



November 9, 2015

Mr. Marshall Eyerman, Financial Resources Division Manager
City of Moreno Valley
14177 Frederick Street
Moreno Valley, CA 92552

Dear Mr. Eyerman:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Moreno Valley 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 September 30, 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 7– On-going Housing Monitoring Requirements in the amount of \$25,000 is not an enforceable obligation. HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a redevelopment agency (RDA), all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the City of Moreno Valley assumed the housing functions, the administrative and project costs associated with these functions are the responsibility of the housing successor. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.
- Item No. 19 – Robertson’s Ready Mix Owner Participation Agreement in the amount of \$300,000 is partially allowed. Although total RPTTF requested is \$300,000, only \$253,384 is due based on the updated repayment schedule provided by the Agency. Therefore, the excess \$46,616 is not eligible for RPTTF funding.
- Item No 86– Housing Entity administrative costs in the amount of \$150,000 is not an enforceable obligation. Finance continues to deny this item. Pursuant to HSC section 34171 (p), the housing successor administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency (RDA) elected to not assume the housing functions and that the housing functions were transferred to a local housing authority in the territorial jurisdiction of the RDA. Because the housing successor to the RDA of the City is City-formed Housing Authority (Authority) and the Authority operates under the control of the City, the Authority is considered the City under Dissolution Law pursuant to HSC section 34167.10. Therefore, this item is not eligible for RPTTF funding.

- Item No. 87 – Price Club Acquisition Note in the amount of \$250,000 is partially allowed. Although total RPTTF requested is \$250,000, only \$172,850 is due based on the Price Club Charitable Fund Invoice provided by the Agency. Therefore, the excess \$77,150 is not an enforceable obligation and not eligible for RPTTF funding.

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/

The Agency’s maximum approved RPTTF distribution for the reporting period is \$3,135,403 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	3,312,620
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 3,437,620
Total RPTTF requested for non-administrative obligations	3,312,620
<u>Denied Items</u>	
Item No. 7	(25,000)
Item No. 19	(46,616)
Item No. 86	(150,000)
Item No. 87	(77,150)
	(298,766)
Total RPTTF authorized for non-administrative obligations	\$ 3,013,854
Total RPTTF requested for administrative obligations	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 3,138,854
ROPS 14-15B prior period adjustment	(3,451)
Total RPTTF approved for distribution	\$ 3,135,403

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 Cindie Lor, Supervisor, or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Richard Teichert, Chief Financial Officer/City Treasurer, City of Moreno Valley
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County