

December 17, 2013

Mr. Scott McBride, Acting Community Development Director  
City of Atwater  
750 Bellevue Road  
Atwater, CA 95301

Dear Mr. McBride:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 1, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Atwater Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to Finance on September 26, 2013, for the period of January through June 2014. Finance issued a ROPS determination letter on November 1, 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 November 14, 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.

- Item Nos. 10 and 11 – Bond Funded Projects in the amount of \$200,000. During the meet and confer process, the Agency provided written and certified estimates from third parties supporting the following amounts are needed for the following projects during the ROPS 13-14B period:
  - Atwater Blvd-Winton Way for \$125,000
  - Downtown Revitalization for \$75,000

The Agency received a Finding of Completion on May 29, 2013 and in accordance with HSC section 34191.4 (c) is now permitted utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants. We note that the Agency is requesting the use of proceeds from bonds issued on March 1, 2007. To the extent the bond proceeds are available and the Oversight Board finds these projects are consistent with the original bond covenants, Finance no longer denies these bond funded projects.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 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 below table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14B. The Agency's maximum approved RPTTF distribution for the reporting period is \$872,220 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
Total RPTTF requested for non-administrative obligations	823,843
Total RPTTF requested for administrative obligations	50,000
<b>Total Requested RPTTF</b>	<b>\$ 873,843</b>
Total RPTTF approved for non-administrative obligations	823,843
Total RPTTF approved for administrative obligations	50,000
<b>Total RPTTF approved for obligations</b>	<b>\$ 873,843</b>
Total ROPS III PPA	(1,623)
<b>Total RPTTF approved for distribution</b>	<b>\$ 872,220</b>

Pursuant to HSC section 34177 (I) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency's fund balances. If it is determined the Agency possesses fund balances that are available to pay approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14B%20Forms%20by%20Successor%20Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. 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 section 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 HSC section 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 Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Justyn Howard', with a long horizontal stroke extending to the left.

JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Lori Waterman, Grants Manager, City of Atwater  
Ms. Sylvia Sanchez, Supervising Accountant, Merced County  
California State Controller's Office