DEPARTMENT OF FINANCE

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October 30, 2014

Mr. Ronney Wong, Finance Director
City of Fowler
128 South 5th Street
Fowler, CA 93625

Dear Mr. Wong:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Fowler Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 16, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 14-15B at this time.

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (d); however, Finance notes the oversight board has approved an amount that appears excessive, given the number and nature of the other obligations listed in the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Funds (RPTTF). Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. According to the Agency's Cash Balance Form, the Agency has available Reserve Balances totaling $251,259.

Therefore, the funding source for the following items has been reclassified to Reserve Balances and in the amounts specified below:

- Item No. 2 – Redevelopment Agency (RDA) Project Funds. The Agency requests $27,050 from RPTTF; however, Finance is reclassifying the entire amount to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has $251,259 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of $0 and the use of Reserve Balances in the amount of $27,050.

- Item No. 3 – Administrative Costs. The Agency requests $55,000 from RPTTF; however, Finance is reclassifying the entire amount to Reserve Balances. This item is

an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has $251,259 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of $0 and the use of Reserve Balances in the amount of $55,000.

- Item No. 5 – Legal Costs. The Agency requests $5,000 from RPTTF; however, Finance is reclassifying the entire amount to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has $251,259 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of $0 and the use of Reserve Balances in the amount of $5,000.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. The amount of RPTTF approved in the table below reflects the prior period adjustment self-reported by the Agency.
HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency.

Except for items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, 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/

The Agency's maximum approved RPTTF distribution for the reporting period is zero as summarized in the Approved RPTTF Distribution Table below:

Approved RPTTF Distribution For the period of January through June 2015		
Total RPTTF requested for non-administrative obligations		27,050
Total RPTTF requested for administrative obligations		60,000
Total RPTTF requested for obligations on ROPS	**$**	**87,050**
Total RPTTF for non-administrative obligations		**27,050**
Cash Balances - Item reclassified to other funding sources		
Item No. 2		(27,050)
		(27,050)
Total RPTTF authorized for non-administrative obligations		**0**
Total RPTTF requested for administrative obligations		**60,000**
Reclassified Items		
Item No. 3		(55,000)
Item No. 5		(5,000)
		(60,000)
Total RPTTF authorized for administrative obligations		**0**
Total RPTTF authorized for obligations		**0**
ROPS 13-14B prior period adjustment		0
Total RPTTF approved for distribution		**0**

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS

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, 2015. This determination only applies 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Nichelle Thomas, Supervisor or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Acting Program Budget Manager

cc: Mr. David Elias, City Manager, City of Fowler
Mr. George Gomez, Accounting Financial Manager, Fresno County
California State Controller's Office