



April 15, 2019

Mr. Mark Persico, Kosmont Companies, Senior Consultant
City of Los Banos Designated Local Authority
1601 North Sepulveda Blvd, #382
Manhattan Beach, CA 90266

Dear Mr. Persico:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Los Banos Designated Local Authority Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 28, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 11 – Property assessments in the amount of \$57,250 is not allowed. The Agency is requesting property assessment fees on properties that were approved to transfer to the City of Los Banos under Oversight Board Resolution Nos. 2018-09, 2018-13, 2018-14, and 2018-15. In addition, documentation provided was insufficient to demonstrate how the fees were assessed and if remaining property was Agency owned. Therefore, the requested \$57,250 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 13 – Supplemental Educational Revenue Augmentation Fund loan in the total outstanding amount of \$429,533 is overstated. The Agency should update the outstanding loan balance to reflect amounts the Agency previously received to make loan repayments as approved on the ROPS. After applying the prior ROPS repayments totaling amount of \$1,045,738 to the principal loan amount of \$1,360,207, the outstanding loan balance is adjusted to \$314,469. Additionally, we are approving loan repayments in the amount of \$264,767 from RPTTF for this current ROPS period; therefore, the outstanding loan balance on the subsequent ROPS Detail Form should be updated accordingly.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

<http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/>

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The County Auditor-Controller's review of the prior period adjustment form submitted by the Agency resulted in no prior period adjustment.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,435,979 as summarized in the Approved RPTTF Distribution table on Page 3 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 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 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 RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Cindie Lor, Supervisor, or Mathew Rios, Analyst, at (916) 322-2985.

Sincerely,


JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Michael Amabile, Chair, City of Los Banos Designated Local Authority
Ms. Sylvia Sanchez, Supervising Accountant, Merced County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 1,067,022	\$ 1,226,207	\$ 2,293,229
Administrative RPTTF Requested	100,000	100,000	200,000
Total RPTTF Requested	1,167,022	1,326,207	2,493,229
RPTTF Requested	1,067,022	1,226,207	2,293,229
<u>Adjustment</u>			
Item No. 11	0	(57,250)	(57,250)
RPTTF Authorized	1,067,022	1,168,957	2,235,979
Administrative RPTTF Authorized	100,000	100,000	200,000
Total RPTTF Authorized for Obligations	1,167,022	1,268,957	2,435,979
Prior Period Adjustment	0	0	0
Total RPTTF Approved for Distribution	\$ 1,167,022	\$ 1,268,957	\$ 2,435,979