



November 18, 2015

Ms. Marlene Murphey, Executive Director
City of Fresno
2344 Tulare Street, Suite 200
Fresno, CA 93721

Dear Ms. Murphey:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the Fresno City 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 5, 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. 5 – CBD Property Based Improvement District #5 in the amount of \$25,452 requested for ROPS 15-16B, total obligation in the amount of \$208,052, is partially allowed. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency provided an explanation of the project and legal costs and the duties performed for this item. However, an explanation is not adequate to support the total amount requested.

To the extent the Agency can provide suitable documentation, such as duty statements, time reports, contracts, and vendor invoices, to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$25,000 for this item, and the excess \$452 (\$25,452 - \$25,000) is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.

- Item No. 9 – Convention Center Development, Old Armenian Town LLC in the amount of \$2,172,320 requested for ROPS 15-16B, total obligation in the amount of \$2,613,961 is partially allowed. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency provided an explanation of the project and legal costs and the duties performed for this item. However, an explanation is not adequate to support the total amount requested.

To the extent the Agency can provide suitable documentation, such as duty statements, time reports, contracts, and vendor invoices, to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$2,129,398 for this item, and the excess \$42,922 (\$2,172,320 - \$2,129,398) is not eligible for RPTTF funding on this ROPS.

- Item No. 10 – Convention Center-Historic Houses in the amount of \$32,535 requested for ROPS 15-16B, total obligation in the amount of \$95,772 is partially allowed. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency provided an explanation of the project and legal costs and the duties performed for this item. However, an explanation is not adequate to support the total amount requested.

To the extent the Agency can provide suitable documentation, such as duty statements, time reports, contracts, and vendor invoices, to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$5,971 for this item, and the excess \$26,564 (\$32,535 - \$5,971) is not eligible for RPTTF funding on this ROPS.

- Item No. 11 – CBD Property Based Improvement District #7 in the amount of \$1,052 requested for ROPS 15-16B, total obligation in the amount of \$11,760, is partially allowed. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency provided an explanation of the project and legal costs and the duties performed for this item. However, an explanation is not adequate to support the total amount requested.

To the extent the Agency can provide suitable documentation, such as duty statements, time reports, contracts, and vendor invoices, to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$600 for this item, and the excess \$452 (\$1,052 - \$600) is not eligible for RPTTF funding on this ROPS.

- Item No. 22 – Jefferson –CMC Regional Medical Center in the amount of \$154,368 is partially allowed. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency provided an explanation of the project and legal costs and the duties performed for this item. However, an explanation is not adequate to support the total amount requested.

To the extent the Agency can provide suitable documentation, such as duty statements, time reports, contracts, and vendor invoices, to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$148,000 for this item, and the excess \$6,368 (\$154,368 - \$148,000) is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.

- Item No. 24 – 2003 Mariposa Tax Allocation Bonds and Fees, debt service payment in the amount of \$364,083 is partially allowed. According to the payment schedule, \$359,597 is due February 1, 2016 for debt service. However, the Agency was unable to support the total amount claimed.

To the extent the Agency can provide suitable documentation, such as trustee bond or vendor invoices, to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$359,597 for this item, and the excess \$4,486 (\$364,083 - \$359,597) is not eligible for RPTTF funding on this ROPS.

- Item No. 25 – Roeding California Infrastructure Bank Loan & Fees in the amount of in the amount of \$28,113 requested for ROPS 15-16B, total obligation in the amount of \$2,197,532, is partially allowed. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency provided an explanation of the project and legal costs and the duties performed for this item. However, an explanation is not adequate to support the total amount requested.

To the extent the Agency can provide suitable documentation, such as duty statements, time reports, contracts, and vendor invoices, to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$27,370 for this item, and the excess \$743 (\$28,113 - \$27,370) is not eligible for RPTTF funding on this ROPS.

- Item No. 27 – SVN-Foundry Park CFD #5 Developer Agreement in the amount of \$73,120 requested for ROPS 15-16B, total obligation in the amount of \$1,243,044, is partially allowed. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency provided an explanation of the project and legal costs and the duties performed for this item. However, an explanation is not adequate to support the total amount requested.

To the extent the Agency can provide suitable documentation, such as duty statements, time reports, contracts, and vendor invoices, to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$70,000 for this item, and the excess \$3,120 (\$73,120 - \$70,000) is not eligible for RPTTF funding on this ROPS.

- Item No. 30 – Southwest Fresno GNRA and Fruit/Church 2001 Merger Tax Allocation Bonds and Fees, debt service payment in the amount of \$63,791, is partially allowed. According to the payment schedule, \$56,306 is due February 1, 2016 for debt service. However, the Agency was unable to support the total amount claimed.

To the extent the Agency can provide suitable documentation, such as trustee bond or vendor invoices, to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$56,306 for this item, and the excess \$7,485 (\$63,791 - \$56,306) is not eligible for RPTTF funding on this ROPS.

