No. 91	(1,963)	(5,000)	(6,963)
Item No. 92	(10,000)	(5,000)	(15,000)
Item No. 97	(20,000)	0	(20,000)
	<u>(431,369)</u>	<u>(848,801)</u>	<u>(1,280,170)</u>
<b>Total RPTTF authorized</b>	<b>2,968,606</b>	<b>5,474,821</b>	<b>\$ 8,443,427</b>
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>3,093,605</b>	<b>5,599,821</b>	<b>\$ 8,693,427</b>