



Transmitted via e-mail

May 15, 2020

Marlene Murphey, Executive Director
Fresno City
848 M Street, Third Floor
Fresno, CA 93721

2020-21 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2020. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Fresno City Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to Finance on January 31, 2020. The Agency requested a Meet and Confer on one of the determinations made by Finance. The Meet and Confer was held on April 27, 2020.

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 determination being disputed:

Item No. 123 – Legal Expenses in the total outstanding amount of \$50,000. Finance no longer denies this item. Finance previously denied this item because the Agency was unable to provide support for the requested amount. During the Meet and Confer, the Agency provided sufficient documentation to support \$50,000 in estimated legal expenses. Therefore, Finance is approving \$50,000 in Redevelopment Property Tax Trust Fund (RPTTF) funding requested on the ROPS.

In addition, per Finance's letter dated April 15, 2020, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- Item No. 41 – Audit in the amount of \$35,000 is partially allowed. It is our understanding the Professional Services Agreement between the Agency and Macias Gini & O'Connell states that fees, including expenses, will not exceed \$29,500. Therefore, of the requested \$35,000, \$29,500 is eligible for RPTTF funding, and \$5,500 (\$35,000 - \$29,500) is not allowed.

- The claimed administrative costs exceed the allowance by \$59,183. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$190,817 for fiscal year 2020-21. Although \$250,000 is claimed for ACA, only \$190,817 is available pursuant to the cap. Therefore, as noted in the table below, \$59,183 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2019-20	\$4,526,809
Less distributed Administrative RPTTF	(7,712)
Less sponsoring entity loan repayments	(4,137,464)
RPTTF distributed for 2019-20 after adjustments	\$381,633
ACA Cap for 2020-21 per HSC section 34171 (b)	\$190,817
Total ACA requested for 2020-21	\$250,000
ACA in Excess of the Cap	\$(59,183)

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,857,155, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 20-21. 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 deemed denied until the matter is resolved.

The ROPS 20-21 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 20-21 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 the RPTTF is the same as the amount of property tax increment available prior to the enactment of the 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 the RPTTF.

Please direct inquiries to Joshua Mortimer, Supervisor, or Carla Villa, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Enrique Mendez, Project Manager, Fresno City
Mario Cabrera, Accounting and Financial Manager, Fresno County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 4,372,927	\$ 555,371	\$ 4,928,298
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	4,497,927	680,371	5,178,298
RPTTF Requested	4,372,927	555,371	4,928,298
<u>Adjustment(s)</u>			
Item No. 41	(5,500)	0	(5,500)
RPTTF Authorized	4,367,427	555,371	4,922,798
Administrative RPTTF Requested	125,000	125,000	250,000
Excess Administrative Costs	0	59,183	59,183
Administrative RPTTF Authorized	125,000	65,817	190,817
ROPS 17-18 prior period adjustment (PPA)	(256,460)	0	(256,460)
Total RPTTF Approved for Distribution	\$ 4,235,967	\$ 621,188	\$ 4,857,155