- Item No. 33 – Property Maintenance in the amount of \$100,365 requested for ROPS 15-16B, total obligation in the amount of \$301,095, is partially allowed. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency provided an explanation of the project and legal costs and the duties performed for this item. However, an explanation is not adequate to support the total amount requested.

To the extent the Agency can provide suitable documentation, such as duty statements, time reports, contracts, and vendor invoices, to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$76,750 for this item, and the excess \$23,615 (\$100,365 - \$76,750) is not eligible for RPTTF funding on this ROPS.

- Item No. 34 – Property Sale/Disposition of Agency Properties in the amount of \$115,112 requested for ROPS 15-16B, total obligation in the amount of \$345,335, is partially allowed. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency provided an explanation of the project and legal costs and the duties performed for this item. However, an explanation is not adequate to support the total amount requested.

To the extent the Agency can provide suitable documentation, such as duty statements, time reports, contracts, and vendor invoices, to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$15,438 for this item, and the excess \$99,674 (\$115,112-\$15,438) is not eligible for RPTTF funding on this ROPS.

- Item No. 41 – Audit costs in the amount of \$50,000 are partially allowed. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency previously requested, and Finance approved, \$50,000 in ROPS 15-16A. According to the Certified Public Accountants engagement letter, total audit costs are estimated at \$33,000, and work will begin January 2016.

To the extent the Agency can provide suitable documentation to support the requested funding, the Agency may be able to obtain full funding on a subsequent ROPS. Therefore, Finance approves \$33,000 for this item, and the excess \$17,000 (\$50,000 - \$33,000) is not eligible for RPTTF funding on this ROPS.

- The Agency's claimed administrative costs exceed the allowance by \$6,985. HSC section 34171 (b) (2) limits the fiscal year 2015-16 administrative expenses to three percent of the RPTTF allocated or \$250,000, whichever is greater. The Fresno County Auditor-Controller distributed \$250,000 for the July through December 2015 period, thus leaving a balance of \$52,873 available for the January through June 2016 period. Although \$59,858 is claimed for administrative cost, only \$52,873 is available pursuant to the cap. Therefore, \$6,985 of excess administrative cost is not allowed.

Pursuant to HSC section 34177 (m) (1), the Agency is required to complete the ROPS in a manner provided by Finance. Failure to properly complete the ROPS in a manner provided by Finance may cause the ROPS to be rejected in its entirety and returned to the Oversight Board for reconsideration. Finance notes the Agency has included more than one contract and more than one payee for the items listed above. On future ROPS list each contract as a separate obligation with its own item number and list them in sequential order.

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.

In addition, Finance noted the Agency's expenditures exceeded Finance authorization for the following items on the ROPS 14-15B prior period adjustment worksheet:

- Item No. 37, \$31,520 and Item No. 38, \$243,313, Other Funds totaling \$274,833.

Per HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds specified on the ROPS up to the amount authorized by Finance. HSC sections 34177 (a) (4) and 34173 (h) (1) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your oversight board and Finance prior to making payments on enforceable obligations.

Except for the items denied in whole or in part, 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 \$346,276 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	3,280,457
Total RPTTF requested for administrative obligations	59,858
Total RPTTF requested for obligations on ROPS 15-16B	\$ 3,340,315
Total RPTTF requested for non-administrative obligations	3,280,457
Denied Items	
Item No. 5	(452)
Item No. 9	(42,922)
Item No. 10	(26,564)
Item No. 11	(452)
Item No. 22	(6,368)
Item No. 24	(4,486)
Item No. 25	(743)
Item No. 27	(3,120)
Item No. 30	(7,485)
Item No. 33	(23,615)
Item No. 34	(99,674)
Item No. 41	(17,000)
	(232,881)
Total RPTTF authorized for non-administrative obligations	\$ 3,047,576
Total RPTTF requested for administrative obligations	59,858
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(6,985)
Total RPTTF authorized for administrative obligations	\$ 52,873
Total RPTTF authorized for obligations	\$ 3,100,449
ROPS 14-15B prior period adjustment	(2,754,173)
Total RPTTF approved for distribution	\$ 346,276

Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	7,048,175
Total RPTTF for 15-16B (January through June 2016)	3,047,576
Total RPTTF for fiscal year 2015-2016	10,095,751
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	302,873
Administrative allowance for ROPS 15-16A (July through December 2015)	(250,000)
Remaining administrative cost cap for ROPS 15-16B	52,873
ROPS 15-16B administrative obligations after Finance adjustments	(59,858)
Administrative costs in excess of the cap	\$ (6,985)

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 Nichelle Thomas, Supervisor, or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Debra Barletta, Director of Finance, City of Fresno
Mr. George Gomez, Accounting Financial Manager, Fresno County