

December 17, 2015

Mr. Christopher J. Jicha, Senior Consultant, Kosmont Companies  
City of Los Banos Designated Local Authority  
865 South Figueroa Street, 35th Floor  
Los Angeles, CA 90017

Dear Mr. Jicha:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 17, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Los Banos Designated Local Authority Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on October 05, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 17, 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 December 03, 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. 7, 8, and 50 – L&L District Reimbursement, and Bond Disclosure fees totaling \$6,903 are now allowed. Originally, Finance denied these items as no documentation was provided to support the amounts requested. During the Meet and Confer process, the Agency provided suitable documentation to support the amounts requested. Therefore, the Agency is eligible to receive Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.
- Item No. 13 – SERAF loan repayment in the amount of \$145,738 is now allowed. HSC section 34191.4 (b) (3) (A) 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.

Originally, Finance denied the repayment for the upcoming period because the County Auditor-Controller's (CAC) report indicated the residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2014-15 were \$4,262,246 and \$726,451, respectively. As such, pursuant to the repayment formula, the maximum repayment amount authorized for fiscal year 2015-16 would have been \$0. However, during the Meet and Confer the Agency indicated that the CAC's report was incorrect and that the Agency

was eligible for a repayment amount in the upcoming period. We note that on December 10, 2015 the CAC provided revised figures for the residual pass-through amounts distributed to the taxing entities for fiscal year 2012-13. On the basis of the updated information from the CAC, Finance agrees that the Agency is now eligible for a repayment in the upcoming period. As such, the requested \$147,254 of loan repayments is approved for funding on this ROPS.

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 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,290,817 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	1,193,049
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations on ROPS 15-16B</b>	<b>\$ 1,318,049</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>1,193,049</b>
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 1,193,049</b>
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 1,318,049</b>
ROPS 14-15B prior period adjustment	(27,232)
<b>Total RPTTF approved for distribution</b>	<b>\$ 1,290,817</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: Mr. Michael Amabile, Chair, City of Los Banos Designated Local Authority  
Ms. Sylvia Sanchez, Supervising Accountant, Merced County