



May 17, 2013

Ms. Marlene Murphey, Executive Director  
City of Fresno Successor Agency  
2344 Tulare Street, Suite 200  
Fresno, CA 93721

Dear Ms. Murphey:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Fresno Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (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 May 9, 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 items being disputed.

- Items 4, 12, 16, 18 through 20, and 31 – Housing Successor Obligations. The Owner Participation Agreements (OPA) for these items indicates that the grants and loans will be funded from the Low and Moderate Income Housing Fund. The Agreement is between the Agency and various owners. The Agency has requested \$2,887,605 to make the required payments for the upcoming period from Other Funds. It is our understanding that the Agency has Other Fund balances available that could be used to make the payment. Therefore, Finance is approving the use of Other Funds to make the required payments for the upcoming period.
- Item 36 – California Public Employees Retirement System Unfunded and Employee Leave Payout in the amount of \$1,897,074, and Item 41 – Audit costs, in the amount of \$50,600, were initially considered administrative expenses and counted toward the cap. However, during the Meet and Confer process, the Agency provided additional information showing that these items are enforceable obligations that should not be included in the administrative cost allowance. Item 36 is an enforceable obligation pursuant to HSC section 34171 (d) (1) (C) and Item 41 is an enforceable obligation pursuant to the annual audit requirement in HSC section 34177 (n). Therefore, Finance is no longer classifying these items as administrative costs.

In addition, per Finance's ROPS letter dated April 15, 2013, the following items not disputed by the Agency continue to be denied:

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$2,136,131 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 5,493,745
Minus: Six-month total for items denied or reclassified as administrative cost	
Total approved RPTTF for enforceable obligations	<u>\$ 5,493,745</u>
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	<u>247,879</u>
Minus: ROPS II prior period adjustment	<u>(3,605,493)</u>
<b>Total RPTTF approved for distribution:</b>	<b>\$ 2,136,131</b>

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. 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 amount of RPTTF approved in the above table includes the prior period adjustment that was self-reported by the Agency and the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment. Please refer to the worksheet used by the CAC to determine the audited prior period adjustment for the Agency:

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

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.

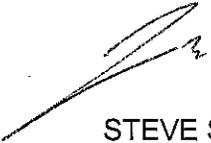
The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

Ms. Murphey  
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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Debra Barletta, Director of Finance, City of Fresno  
Mr. George Gomez, Accounting Financial Manager, Fresno County  
California State Controller's Office