



March 31, 2016

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

Dear Mr. Hallam:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Stanislaus Ceres 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 26, 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. 1 – 2000 Tax Allocation Bonds is approved in the total amount of \$142,260. The Agency originally requested to expend \$74,530 from the Redevelopment Property Tax Trust Fund (RPTTF) for the July 1, 2016 through December 31, 2016 (ROPS A period). Since the Agency requires \$109,060 for this obligation, Finance is increasing the Reserve funding request from zero to \$34,530. The increase of \$34,530 in Reserve funds for ROPS 16-17 is funds the Agency should have on hand, as the funds were distributed to the Agency during the ROPS 15-16B period.

Pursuant to HSC section 34183 (a) (2) (A), debt service obligations have first priority for payment from distributed RPTTF funding. As such, the \$33,200 of RPTTF authorized for the January 1, 2017 through June 30, 2017 (ROPS B period) must 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 \$33,200 again from RPTTF will not be approved unless insufficient RPTTF was received to satisfy the approved debt service. As a result, Finance is approving \$34,530 in Reserve funding, \$74,530 in RPTTF funding during the ROPS A period, and \$33,200 in RPTTF funding during the ROPS B period, totaling \$142,260.

- Item No. 13 – The RPTTF shortfall for unfunded obligation during ROPS 15-16B period in the amount of \$109,445 is not allowed. The Stanislaus County Auditor-Controller reports the Agency received a RPTTF distribution equal to the amount Finance approved on ROPS 15-16B. Consequently, there is no cash shortfall in the Agency

Redevelopment Obligation Retirement Fund (RORF). The RORF shortfall request is not supported and does not qualify as an enforceable obligation.

Except for the items denied in whole or adjusted, 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 \$398,156 as summarized in the Approved RPTTF Distribution Table on Page 3 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the ROPS B period based on Finance's approved amounts. As 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 ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF for 15-16A and ROPS 15-16B.

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

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

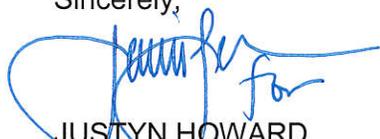
Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for 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 review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

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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 Jared Smith, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Suzanne Dean, Finance Director, City of Stanislaus Ceres  
Ms. Lauren Klein, Auditor-Controller, Stanislaus County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 303,975	\$ 35,840	\$ 339,815
Requested Administrative RPTTF	83,893	83,893	167,786
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>387,868</b>	<b>119,733</b>	<b>\$ 507,601</b>
Total RPTTF requested	303,975	35,840	339,815
<u>Denied Item</u>			
Item No. 13	(109,445)	0	(109,445)
<b>Total RPTTF authorized</b>	<b>194,530</b>	<b>35,840</b>	<b>\$ 230,370</b>
Total Administrative RPTTF requested	83,893	83,893	167,786
<b>Total Administrative RPTTF authorized</b>	<b>83,893</b>	<b>83,893</b>	<b>\$ 167,786</b>
<b>Total RPTTF approved for distribution</b>	<b>278,423</b>	<b>119,733</b>	<b>\$ 398,156</b>