



May 17, 2013

Mr. Christopher Jicha, Senior Consultant  
Kosmont Companies  
865 South Figueroa Street, 35th Floor  
Los Angeles, CA 90017

Dear Mr. Jicha:

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 18, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the Designated Local Authority to the City of Mendota Redevelopment Agency (Agency) submitted a ROPS 13-14A to Finance on March 4, 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 6, 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 Nos. 13, 15, and 17 – 1994 Tax Allocation Bonds unpaid interest payment originally due in February 1, 2010, February 1, 2011, and February 1, 2012, respectively, totaling \$970,664 payable from Other Funds. Finance no longer denies these items at this time; however, this determination is dependent upon the outcome of the Low and Moderate Income Housing Fund Due Diligence Review (LMIHF DDR) Meet and Confer determination.

During the Meet and Confer process, the Agency provided the explanation that the additional amount requested is due to bank fees and interest amounts calculated from the date payments were missed to the current date. The funding source requested for these items is in relation to the LMIHF DDR. The retention of the funds was previously denied with the determination letter dated February 15, 2013. The Meet and Confer meeting has been extended until the end of May 2013. Therefore these items are approved, but only to the extent the retention of the funds is approved with the Meet and Confer determination. If not approved through Meet and Confer, this amount will need to be allocated to the taxing entities.

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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$458,100 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 446,000
Minus: Six-month total for items denied or reclassified as administrative cost	-
Total approved RPTTF for enforceable obligations	\$ 446,000
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	12,100
Minus: ROPS II prior period adjustment	-
<b>Total RPTTF approved for distribution:</b>	<b>\$ 458,100</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 resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

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/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/).

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.

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.

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Please direct inquiries to Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Mr. Craig Mellon, Chair, Designated Local Authority  
Mr. George Gomez, Accounting Financial Manager, County of Fresno  
California State Controller's Office