



April 1, 2014

Ms. Tina Sumner, Community & Economic Development Director  
City of Clovis  
1033 Fifth Street  
Clovis, CA 93612

Dear Ms. Sumner:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Clovis Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 18, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, 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 for the reasons specified:

Item Nos. 7 through 9 – Various bond fees totaling \$17,500. The Agency has one bond outstanding; 2008 Tax Allocation Revenue Bonds. The Agency requested Redevelopment Property Tax Trust Fund (RPTTF) for bond fees on Item Nos. 3 through 5, and again for Item Nos. 7 through 9. The requests appear to be duplicate. According to the Agency, the two sets of fees represent fees for Housing bonds and Non Housing bonds. However, the Official Statement does not identify the issuance as Housing and Non-Housing; the invoices provided by the Agency match the issuance noted on the Official Statement – 2008 Tax Allocation Revenue Bonds. Finally, the Agency was unable to provide sufficient documentation to support the request for both Housing bond fees and Non-Housing bond fees. Therefore, these line items are not eligible for RPTTF funding.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available Other Funds totaling \$45,048.

Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Other Funds and in the amount specified below:

- Item No. 1 – Sierra Vista Mall Tax Sharing in the amount of \$100,000. The Agency requests \$100,000 from RPTTF; however Finance is reclassifying \$45,048 to Other Funds. This item is an enforceable obligation for the ROPS 14-15A period. However, the obligation does not require payment from property tax revenues and the Agency has \$45,048 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$54,952 and the use of Other Funds in the amount of \$48,048, totaling \$100,000.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment self-reported by the Agency. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below only includes the prior period adjustment self-reported by the Agency.

Except for the item denied in whole or in part as an enforceable obligation and for items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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/)

The Agency’s maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$1,004,561 as summarized below:

<b>Approved RPTTF Distribution For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	1,110,814
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 1,235,814</b>
Total RPTTF authorized for non-administrative obligations	1,110,814
<u>Denied Items</u>	
Line Item No 7	(5,000)
Line Item No 8	(1,250)
Line Item No 9	(2,500)
Total RPTTF denied as non-administrative obligations	<b>\$ (8,750)</b>
<u>Reclassified Item</u>	
Line Item No 1	(45,048)
Total RPTTF authorized for administrative obligations	125,000
<b>Total RPTTF authorized for obligations</b>	<b>\$ 1,182,016</b>
ROPS 13-14A prior period adjustment	(177,455)
<b>Total RPTTF approved for distribution</b>	<b>\$ 1,004,561</b>

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 14-15A review, Finance requested financial records to support the cash balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 14-15A review period to properly identify the Agency's cash balances. If it is determined the Agency possesses cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 14-15B.

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. 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 section 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 HSC section 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 Nichelle Thomas, Supervisor or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Mr. Andrew Haussler, Housing Program Manager, City of Clovis  
Mr. George Gomez, Accounting Financial Manager, Fresno County  
California State Controller's Office