DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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March 26, 2015

Mr. Jim Taubert, Executive Director
City of Madera
428 East Yosemite Avenue
Madera, CA 93638

Dear Mr. Taubert:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Madera Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 19, 2015 for the period of July 1 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 8 – Arbitrage Calculations contract in the amount of $58,600 is not allowed. Insufficient documentation was provided to support the amounts claimed. The Agency was unable to provide a contract for this item. Furthermore, BNY Mellon statements provided for the past three years did not identify any bond arbitrage fees on them. To the extent the Agency can provide suitable documentation, such as the executed contract or vendor invoices, to support the requested funding, the Agency may be able to obtain Redevelopment Property Tax Trust Fund (RPTTF) funds on future ROPS.

- Item No. 91 – Neighborhood Stabilization Program - 3 (NSP3) Projects totaling $150,000 is not an obligation of the Agency. It is our understanding this agreement entered into on September 14, 2011 is between the City of Madera and the County of Madera and the former redevelopment agency (RDA) is not a party to the contract. Therefore, this item is not enforceable obligation and is not eligible for Other Funds on the 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 item denied in whole, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 $1,893,696 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		1,775,000
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations on ROPS	**$**	**1,900,000**
Total RPTTF requested for non-administrative obligations		**1,775,000**
Denied Item		
Item No. 8		(4,000)
		(4,000)
Total RPTTF authorized for non-administrative obligations	**$**	**1,771,000**
Total RPTTF requested for administrative obligations		**125,000**
Total RPTTF authorized for administrative obligations	**$**	**125,000**
Total RPTTF authorized for obligations	**$**	**1,896,000**
ROPS 14-15A prior period adjustment		(2,304)
Total RPTTF approved for distribution	**$**	**1,893,696**

Please refer to the ROPS 15-16A 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 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), 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 Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Bob Wilson, Business Manager, City of Madera
Mr. Jim Boyajian, Assistant Auditor Controller, Madera County
California State Controller's Office