



May 17, 2016

Mr. Tae Rhee, Finance Director/ City Treasurer
City of Bellflower
16600 Civic Center Drive
Bellflower, CA 90706

Dear Mr. Rhee:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 14, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Bellflower Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 19, 2016. Finance issued a ROPS determination letter on March 14, 2016. 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 April 7, 2016.

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. 17 – Bellflower Unified School District (BUSD) Settlement in the annual amount of \$421,870. Finance no longer denies \$421,057 of this item. Per the Memorandum of Understanding (MOU) between the City of Bellflower, Agency, and BUSD dated November 24, 2008, the Agency will make 20 deposits of \$200,000 into the BUSD fund on December 31 and June 30 of each year. Further, the MOU states if an amendment is adopted pursuant to SB 211, the Agency will also deposit into the BUSD fund additional payment for projection of incremental value and tax incremental revenue amounts. Such an amendment was made on April 25, 2011. Therefore, the Agency is requesting an additional payment of \$21,870 pursuant to the terms of the MOU. During the Meet and Confer process, the Agency provided additional documents to support the calculation for an additional \$21,057 to be deposited. Therefore, Finance is approving the amount of \$421,057 for funding on ROPS 16-17 and continues to deny the remaining \$813.

In addition, per Finance's letter dated March 14, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 1 – 2004 Tax Allocation Refunding Bonds (2004 Bonds) in the amount of \$587,646 is partially denied. The Agency requested the incorrect amount for the period of July 1, 2016 through December 31, 2016 (ROPS A period). The 2004 Bonds were

approved to be refunded through OB Resolution No. 16-2, approved by Finance on February 19, 2016. The refunding will create a savings. Per discussion with Agency staff and review of the bond refunding savings analysis, the debt service payment due on February 1, 2017 for the ROPS A period should be \$484,698. Therefore, Redevelopment Property Tax Trust Fund (RPTTF) funding for this line has been reduced by \$102,948.

The Agency will need to retire Item No. 1 on the next ROPS and create a new line item for the 2016 Tax Allocation Refunding Bonds.

Except for the items that have been adjusted or denied in part, Finance is not objecting to the remaining items listed on your ROPS 16-17.

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 \$1,514,423 as summarized in the Approved RPTTF Distribution table on page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the 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>

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

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Pearl Tsui, Finance Manager, City of Bellflower
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 1,164,764	\$ 203,420	\$ 1,368,184
Requested Administrative RPTTF	180,000	70,000	250,000
Total RPTTF requested for obligations on ROPS	1,344,764	273,420	\$ 1,618,184
Adjustment to Agency Requested RPTTF	(102,948)	0	(102,948)
Total RPTTF adjustments	(102,948)	0	\$ (102,948)
Total RPTTF Requested	1,061,816	203,420	1,265,236
<u>Denied Item</u>			
Item No. 17	(813)	0	(813)
Total RPTTF authorized	1,061,003	203,420	\$ 1,264,423
Total Administrative RPTTF authorized	180,000	70,000	\$ 250,000
Total RPTTF approved for distribution	1,241,003	273,420	\$ 1,514,423