



May 15, 2015

Ms. Stacey Winton, Media & Communications Officer
City of Davis
23 Russell Boulevard, Suite 1
Davis, CA 95616

Dear Ms. Winton:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 20, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Davis Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to Finance on February 05, 2015, for the period of July through December 2015. Finance issued a ROPS determination letter on March 20, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 06, 2015.

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 determinations being disputed.

- Item No. 81 – 3rd Street Improvements professional services agreement in the amount of \$111,037. Finance continues to deny this item. As previously determined, the City of Davis (City) and Royston Hanamoto Alley & Abbey (Royston) entered into an agreement on October 29, 2010. The former redevelopment agency (RDA) is not a party to the agreement. During the meet and confer, the Agency contested that the Royston agreement was entered into by the City, on behalf of the Agency, as per a cooperation agreement entered into between the RDA and the City. The Agency further claims that the Royston agreement was authorized by the RDA via Resolution which authorized the Executive director to enter the Royston agreement on behalf of the agency. The Resolution specified that the Agency would contribute \$90,068 to conduct community outreach and prepare streetscape design plans. Information provided by the Agency indicates that to-date the Agency has provided \$219,363 towards the agreement which is in excess of the contract total of \$90,068. We note that the \$27,503 payment made during the January through June 2013 (ROPS III) period was not approved on the ROPS. Therefore, Finance has determined that payments towards this item have exceeded the outstanding obligation.

During the Meet and Confer, the Agency claimed that the Agency's obligation was increased to \$375,000 on June 7, 2011 by RDA resolution 1261. However, the

amended agreement between the City and Royston was not executed until July 21, 2011. Pursuant to HSC section 34163 (b), commencing with June 27, 2011, the Agency did not have the authority to incur obligations including entering into agreements for redevelopment activities. Therefore, this item is not an enforceable obligation and is not eligible for RPTTF on the ROPS.

In addition, per Finance's letter dated March 20, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 13 – California Environmental Quality Act Review Hotel/Conference in the amount of \$1,012 is not an enforceable obligation. The documentation provided is not sufficient to indicate any contracts support this amount. To the extent the Agency can provide suitable documentation to support the requested funding, such as an executed contract, the Agency may be able to obtain Redevelopment Property Tax Trust Fund (RPTTF) funding on future ROPS.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. 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 the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16A.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,875,055 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of July through December 2015	
Total RPTTF requested for non-administrative obligations	2,907,176
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS	\$ 3,032,176
Total RPTTF requested for non-administrative obligations	2,907,176
Denied Items	
Item No. 13	(1,012)
Item No. 81	(111,037)
	(112,049)
Total RPTTF authorized for non-administrative obligations	\$ 2,795,127
Total RPTTF requested for administrative obligations	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 2,920,127
ROPS 14-15A prior period adjustment	(45,072)
Total RPTTF approved for distribution	\$ 2,875,055

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 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),

Ms. Stacey Winton
May 15, 2015
Page 4

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) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Kelly Fletcher, Budget Manager, City of Davis
Mr. Howard Newens, Auditor-Controller, Yolo County
California State Controller's Office