



April 9, 2014

Ms. Tamara Laken, Finance Director
City of Lindsay
251 East Honolulu
Lindsay, CA 93247

Dear Ms. Laken:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Lindsay Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 27, 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 No. 14 – 2014 Refunding Bond in the amount of \$1,835,000. Per discussion with the Agency, the Agency has not started the process of issuing the 2014 Refunding Bonds. Therefore this line item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.
- Item No. 7 – Professional Services-Legal in the amount of \$1,250. This item is considered general administrative costs and has been reclassified. Although this reclassification increased administrative costs to \$154,750, the administrative cost allowance has not been exceeded

The Agency requested and was approved for debt service reserves during the ROPS 13-14B period to be applied to the principal and interest amounts due during the ROPS 14-15A period. 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.

Therefore, with the Agency's concurrence the funding source for the following items have been partially reclassified to Reserve Balances in the amounts specified below:

- Item No. 1 – 2005 Tax Allocation Bonds in the amount of \$105,000.
- Item No. 2 – 2007 Tax Allocation Bonds in the amount of \$165,000.
- Item No. 3 – 2008 Tax Allocation Bonds in the amount of \$60,000.

- Item No. 4 – 2009 Tax Allocation Bonds in the amount of \$17,048.

Additionally, the Agency has requested \$150,000 to satisfy the housing successor entity administrative costs pursuant to HSC section 34171 (p). The Housing Authority of the County of Tulare assumed the housing functions of the former City of Lindsay Redevelopment Agency. Therefore, the Agency is entitled to claim the housing successor entity administrative costs. However, the Agency requested the funding from their successor agency administrative cost allowance. Therefore, Finance is reclassifying \$150,000 from RPTTF-Admin to RPTTF-Non Admin funding source.

Finance also made adjustments to the item number sequence on ROPS 14-15A for consistency with prior ROPS. Items which do not require funding any longer should be classified as “retired” on the ROPS. Furthermore, item numbers may only be used once and new obligations of the Agency should be listed with the next available sequential number. Pursuant to HSC section 34177 (a) (2), documents are to be provided in a manner of Finance’s choosing; therefore, the obligations on ROPS 13-14B should have been reported in the following sequence:

- Item Nos. 8 through 10 were retired during ROPS 13-14B period and should not be used for new obligations or replace existing numbered obligations.
- Item No. 11 – CalHFA Loan No. HELP 080803-06
- Item No. 12 – CalHFA Loan No. RDLP 090806-03
- Item No. 13 – Successor Agency Administration Costs
- Item No. 14 – 2014 Refunding Bond
- Item No. 15 – Housing Successor Entity

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. 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. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC’s audit of the Agency’s self-reported prior period adjustment.

Except for the item denied in whole or in part as an enforceable obligation or for the 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/

The Agency’s maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$1,366,702 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	1,797,617
Total RPTTF requested for administrative obligations	153,500
Total RPTTF requested for obligations	\$ 1,951,117
Total RPTTF requested for non-administrative obligations	1,797,617
<u>Denied Item</u>	
Item No. 14	(25,000)
<u>Reclassified Items to other funding sources</u>	
Item No. 1	(105,000)
Item No. 2	(165,000)
Item No. 3	(60,000)
Item No. 4	(17,048)
Item No. 7	(1,250)
<u>Reclassified Admin to Non-Admin RPTTF</u>	
Item No. 15 - Housing Entity Admin	150,000
	(223,298)
Total RPTTF authorized for non-administrative obligations	\$ 1,574,319
Total RPTTF requested for administrative obligations	153,500
<u>Reclassified Item</u>	
Item No. 7	1,250
Item No. 15	(150,000)
Total RPTTF authorized for administrative obligations	\$ 4,750
Total RPTTF authorized for obligations	\$ 1,579,069
ROPS 13-14A prior period adjustment	(212,367)
Total RPTTF approved for distribution	\$ 1,366,702

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>

Absent a Meet and Confer, 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 Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Maria Knutson, Administrative Supervisor, City of Lindsay
Ms. Rita A Woodard, Auditor-Controller, Tulare County
California State Controller's Office