



April 11, 2016

Mr. Bill Zigler, Interim City Manager  
City of Lindsay  
P.O. Box 369  
Lindsay, CA 93247

Dear Mr. Zigler:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Lindsay 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 27, 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 determinations:

- Item No. 11 – CalHFA Loan No. HELP-080803-06 (Loan) in the amount of \$1,389,000 is partially allowed. The Agency has incorrectly listed the amount of \$1,389,000 as the total outstanding obligation. In September 2015, CalHFA restructured the Loan to allow for the Agency to pay zero percent interest on the outstanding principal amount of \$1,250,000 and accrued interest of \$139,444, totaling \$1,389,444. However, based on review of CalHFA's Loan repayment spreadsheet provided by the Agency, accrued interest was only \$102,309, not \$139,444. Therefore, the total principal and interest calculated at zero percent interest should have been \$1,352,309 and has been reflected as such for the total outstanding obligation reported for the beginning of the January 2015 through June 2015 Recognized Obligation Payment Schedule (ROPS 15-16B).

Furthermore, the Agency has not reduced the total outstanding obligation amount to reflect a payment made toward the Loan on September 15, 2015 in the amount of \$50,000 during the ROPS 15-16A period. In addition, the Agency requested and was approved for Redevelopment Property Tax Trust Fund (RPTTF) on ROPS 15-16B to repay this Loan in full. Although the RPTTF distributed from the Tulare County Auditor-Controller was not sufficient to pay all enforceable obligations listed on ROPS 15-16B, the Agency did have \$50,000 to make the minimum payment due on January 15, 2016 plus an additional \$166,782 to apply toward this Loan after funding its other non-administrative enforceable obligations. Since the Agency has not accounted for these past payments in the reported ROPS 16-17 outstanding balance, Finance is reducing the outstanding balance to \$1,085,527 (\$1,352,309 – \$50,000 – \$50,000 – \$166,782).

Therefore, of the \$1,389,000 requested, \$303,473 (\$1,389,000 – \$1,085,527) is not eligible for RPTTF funding.

- Item No. 12 – CalHFA Loan No. RDLP-090806-03 in the amount of \$4,243,000 is partially allowed. Pursuant to the Second Amendment to Loan Agreement with CalHFA, the Agency is required to make payments in the amount of \$25,000 on each January 15 and July 15 for an annual total of \$50,000. The Agency has requested \$12,356 from Other Funds and \$37,644 from RPTTF in both the July through December 2016 period (ROPS A period) and the January through June 2017 period (ROPS B period), which exceeds the allowable amount by \$50,000 for the fiscal year. Therefore, the excess amounts of \$25,000 requested from RPTTF in the ROPS A period and the ROPS B period, totaling \$50,000, are not allowed.

Furthermore, the amount of the total outstanding balance of \$4,243,000 is overstated. Based on the repayment spreadsheet maintained by CalHFA and accounting records provided by the Agency, a payment of \$25,000 was made on January 13, 2016. The total outstanding balance should be reduced by \$25,000 to reflect this payment. Although the ROPS states an outstanding balance of \$4,243,000, the amended Loan agreement and repayment spreadsheet confirm the balance as of ROPS 15-16B should have been \$4,243,695. Therefore the outstanding balance reported for ROPS 16-17 should be \$4,218,695 (\$4,243,695 – \$25,000).

Except for the items denied in part, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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/)

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.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,094,521 as summarized in the Approved RPTTF Distribution Table on Page 4 (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 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 future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

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

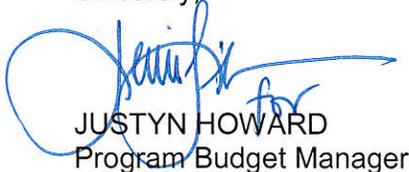
<http://www.dof.ca.gov/redevelopment/ROPS>

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 Cindie Lor, Supervisor, or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Maria Knutson, Administrative Supervisor, City of Lindsay  
Ms. Rita A. Woodard, Auditor-Controller, Tulare County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<u>ROPS A Period</u>	<u>ROPS B Period</u>	<u>Total</u>
Requested RPTTF (excluding administrative obligations)	\$ 1,379,472	\$ 1,058,522	\$ 2,437,994
Requested Administrative RPTTF	5,000	5,000	10,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>1,384,472</b>	<b>1,063,522</b>	<b>\$ 2,447,994</b>
<b>Total RPTTF requested</b>	<b>1,379,472</b>	<b>1,058,522</b>	<b>2,437,994</b>
<u>Denied Items</u>			
Item No. 11	0	(303,473)	(303,473)
Item No. 12	(25,000)	(25,000)	(50,000)
<b>Total RPTTF authorized</b>	<b>1,354,472</b>	<b>730,049</b>	<b>\$ 2,084,521</b>
<b>Total Administrative RPTTF authorized</b>	<b>5,000</b>	<b>5,000</b>	<b>\$ 10,000</b>
<b>Total RPTTF approved for distribution</b>	<b>1,359,472</b>	<b>735,049</b>	<b>\$ 2,094,521</b>