DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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December 17, 2015

Mr. Dave White, City Manager
City of Fairfield
1000 Webster Street
Fairfield, CA 94530

Dear Mr. White:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 13, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Fairfield Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on October 1, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 13, 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 determination being disputed.

- Item No. 44 – Administrative Expenses in the amount of $125,000 is partially approved. HSC section 34171 (b) (2) limits fiscal year 2015-16 administrative expenses to three percent of property tax allocated to the successor agency or $250,000, whichever is greater. The Solano Auditor-Controller's (CAC) Office distributed $125,000 for the July through December 2015 period, leaving a balance of $125,000 available for the January through June 2016 period. The Agency request $167,288 in administrative expenses for the period, exceeding the allowable amount by $42,288 ($167,288 - $125,000). Therefore, $42,288 in administration expenses is not allowed.

  During the Meet and Confer process, the Agency did not dispute the calculation, but requested that the $42,288 be denied from the Other Funds requested instead of from the Redevelopment Property Tax Trust Fund (RPTTF). The Agency contended that the Other Funds requested are only an estimated amount and have not yet been received. As such, the Agency wanted to ensure sufficient funding would be available for this item. Therefore, Finance denies $42,288 from Other Funds and approves $125,000 from the RPTTF.

In addition, per Finance's letter dated November 13, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 9 – North Texas – 2011 Tax Allocation Bonds in the amount of $302,051 in RPTTF and $59,087 in Other Funds for a total of $361,138 is partially allowed. During the review process, the Agency stated the RPTTF request of $302,051 is mistakenly overstated. Instead, the Agency would like to request $242,964 ($302,051 - $59,087) from RPTTF and $59,087 from Other Funds, totaling $302,051. Finance made these adjustments for Item No. 9.

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 CAC. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table on the next page only reflects the Agency's self-reported prior period adjustment.

Except for the items denied in part or the item that has 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 $1,547,405 as summarized in the Approved RPTTF Distribution table below:

| **Approved RPTTF Distribution<br>For the period of January through June 2016** | | |
|---|---|---|
| Total RPTTF requested for non-administrative obligations | | 1,495,981 |
| Total RPTTF requested for administrative obligations | | 125,000 |
| **Total RPTTF requested for obligations on ROPS 15-16B** | **$** | **1,620,981** |
| | | |
| **Total RPTTF requested for non-administrative obligations** | | **1,495,981** |
| Denied Item | | |
| Item No. 9 | | (59,087) |
| **Total RPTTF authorized for non-administrative obligations** | **$** | **1,436,894** |
| | | |
| **Total RPTTF requested for administrative obligations** | | **125,000** |
| **Total RPTTF authorized for administrative obligations** | **$** | **125,000** |
| **Total RPTTF authorized for obligations** | **$** | **1,561,894** |
| ROPS 14-15B prior period adjustment | | (14,489) |
| **Total RPTTF approved for distribution** | **$** | **1,547,405** |

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. Mike Less, Accounting Manager, City of Fairfield
Ms. Rosemary Bettencourt, Deputy Auditor-Controller, Solano County