



April 12, 2016

Ms. Marie Lorenzi, Senior Accountant  
City of Turlock  
156 South Broadway, Suite 110  
Turlock, CA 95380

Dear Ms. Lorenzi:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Turlock 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 February 1, 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 Nos. 40, 51, and 52 - Enforceable obligations in the amount of \$7,842,126 are partially approved in the amount of \$3,981,063. The Agency is concerned Redevelopment Property Tax Trust Fund (RPTTF) will be insufficient so they requested the required annual funding for these obligations in both the ROPS A and B periods.

Although the annual ROPS template includes A and B periods for RPTTF distribution purposes, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B distributions. Therefore, the amount requested in excess of \$3,921,063 (\$7,842,126 - \$3,921,063) is not eligible for RPTTF.

- Item Nos. 47 through 49 – Tax Allocation Bond Reserves for debt service totaling \$1,025,000. The Agency requested RPTTF funding for debt service payments due for the 12-month period. Based upon our review, the bond indenture does require all tax revenues to be deposited until the full year's bond debt service is covered. Therefore, debt service payments requested in the amount of \$1,025,000 is approved.

Pursuant to HSC section 34183 (a) (2) (A), debt service payments have first priority for payment from distributed RPTTF funding. As such, the additional \$1,025,000 requested to be held in reserve along with the amounts required for the current ROPS period must be transferred upon receipt to the bond trustee(s). The amounts approved for debt service payments on this ROPS are restricted for that purpose and are not authorized for other ROPS items. Future requests to fund these debt service items again will be denied unless insufficient RPTTF was received to satisfy the approved annual debt service payments.

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 \$7,681,378 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.

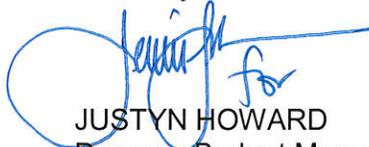
The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a

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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,

A handwritten signature in blue ink, appearing to read 'Justyn Howard', with a large circular flourish on the left side and a horizontal line extending to the right.

JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Kellie Weaver, City Clerk, City of Turlock  
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)	\$ 5,230,553	\$ 6,121,888	\$ 11,352,441
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>5,355,553</b>	<b>6,246,888</b>	<b>\$ 11,602,441</b>
Total RPTTF requested	5,230,553	6,121,888	11,352,441
<u>Denied Items</u>			
Item No. 40	0	(3,100,000)	(3,100,000)
Item No. 51	0	(400,000)	(400,000)
Item No. 52	0	(421,063)	(421,063)
	0	(3,921,063)	(3,921,063)
<b>Total RPTTF authorized</b>	<b>5,230,553</b>	<b>2,200,825</b>	<b>\$ 7,431,378</b>
<b>Total Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>5,355,553</b>	<b>2,325,825</b>	<b>\$ 7,681,378</b>