DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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November 13, 2015

Ms. Jeri Rangel, Director of Administrative Services
City of Atascadero
6900 Palma Avenue
Atascadero, CA 93422

Dear Ms. Rangel:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Atascadero Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 2, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item No. 15 – Demolition of Redevelopment Agency Portable Building requested for ROPS 15-16B and total outstanding obligation amount of $20,000 is not an enforceable obligation. No documentation was provided to support the amounts claimed. To the extent the Agency can provide support for the requested funding, such as the executed contract, the Agency may be able to obtain Other Funds in future ROPS.

- Item No. 127 – Lease for former Chamber Building in the amount of $1,000 is not allowed. Finance has determined the Lease Agreement is an enforceable obligation. However, the obligation pursuant to the Lease Agreement is due July 1, 2016. Therefore, the requested use of Other Funds in the amount $1,000 is not allowed during this ROPS period, but may be eligible for funding in future ROPS periods.

- Item No. 130 – Maintenance of former Chamber Building costs totaling $1,500 for the ROPS 15-16B period and a total outstanding amount of $4,500 is not allowed. HSC section 34171 (d) (1) (F) states that agreements necessary for the administration or operation of the Agency, such as the cost of maintaining assets prior to disposition, are enforceable obligations. However, given that Finance approved the Agency's Long-Range Property Management Plan on January 17, 2014, and the property should have transferred to the City of Atascadero as government use; the Agency should not need funds to maintain the property. Therefore, this item is not eligible for funding from Other Funds.

During our review, 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. As a result of Item Nos. 15, 127, and 130 not being eligible for funding on this ROPS, it was determined the Agency holds $22,500 of Other Funds.

Therefore, the funding source for the following item has been reclassified to Other Funds and in the amount specific below:

> Item No. 1 – 2010 Reimbursement/Bond Financing Agreement with City of Atascadero in the amount of $375,350. The Agency requests $375,350 of RPTTF; however, Finance is reclassifying $22,500 to Other Funds. This item is an enforceable obligation for the ROPS 15-16B period. However, the Agency has $22,500 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of $352,850and the use of Other Funds in the amount of $22,500, totaling $375,350.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). The amount of RPTTF approved in the table on the next page includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part or the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 $1,044,799 as summarized in the Approved RPTTF Distribution table on the following page:

Approved RPTTF Distribution For the period of January through June 2016		
Total RPTTF requested for non-administrative obligations		976,962
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations on ROPS 15-16B	**$**	**1,101,962**
Total RPTTF authorized for non-administrative obligations		976,962
Reclassified Item		
Item No. 1		(22,500)
Total RPTTF authorized for non-administrative obligations	**$**	**954,462**
Total RPTTF authorized for administrative obligations		**125,000**
Total RPTTF authorized for obligations	**$**	**1,079,462**
ROPS 14-15B prior period adjustment		(34,663)
Total RPTTF approved for distribution	**$**	**1,044,799**

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

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, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

Please direct inquiries to Wendy Griffe, Supervisor, or Jared Smith, Lead Analyst, at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Rachelle Rickard, City Manager, City of Atascadero
Ms. Barbara Godwin, Property Tax Manager, San Luis Obispo County