



May 17, 2013

Ms. Mari Jimenez, Financial Services Director
City of Coalinga Successor Agency
155 West Durian Avenue
Coalinga, CA 93210

Dear Ms. Jimenez:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 12, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Coalinga Successor Agency (Agency) submitted a ROPS 13-14A to Finance on February 26, 2013 for the period of July through December 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on April 30, 2013.

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 item being disputed.

- Item Nos. 1 and 5 – 1993 B Tax Allocation Bonds and 1993 B Refunding Bonds Police Station Project totaling \$4,743,485. Finance no longer denies these items. Finance originally denied these items because the Agency did not provide sufficient documentation. These items are actually obligations from the 1998 Local Obligation Revenue Bonds. After further review of the bond indenture, Finance noted these bonds are pledged by revenues from various local obligations and prior loan agreements. These two items are specifically secured by loan agreements from the 1993 B Tax Allocation Bonds. The loan agreements pledge tax revenues; therefore, these items are enforceable obligations and eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 2 through 4 – Various Obligations totaling \$372,368. Finance continues to deny these items. Finance originally denied these items because the Agency did not provide sufficient documentation. These items are actually obligations from the 1998 Local Obligation Revenue Bonds. After further review of the bond indenture, Finance noted these bonds are pledged by revenues from various local obligations and prior loan agreements. These items are specifically secured by loan and lease agreements from the 1991 Series B Revenue Bonds and 1994 Public Financing Authority Revenue Bonds. The loan and lease agreements are pledged by base rental payments from the City of Coalinga. The Agency has no obligation to make these payments as they should come from other funding sources. These items are considered enforceable obligations;

however, the funding source should be "other." Therefore, Items No. 2 through 4 are not eligible for RPTTF funding.

- Item No. 22 – Senior Housing Paint Program funded with \$21,200 in bond proceeds. Finance no longer objects to this item. Pursuant to HSC section 34191.4 (c) the Agency's requests to use bond funds for these obligations may be allowable once the Agency receives a Finding of Completion from Finance.

Subsequent to the Meet and Confer, the Agency received a Finding of Completion from Finance on May 9, 2013. Therefore, the Agency may utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c). As such, this item is authorized for expenditure on the ROPS.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS.

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,233,426 as summarized below:

Approved RPTTF Distribution Amount For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 1,264,191
Minus: Six-month total for items denied	
Item 2	69,896
Item 3	102,069
Item 4	4,800
Total approved RPTTF for enforceable obligations	<u>\$ 1,087,426</u>
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	<u>146,000</u>
Minus: ROPS II prior period adjustment	<u>-</u>
Total RPTTF approved for distribution:	\$ 1,233,426

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

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

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Shannon Jensen, Economic Development Assistant, City of Coalinga
Mr. George Gomez, Accounting Financial Manager, County of Fresno
California State Controller's Office