

April 11, 2018

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

Dear Ms. Thompson:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Tulare Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19) to the California Department of Finance (Finance) on January 25, 2018. Finance has completed its review of the ROPS 18-19.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 12 – City of Tulare Loan repayment in the amount of \$374,098 is not 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 year 2012-13 and 2017-18 are \$2,502,897 and \$2,273,076, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 18-19 period is zero. Therefore, the \$374,098 requested is ineligible for Redevelopment Property Tax Trust Fund (RPTTF) funding. The Agency may be eligible for additional funding on subsequent ROPS.

- On the ROPS 18-19 form, the Agency reported cash balances and activity for the period July 1, 2015 through June 30, 2016 (ROPS 15-16). According to our review, the Agency has approximately \$113,027 in RPTTF unexpended from the ROPS 15-16 period available to fund enforceable obligations on the ROPS 18-19. The unexpended RPTTF funds are considered Reserve Balances. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified in the amount specified below:
  - Item No. 4 – Owner Participation Agreement in the amount of \$280,000 is partially reclassified. This item does not require payment from property tax revenues. Therefore, Finance is approving RPTTF in the amount of \$166,973 and the use of \$113,027 in Reserve Balances, totaling \$280,000.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 18-19. If the Agency disagrees with our determination with respect to any items on the ROPS 18-19, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,731,208 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2018 through December 31, 2018 period (ROPS A period) and one distribution for the January 1, 2019 through June 30, 2019 period (ROPS B period) based on Finance's approved amounts. Since this determination is for the entire ROPS 18-19 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Pursuant to HSC section 34186 (c), beginning October 1, 2018, the Agency will be required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2016 through June 30, 2017 period (ROPS 16-17) to the CAC for review. The Agency will report actual payments for ROPS 16-17 on ROPS 19-20. A prior period adjustment may be applied to the Agency's ROPS 19-20 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF from the ROPS 16-17 period.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 18-19. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 18-19 form submitted by the Agency and this determination letter will be posted on our website:

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

This determination is effective for the ROPS 18-19 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 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.

Ms. Darlene Thompson  
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Please direct inquiries to Cindie Lor, Supervisor, or Sarah Krtil, Lead Analyst, at  
(916) 322-2985.

Sincerely,

A handwritten signature in blue ink, appearing to read "Erika Li", with a large circular flourish on the left side.

ERIKA LI  
Program Budget Manager

cc: Ms. Roxanne Yoder, Chief Deputy City Clerk, City of Tulare  
Mr. Cass Cook, Auditor-Controller, Tulare County

**Attachment**

<b>Approved RPTTF Distribution</b> <b>For the period of July 2018 through June 2019</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>ROPS 18-19 Total</b>
RPTTF Requested	\$ 1,463,963	\$ 2,504,370	\$ 3,968,333
Administrative RPTTF Requested	250,000	0	250,000
<b>Total RPTTF Requested</b>	<b>1,713,963</b>	<b>2,504,370</b>	<b>4,218,333</b>
<b>RPTTF Requested</b>	<b>1,463,963</b>	<b>2,504,370</b>	<b>3,968,333</b>
<u>Adjustments</u>			
Item No. 4	0	(113,027)	(113,027)
Item No. 12	0	(374,098)	(374,098)
	0	(487,125)	(487,125)
<b>RPTTF Authorized</b>	<b>1,463,963</b>	<b>2,017,245</b>	<b>3,481,208</b>
<b>Administrative RPTTF Authorized</b>	<b>250,000</b>	<b>0</b>	<b>250,000</b>
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 1,713,963</b>	<b>\$ 2,017,245</b>	<b>\$ 3,731,208</b>