



December 17, 2013

Ms. Tina Sumner, Community & Economic Development Director
City of Clovis
1033 Fifth Street
Clovis, CA 93612

Dear Ms. Sumner:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 8, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Clovis 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 8, 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 21, 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. 7 through 9 – 2008 Housing Tax Allocation Bond fees totaling \$6,500. Finance no longer denies these items. Finance initially denied the items as the Agency was unable to provide sufficient documentation to support the amounts claimed. During the Meet and Confer process, the Agency provided additional documents supporting the amounts requested. Therefore, these line items are enforceable obligations and are eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 12, 19, and 22 through 24 – Various Projects totaling \$2,104,720. Finance no longer denies \$750,000 for Item No. 12, \$14,200 for Item No. 22, \$10,300 for Item No. 23, and \$1,000,000 for Item No. 24. Finance continues to deny Item No. 19. Finance initially denied these items as the Agency was unable to provide sufficient documentation to support the amounts claimed. During the Meet and Confer process, the Agency provided additional documents supporting the estimates for the amounts needed during ROPS 13-14B. Therefore, Item Nos. 12 and 22 through 24 are eligible for Bonds funding in the amounts specified above and Item No. 19 is not eligible as no additional information was provided.
- Item Nos. 14, 16, and 17 – Various Projects totaling \$5,501,000. Finance initially denied this amount for these items as the Agency was only able to provide sufficient

documentation to support a portion of claimed amounts. However, during the Meet and Confer process, the Agency provided additional information, as follows:

- o Item No. 14 – 533 Pollasky (DMV Project) in the amount of \$906,000. During the initial review, the Agreement for Engineering Services provided supports \$226,000 for fiscal year 2012-13. During the Meet and Confer process, the Agency provided the engineer’s estimate for the project totaling \$1,594,000. The amount requested has been adjusted by \$906,000 (\$2,500,000 - \$1,594,000).
- o Item Nos. 16 and 17 – Dry Creek Business Park Projects totaling \$614,964. During the initial review, the Agreement for Engineering Services provided supports \$36,000 for fiscal year 2012-13. During the Meet and Confer process, the Agency provided the engineer’s estimates for the projects totaling \$210,000 and \$2,325,036, respectively. The amount requested has been adjusted by \$614,964 (\$3,150,000 – \$2,535,036).

Therefore, the excess \$1,520,964 (\$5,650,000 - \$4,129,036) is not eligible for Bonds funding.

In addition, per Finance’s letter dated November 8, 2013, we continue to deny the following items not contested by the Agency during the Meet and Confer:

- Item Nos. 13 and 18 – Various Projects totaling \$266,466. The Agency was unable to provide sufficient documentation to support the amounts claimed. Therefore, these items are not eligible for Bond funding at this time.

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 the items denied in whole or in part as enforceable obligations or for the items that have been reclassified, 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 \$504,233 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	485,900
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 610,900
Total RPTTF approved for non-administrative obligations	485,900
Total RPTTF approved for administrative obligations	125,000
Total RPTTF approved for obligations	610,900
ROPS III prior period adjustment	(106,667)
Total RPTTF approved for distribution	\$ 504,233

Pursuant to HSC section 34177 (l) (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 Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Andrew Haussler, Housing Program Manager, City of Clovis
Mr. George Gomez, Accounting Financial Manager, Fresno County
California State Controller's Office