



November 13, 2015

Mr. John Andrews, Economic Development Director
City of Ontario
303 East B Street
Ontario, CA 91764

Dear Mr. Andrews:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Ontario 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 1, 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. 78 – Fees for 2007 Lease Revenue Bonds for the Soccer Complex in the amount of \$3,602 for ROPS 15-16B and the total outstanding amount of \$4,000 is not allowed. Because the 2007 Lease Revenue Bonds are not an enforceable obligation, the associated bond fees are also not enforceable obligations. Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Claimed administrative costs exceed the allowance by \$46,905. HSC section 34171 (b) limits fiscal year 2015-16 administrative expenses to three percent of the property tax allocated to the Agency or \$250,000, whichever is greater. The San Bernardino Auditor-Controller's Office distributed \$287,861 in administrative costs for the July through December 2015 period, leaving a balance of \$203,203 available for the January through June 2016 period. Although \$250,000 is claimed for administrative costs, only \$203,203 is available pursuant to the cap. Therefore, \$46,905 in excess administrative cost is not allowed.

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 below only reflects the Agency's self-reported prior period adjustment.

Additionally, based on the review of the prior period adjustment, the Agency's expenditures exceeded Finance's authorization on the ROPS 14-15B prior period adjustment worksheet. 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 \$5,377,994 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	6,773,434
Total RPTTF requested for administrative obligations	250,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 7,023,434
Total RPTTF requested for non-administrative obligations	6,773,434
Denied Item	
Item No. 78	(3,602)
Total RPTTF authorized for non-administrative obligations	\$ 6,769,832
Total RPTTF requested for administrative obligations	250,000
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(46,905)
Total RPTTF authorized for administrative obligations	\$ 203,095
Total RPTTF authorized for obligations	\$ 6,972,927
ROPS 14-15B prior period adjustment	(1,594,933)
Total RPTTF approved for distribution	\$ 5,377,994

Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	9,595,358
Total RPTTF for 15-16B (January through June 2016)	6,769,832
Total RPTTF for fiscal year 2015-2016	16,365,190
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	490,956
Administrative allowance for ROPS 15-16A (July through December 2015)	(287,861)
Remaining administrative cost cap for ROPS 15-16B	203,095
ROPS 15-16B administrative obligations after Finance adjustments	(250,000)
Administrative costs in excess of the cap	\$ (46,905)

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 Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Charity Hernandez, Redevelopment Manager, City of Ontario
Ms. Linda Santillano, Property Tax Manager, San Bernardino County