



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. ■ GOVERNOR

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May 17, 2017

Ms. Darlene Thompson, Finance Director/Treasurer
City of Tulare
411 East Kern Avenue
Tulare, CA 93274

Dear Ms. Thompson:

Subject: 2017-18 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 6, 2017. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Tulare Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18) to Finance on January 27, 2017. Subsequently, the Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 20, 2017.

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

Item No. 12 – City of Tulare Loan repayment in the amount of \$950,290. Finance continues to deny this item. Finance initially denied this item because the request was greater than the maximum allowed. HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the Tulare County Auditor-Controller's (CAC) report, the ROPS residual pass-through amounts distributed to the taxing entities for fiscal years 2012-13 and 2016-17 are \$2,502,897 and \$2,068,735, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 17-18 period is zero. Therefore, the requested \$950,290 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

The Agency contacted our office in regards to the RPTTF distribution reports prepared by the Tulare CAC as required by HSC section 34183 (e). The Agency believes the residual RPTTF pass-through payments sent to the affected taxing entities (ATEs) were not reported accurately for the ROPS I and II periods. Specifically, the Agency, in consultation with the CAC, believes the fiscal year 2012-13 residual RPTTF pass-through amount should be \$1,524,880. Per Finance's email to the CAC dated September 22, 2016, if the CAC believes a change is necessary to accurately reflect the

RPTTF that flowed to the affected taxing entities, Finance will accept the updated reports for use in calculating the City/Agency loan repayments.

In addition, per Finance's letter dated April 6, 2017, we continue to make the following determination not contested by the Agency during the Meet and Confer:

On the ROPS 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), the Agency is required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF.

Therefore, the funding source for the following items has been reclassified from RPTTF to Other Funds in the amount specified below:

Item No.	Project Name/ Debt Obligation	RPTTF Requested	Amount Reclassified to Other Funds
4	Owner Participation Agreement	\$260,000	\$260,000
6	US Bank Fees	5,000	5,000
19	Long-Range Property Management Plan Dispositions Costs	40,000	40,000
Total		\$305,000	\$305,000

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 17-18.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,467,693 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2017 through December 31, 2017 period (ROPS A period) and one distribution for the January 1, 2018 through June 30, 2018 period (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 17-18 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 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Finance reviews the Agency's self-reported cash balances on an ongoing basis. The Agency should be prepared to submit financial records and bridging documents to support the cash balances reported upon request.

The Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through June 30, 2016 period (ROPS 15-16). The Agency will report actual payments for ROPS 15-16 on

ROPS 18-19, pursuant to HSC section 34186 (a) (1). A prior period adjustment may be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended ROPS 15-16 RPTTF.

This is Finance's final determination regarding the obligations listed on the ROPS 17-18. This determination only applies to items when funding was requested for the 12-month period.

The ROPS 17-18 form submitted by the Agency and Finance's determination letter will be posted on Finance's website:

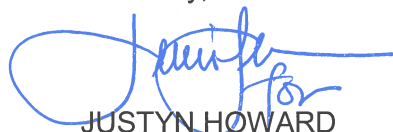
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

Finance's determination is effective for the ROPS 17-18 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 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 law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Wendy Griffe, Supervisor, or Sergey Fomin, Lead Analyst, at (916) 322-2985.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Roxanne Yoder, Chief Deputy City Clerk, City of Tulare
Ms. Rita A. Woodard, Auditor-Controller, Tulare County

Attachment

Approved RPTTF Distribution For the period of July 2017 through June 2018			
	ROPS A Period	ROPS B Period	ROPS 17-18 Total
RPTTF Requested	\$ 1,495,147	\$ 1,978,934	\$ 3,474,081
Administrative RPTTF Requested	123,902	125,000	248,902
Total RPTTF Requested	1,619,049	2,103,934	3,722,983
RPTTF Requested	1,495,147	1,978,934	3,474,081
<u>Adjustments</u>			
Item No. 4	0	(260,000)	(260,000)
Item No. 6	(5,000)	0	(5,000)
Item No. 12	0	(950,290)	(950,290)
Item No. 19	(20,000)	(20,000)	(40,000)
	(25,000)	(1,230,290)	(1,255,290)
RPTTF Authorized	1,470,147	748,644	2,218,791
Administrative RPTTF Authorized	123,902	125,000	248,902
Total RPTTF Approved for Distribution	\$ 1,594,049	\$ 873,644	\$ 2,467,693