DEPARTMENT OF FINANCE

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May 17, 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

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 11, 2016. 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 of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 27, 2016. Finance issued a ROPS determination letter on April 11, 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 20, 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. 82 – Tina Pacific Neighborhood Rehabilitation Project (Project) funded with $4,750,000 in 2011 Housing Bond Proceeds. Finance will partially approve this item pursuant to Finance's determination of OB Resolution 2016-02 approving the bond expenditure agreement but only up to the amount of $4,728,180 in available bond proceeds. Therefore, the requested amount of $21,820 in bond proceeds is not eligible for use or transfer. Such approval, however, should not be construed as approval of the Project itself as an enforceable obligation.

- Item Nos. 91 and 92 – Long-Range Property Management Plan (LRPMP) Property Disposition costs in the total amount of $15,000. Finance no longer denies these items. Finance initially denied these items because the Agency was unable to provide documentation to support the amount requested. During the Meet and Confer process, the Agency was able to submit a detailed estimation for expected costs in selling the last remaining Sale of Property item on the Agency's LRPMP. Additionally, with the Agency's concurrence, the amounts have been adjusted and all available Other Funds applied to the items. Therefore, the requested amount of $15,000 ($6,963 RPTTF and $8,037 Other Funds) is eligible for funding.

- Item No. 100 – Project Costs funded with $10,700,000 in 2011B Non-Housing Bond Proceeds. Finance will partially approve this item pursuant to Finance's determination of OB Resolution 2016-02 approving the bond expenditure agreement but only up to the amount of $533,565 in available bond proceeds. HSC section 34191.4 (c) (2) (A) limits the use of bond proceeds derived from bonds issued on or before December 31, 2010 to 5% of the available proceeds. Therefore, the remaining amount, $10,166,135 is not eligible for use or transfer at this time.

In addition, per Finance's letter dated April 11, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- 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:

ROPS A Period (July through December 2016)				
Item Nos.	**Bond Proceeds**	**Reserve Balances**	**RPTTF**	**Total**
1	$ 131	513,420	154,811	$ 668,362
2	$ 72	306,863	85,513	$ 392,448
ROPS B Period (January through June 2017)				
Item Nos.	**Bond Proceeds**	**Reserve Balances**	**RPTTF**	**Total**
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 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. 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. 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
Total	**$ 760,710**	**$ 645,313**

- 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.

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.

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 $8,700,390 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

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 Suess, Dispute Resolution Supervisor, or Daisy Rose, Analyst, at (916) 445-3274.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Suzanne Harrell, Managing Director, City of Stanton
Mr. Frank Davies, Property Tax Manager, Orange 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)	$ 2,639,265	$ 5,678,309	$ 8,317,574
Requested Administrative RPTTF	125,000	125,000	250,000
Total RPTTF requested for obligations on ROPS 16-17	**2,764,265**	**5,803,309**	**$ 8,567,574**
Adjustment to Agency Requested RPTTF			
Item No. 91	(1,963)	(5,000)	(6,963)
Item No. 92	(8,037)	0	(8,037)
Item Nos. 95 and 96	760,710	645,313	1,406,023
Total RPTTF adjustments	760,710	645,313	**$ 1,391,023**
Total RPTTF requested	3,399,975	6,323,622	**9,708,597**
Denied Items			
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. 97	(20,000)	0	(20,000)
	(419,406)	(838,801)	(1,258,207)
Total RPTTF authorized	2,980,569	5,484,821	**$ 8,450,390**
Total Administrative RPTTF authorized	125,000	125,000	**$ 250,000**
Total RPTTF approved for distribution	3,093,605	5,599,821	**$ 8,700,390**