



October 19, 2012

Ms. Ramona Castañeda, Fiscal Services Manager
City of Fullerton
303 W. Commonwealth Avenue
Fullerton, CA 92832-1775

Dear Ms. Castañeda:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Fullerton Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 4, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. Five items in the amount of \$69.3 million do not have valid contracts executed prior to June 28, 2011 for anticipated projects or project work. Therefore, the following items are not enforceable obligations:
 - Item No. 8 in the amount of \$6.25 million of Property Tax Trust Fund (RPTTF) funding.
 - Item No. 18 in the amount of \$1.3 million RPTTF funding
 - Item No. 19 in the amount of \$14 million RPTTF funding
 - Item Nos. 21 and 22 in the amount of \$47.7 million of bond proceeds
- The following items are for agreements and contracts executed by the City, not the redevelopment agency (RDA). Therefore, the following items in the amount of \$5.14 million are not enforceable obligations:
 - Item No. 12, in the amount of \$650,000 of bond proceeds
 - Item No. 15, in the amount of \$4.4 million of bond proceeds
 - Item No. 16, in the amount of \$98,000 Redevelopment RPTTF funding.
- Item No. 14 – Amerige Court Developer Disposition Agreement (DDA) in the amount of \$100,000. HSC section 34163 (c) prohibits a RDA from amending or modifying existing agreements, obligations, or commitments with any entity for any purpose after June 28, 2011. It is our understanding the agreement was amended on February 7, 2012. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.

- Item No. 20 – City/Agency Agreement in the amount of \$1.5 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the RDA and the former RDA are not enforceable obligations. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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/

The Agency’s maximum approved RPTTF distribution for the reporting period is \$5,111,567 as summarized below.

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 14,387,035
Less: Six-month total for items denied or reclassified as administrative cost	
Item 8	2,750,000
Item 14	25,000
Item 16	45,000
Item 18	330,468
Item 19	5,800,000
Item 20	500,000
Total approved RPTTF for enforceable obligations	<u>\$ 4,936,567</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	175,000
Total RPTTF approved:	\$ 5,111,567

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

Ms. Ramona Castañeda

October 19, 2012

Page 3

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

Please direct inquiries to Nichelle Thomas, Supervisor or Wendy Griffe, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY

Local Government Consultant

cc: Mr. Charles Kovac, Project Manager, City of Fullerton
Mr. Frank Davis, Administrative Manager, Orange County