



December 17, 2015

Mr. Dean Martin, Interim Administrative Services Director  
City of Banning  
99 East Ramsey Street  
Banning, CA 92220

Dear Mr. Martin:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated October 26, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Banning Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on September 24, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on October 26, 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 November 12, 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. 29 – Supplemental Educational Revenue Augmentation Fund Loan Repayment to the Low and Moderate Income Housing Fund in the amount of \$661,445 requested for ROPS 15-16B and total outstanding amount of \$2,298,433. Finance no longer denies this item but reduces the amount to \$305,425 with the Agency's concurrence. The remaining \$356,020 (\$661,445 - \$305,425) is not approved at this time.

Finance previously denied this item because an Oversight Board (OB) resolution approving the loan and repayment schedule had not been approved by Finance pursuant to HSC section 34171 (d) (1) (G). During the Meet and Confer, the Agency provided support that the required OB resolution was submitted to Finance and Finance did not dispute the OB's approval of the loan. Therefore this item is an enforceable obligation. We note, however, that HSC section 34191.4 (b) (3) (A) only allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year. According to the County Auditor-Controller's report, the amount distributed to the taxing entities for fiscal year 2012-13 and 2014-15 are \$68,492 and \$679,342, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for applicable fiscal year 2015-16 is \$305,425.

In addition, per Finance's letter dated October 26, 2015, we continue to make the following determination not contested by the Agency during the Meet and Confer:

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 below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the item denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. The Agency's maximum approved RPTTF distribution for the reporting period is \$1,607,959 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution For the period of January through June 2016</b>	
Total RPTTF requested for non-administrative obligations	1,860,302
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations on ROPS 15-16B</b>	<b>\$ 1,985,302</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>1,860,302</b>
<u>Denied Item</u>	
Item No. 29	(356,020)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 1,504,282</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 1,629,282</b>
ROPS 14-15B prior period adjustment	(21,323)
<b>Total RPTTF approved for distribution</b>	<b>\$ 1,607,959</b>

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>

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 Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Michelle Green, Deputy Finance Director, City of Banning  
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County