

December 17, 2015

Ms. Mari Jimenez, Financial Services Director  
City of Coalinga  
155 West Durian Avenue  
Coalinga, CA 93210

Dear Ms. Jimenez:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 12, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Coalinga Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on October 7, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 12, 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 25, 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 Nos. 13, 15, 16, 17, 20, 21, and 33 – Various Obligations totaling \$45,500 are no longer denied. Originally, Finance denied these items as the Agency did not provide documentation to support the amounts claimed. During the Meet and Confer session, the Agency provided suitable documentation to support the requested funding. As such, these items are approved for Other Funds and Redevelopment Property Tax Trust Fund (RPTTF) funding, as originally requested on this ROPS.

In addition, per Finance's letter dated November 12, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item Nos. 18 and 19 – Various trustee fees totaling \$8,000 are not allowed. To date, the Agency has not provided documentation to support the amounts claimed. To the extent the Agency can provide suitable documentation to support the requested funding, such as invoices, estimate calculations, etc., the Agency may be able to obtain Redevelopment Property Tax Trust Fund (RPTTF) funding on future ROPS.
- Item Nos. 41 and 42 – ROPS 15-16A Shortfall for Trustee Fees totaling \$6,408 have been reclassified. The Agency requests funding for these items from the Administrative Cost Allowance (ACA). However, these items are enforceable obligations, and are not

subject to the ACA. Therefore, Finance has reclassified the requested funding from the ACA to RPTTF.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b). However, Finance notes the oversight board has approved an amount that appears excessive given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to use adequate discretion when evaluating the administrative resources required to successfully wind-down the Agency.

Pursuant to HSC section 34186 (a), 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) also specifies the prior period adjustment self-reported by the Agency is subject to audit by the county auditor-controller (CAC) and the State Controller. 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 items denied in whole or in part; or for the items that have been reclassified, 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 \$578,027 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of January through June 2016</b>	
Total RPTTF requested for non-administrative obligations	329,619
Total RPTTF requested for administrative obligations	256,408
<b>Total RPTTF requested for obligations on ROPS 15-16B</b>	<b>\$ 586,027</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>329,619</b>
<u>Denied Items</u>	
Item No. 18	(3,000)
Item No. 19	(5,000)
	(8,000)
<u>Reclassified Items</u>	
Item No. 41	3,000
Item No. 42	3,408
	6,408
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 328,027</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>256,408</b>
<u>Reclassified Items</u>	
Item No. 41	(3,000)
Item No. 42	(3,408)
	(6,408)
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 250,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 578,027</b>
ROPS 14-15B prior period adjustment	0
<b>Total RPTTF approved for distribution</b>	<b>\$ 578,027</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>

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

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Shannon Jensen, Economic Development Assistant, City of Coalinga  
Mr. George Gomez, Accounting Financial Manager, Fresno County