



March 31, 2016

Mr. David Spilman, Special Consultant to Successor Agency
City of Clearlake
14050 Olympic Drive
Clearlake, CA 95422

Dear Mr. Spilman:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Clearlake Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 28, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determination:

Item No. 31 – Bond Reserve from Redevelopment Property Tax Trust Fund (RPTTF) in the amount of \$369,000 is approved. However, Finance notes the approved RPTTF must be used for debt service obligations. The Agency must use \$95,000 for ROPS 16-17 and \$274,000 for ROPS 17-18 for debt service.

Pursuant to HSC section 34183 (a) (2) (A), debt service obligations have first priority for payment from distributed RPTTF funding. As such, the \$369,000 of RPTTF authorized to be held in reserve, along with the amounts required for the current ROPS period, should be transferred upon receipt to the bond trustee(s). RPTTF funding approved for debt service obligations is restricted for that purpose and is not authorized to be used for other ROPS items. Any requests to fund the \$369,000 again from RPTTF will not be approved unless insufficient RPTTF was received to satisfy the approved debt service.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,307,544 as summarized in the Approved RPTTF Distribution Table on Page 3 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported

cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

In addition, on the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form, pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain unexpended ROPS 15-16A and ROPS 15-16B RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

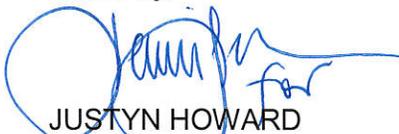
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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 Wendy Griffe, Supervisor, or Jonathan Cox, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Chris Becnel, Finance Director, City of Clearlake
Ms. Cathy Saderlund, Auditor-Controller, Lake County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 648,396	\$ 537,148	\$ 1,185,544
Requested Administrative RPTTF	61,000	61,000	122,000
Total RPTTF requested for obligations on ROPS 16-17	709,396	598,148	\$ 1,307,544
Total RPTTF authorized	648,396	537,148	\$ 1,185,544
Total Administrative RPTTF authorized	61,000	61,000	\$ 122,000
Total RPTTF approved for distribution	709,396	598,148	\$ 1,307,544