



November 1, 2013

Ms. Darlene Thompson, Finance Director/Treasurer  
City of Tulare  
411 East Kern Ave  
Tulare, CA 93274

Dear Ms. Thompson:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Tulare Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 27, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations for the reasons specified:

- Item No. 11 – Loan from the City of Tulare (City) for the July 2012 True Up payment in the amount of \$385,597. The July 2012 True Up payment was for collection of residual tax increment funds owed to the affected taxing entities for the January through June 2012 period. Therefore, the Agency is not permitted to request Redevelopment Property Tax Trust Fund (RPTTF) for this amount.
- Item No. 16 – Litigation Costs in the amount of \$50,000. The Agency was not able to provide sufficient documentation to demonstrate that the litigation costs is Agency's obligation. Documents provided were correspondence and agreement between the City and Colantuono & Levin, PC. Therefore, this item is not an enforceable obligation and is not eligible for RPTTF funding.
- Item No. 17 – Property Management Plan in the amount of \$40,000. The Agency recorded this obligation as Item No. 10 on the ROPS Detail tab which belonged to a previously denied item. Finance changed it to Item No. 17 to properly record this new estimated cost.

According to a proposal for property management plan costs, the Agency desires to enter into an agreement for preparation of its Long-Range Property Management Plan (LRPMP). The Agency was not able to provide executed expenditure contracts for costs related to the LRPMP; therefore, this item is not an enforceable obligation and is not eligible for RPTTF funding at this time.

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. Based on our review of the Fund Balances form, the following adjustments were made to the form (these adjustments do not impact the RPTTF approved amount):

- Beginning Available Fund Balance (Actual 01/01/13). Due Diligence Review balances retained for approved enforceable obligations in the amount of \$385,331 should be \$788,889. The adjustment is based upon the non-bond cash reported in the December 31, 2012 trial balance which is \$403,558 larger than the reported beginning available fund balances on the Fund Balances form submitted by the Agency.
- Retention of Available Fund Balance (Estimate 12/31/13). RPTTF amounts retained for debt service in ROPS 13-14A should be \$825,064. During the ROPS 13-14A period the Agency requested to retain RPTTF for the ROPS 13-14B period debt service payments. The Agency received the full amount of RPTTF authorized during the ROPS 13-14A period and requested to expend these reserves during the ROPS 13-14B period. Therefore, the retained balance was changed to \$825,064 and expenditures for the ROPS 13-14A period was reduced by the same amount with a net zero affect to the ending balance.

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, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$188,109 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	675,597
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 800,597</b>
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<b>Total RPTTF requested for non-administrative obligations</b>	<b>675,597</b>
<b>Denied Items</b>	
Item No. 11	(385,597)
Item No. 16	(50,000)
Item No. 17	(40,000)
	<hr/> (475,597)
<b>Total RPTTF approved for non-administrative obligations</b>	<b>200,000</b>
<b>Total RPTTF approved for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF approved for obligations</b>	<b>325,000</b>
ROPS III prior period adjustment	(136,891)
<b>Total RPTTF approved for distribution</b>	<b>\$ 188,109</b>

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/).

Absent a Meet and Confer, 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 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.

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Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JUSTYN HOWARD', with a stylized flourish at the end.

JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Roxanne Yoder, Chief Deputy City Cler, City of Tulare  
Ms. Rita A Woodard, Auditor-Controller, Tulare County  
California State Controller's Office