

December 17, 2015

Ms. Sherri Dueker, Accounting Manager  
City of Chowchilla  
130 South Second Street  
Chowchilla, CA 93610

Dear Ms. Dueker:

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 Chowchilla Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on September 15, 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 9, 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. 32 – Repayment to the City of Chowchilla (City) for its General Fund loan in the amount of \$357,392 requested for the ROPS 15-16B was partially allowed. Finance continues to partially allow this item. The Agency provided the Oversight Board (OB) approved loan agreement between the City and the Agency in the amount of \$357,392 in OB Resolution No. 08-15, which amended the previous City loan in the amount of \$332,233 that was approved in OB Resolution No. 03-15.

Based on a review of additional \$25,159 included in OB Resolution No. 08-15, Finance is approving \$17,029 as the actual shortfall in funding. The Agency reported \$137,154 in administrative costs in ROPS 14-15B; however, the Agency was only authorized to expend \$129,091 on administrative costs. As such, the shortfall amount will be calculated based on the authorized amount, not the actual amount. The Agency received \$112,062 in RPTTF funding for administrative costs, which resulted in a \$17,029 shortfall (\$129,091 - \$112,062). Therefore, the excess amount of \$8,130 (\$357,392 - \$332,233 - \$17,029) is not eligible for RPTTF funding.

- Item No. 33 – Settlement agreement with Greenhills Holdings in the amount of \$303,200 was not allowed. Finance no longer denies this item. The Agency submitted OB Resolution No. 04-15, approving the amended settlement agreement with Greenhills

Holdings; however, this OB action was not approved by Finance. The Agency then submitted OB Resolution No. 07-15, which was reviewed and approved by Finance in our letter dated December 16, 2015. Therefore, this item is an enforceable obligation and is eligible for Other Funds.

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). 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 Agency's self-reported prior period adjustment.

Except for the items 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 \$662,074 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	545,204
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations on ROPS 15-16B</b>	<b>\$ 670,204</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>545,204</b>
<u>Denied Item</u>	
Item No. 32	(8,130)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 537,074</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>\$ 662,074</b>
ROPS 14-15B prior period adjustment	0
<b>Total RPTTF approved for distribution</b>	<b>\$ 662,074</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 Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Rod Pruett, Finance Director, City of Chowchilla  
Mr. Jim Boyajian, Assistant Auditor Controller, Madera County