



May 17, 2013

Mr. Ronney Wong, Finance Director
City of Fowler Successor Agency
128 South 5th Street
Fowler, CA 93625

Dear Mr. Wong:

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 14, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Fowler Successor Agency (Agency) submitted a ROPS 13-14A to Finance on March 1, 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 23, 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 No. 1 – Farmers Home Loan in the amount of \$321,500 continues to be denied for Redevelopment Property Tax Trust Funds (RPTTF). The Farmers Home Loan Agreement entered in 1994, was refunded with 2010 Refunding Revenue Bonds. These bond payments are secured solely through lease payments made by the City of Fowler. There is no requirement to fund this payment through tax increment. This item is considered an enforceable obligation, however the funding source will be reclassified as “other” as the lease payments made by the City of Fowler should be used for the repayment of this loan.
- Item No. 2 – RDA Project Funds in the total obligation amount of \$1,002,600. The Agency provided additional documentation that was sufficient to support this item as an enforceable obligation and eligible for RPTTF funding. The original loan agreement from 2000 was also refunded by the 2010 Refunding Revenue Bonds; however, the payment for this portion was specifically secured by tax increment. The amount claimed for ROPS 13-14A in the amount of \$63,500 is approved.
- Item No. 4 – Golden State Improvements in the amount of \$88,557. The Agency provided documentation that was insufficient to support that both parties entered into a reimbursement agreement. No contract was entered into by June 27, 2011 and pursuant to HSC section 34163(b) a redevelopment agency is prohibited from entering into a contract with any entity after June 27, 2011. Therefore, this line item is not an enforceable obligation and not eligible for funding 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.

The Agency's maximum approved RPTTF distribution for the reporting period is \$226,000 as summarized below:

Approved RPTTF Distribution Amount For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 100,375
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 1*	31,875
Item 4	5,000
Total approved RPTTF for enforceable obligations	\$ 63,500
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	162,500
Minus: ROPS II prior period adjustment	-
Total RPTTF approved for distribution:	\$ 226,000

*Reclassified as other funding source

Pursuant to 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 proposed CAC adjustments were received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the above table includes the prior period adjustment that was reported by the CAC.

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/.

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.

Mr. Ronney Wong
May 17, 2013
Page 3

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: Mr. David Elias, City Manager, City of Fowler
Mr. George Gomez, Accounting Financial Manager, Fresno County
California State Controller's Office