



November 6, 2015

Mr. Steve Hallam, Economic Development/Redevelopment Manager
City of Stanislaus Ceres
2720 2nd Street
Ceres, CA 95307-3292

Dear Mr. Hallam:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Stanislaus Ceres 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 29, 2015. Finance has completed its review of the ROPS 15-16B.

Based on our review, Finance is approving all of the items listed on the ROPS 15-16B at this time.

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (2). However, Finance notes the oversight board has approved an amount that appears excessive given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to use adequate discretion when evaluating the administrative resources required to successfully wind-down the Agency.

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. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved in the table on the next page reflects Finance's adjustment to the Agency's self-reported prior period adjustment. Finance made the following adjustment:

Finance increased the Agency's self-reported Available Non-Administrative RPTTF by \$109,445 and decreased self-reported Available Administrative RPTTF by the same amount. In accordance with HSC section 34183 (a) (2), the Agency must pay enforceable obligations prior to paying administrative obligations. Finance's adjustment results in a \$109,445 increase to the Agency's ROPS 14-15B self-reported prior period adjustment, from \$0 to \$109,445.

Except for the adjustment to the ROPS 14-15B prior period adjustment or the item reclassified, 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 \$150,360 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	134,805
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 259,805
Total RPTTF authorized for non-administrative obligations	134,805
Total RPTTF authorized for administrative obligations	125,000
Total RPTTF authorized for obligations	\$ 259,805
Self-reported ROPS 14-15B prior period adjustment (PPA)	0
Finance adjustment to ROPS 14-15B PPA	109,445
Total ROPS 14-15B PPA	(109,445)
Total RPTTF approved for distribution	\$ 150,360

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

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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 Wendy Griffe, Supervisor, or Jared Smith, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Sheila Cumberland, Finance Director/Deputy City Manager, City of Stanislaus Ceres
Ms. Lauren Klein, Auditor-Controller, Stanislaus County