

May 17, 2016

Ms. Tina Sumner, Community & Economic Development Director  
City of Clovis  
1033 Fifth Street  
Clovis, CA 93612

Dear Ms. Sumner:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Clovis Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 26, 2016. Finance issued a ROPS determination letter on April 15, 2016. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 27, 2016.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 3 – 2008 Tax Allocation Bonds Processing Fee in the amount of \$10,000. Finance continues to deny this item. It is our understanding this line item relates to City of Clovis (City) staff time in relation to the administration of bond debt service processing. However, routine debt service processing is considered a general administrative task, covered by the Agency's Administrative Cost Allowance (ACA) pursuant to HSC section 34171 (b). Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 10 – Silver Ridge Section 108 Loan (108 Loan) in the total outstanding amount of \$15,708. Finance no longer denies this item. The Agency provided an Agreement among the County of Fresno (County), the City, and the Agency (Agreement), a Memorandum from the City to Clovis Seniors Unlimited, and a fiscal year summary of funding for the Section 108 HUD Loan, to support the requested funding. Therefore, this item is eligible for \$15,708 in RPTTF funding, and this Item will be retired after this period.

In addition, per Finance's letter dated April 15, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- The Agency's claimed administrative costs exceed the allowance by \$10,000. HSC section 34171 (b) (3) limits the fiscal year 2016-17 ACA to three percent of actual

distributed RPTTF in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the distributed RPTTF in the preceding fiscal year. As a result, the Agency's maximum ACA is \$250,000 for the fiscal year 2016-17. Although \$250,000 is claimed for administrative costs, Item No. 3, 2008 Tax Allocation Bonds Processing Fee, in the amount of \$10,000, is considered an administrative task and should be counted toward the cap. Therefore, \$10,000 of excess ACA is not allowed.

Except for the items denied in whole or in part or the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 16-17

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 \$1,658,777 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>

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.

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 Evelyn Suess, Dispute Resolution Supervisor, or Daisy Rose, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Andrew Haussler, Housing Program Manager, City of Clovis  
Mr. George Gomez, Accounting Financial Manager, Fresno County

**Attachment**

	<u>ROPS A Period</u>	<u>ROPS B Period</u>	<u>Total</u>
Requested RPTTF (excluding administrative obligations)	\$ 1,082,493	\$ 336,284	\$ 1,418,777
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>1,207,493</b>	<b>461,284</b>	<b>\$ 1,668,777</b>
<b>Total RPTTF Requested</b>	<b>1,082,493</b>	<b>336,284</b>	<b>1,418,777</b>
<u>Reclassified Item</u>			
Item No. 3	(5,000)	(5,000)	(10,000)
<b>Total RPTTF authorized</b>	<b>1,077,493</b>	<b>331,284</b>	<b>\$ 1,408,777</b>
<b>Total Administrative RPTTF requested</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
<u>Reclassified Item</u>			
Item No. 3	5,000	5,000	10,000
Total Administrative RPTTF after Finance adjustments	130,000	130,000	260,000
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	0	(10,000)	(10,000)
<b>Total Administrative RPTTF authorized</b>	<b>130,000</b>	<b>120,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>1,207,493</b>	<b>451,284</b>	<b>\$ 1,658,777</b>

<b>Administrative Cost Allowance Cap Calculation</b>	
Actual RPTTF distributed for fiscal year 2015-16	\$ 1,314,835
Less sponsoring entity loan and Administrative RPTTF	250,000
Actual RPTTF distributed for 2015-16 after adjustment	1,064,835
Administrative Cap for 2016-17 per HSC section 34171 (b)	250,000
ROPS 16-17 Administrative RPTTF after Finance adjustments	260,000
<b>Administrative Cost Allowance in excess of the cap</b>	<b>\$ (10,000)</b>