



**DEPARTMENT OF  
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

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May 17, 2013

Mr. Roger Hunt, Assistant RMA Director-Admin  
5961 South Mooney Boulevard  
Visalia, CA 93277

Dear Mr. Hunt:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 5, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the County of Tulare Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to Finance on February 20, 2013, for the period of July through December 2013. Finance issued a ROPS determination letter on April 5, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on May 8, 2013.

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 items being disputed.

- Item No. 22 – Goshen Community Improvement in the amount of \$36,582. Finance continues to deny this item. This item was also denied in Finance's December 18, 2012 ROPS letter for the January through June 2013 (ROPS III) period allowing only water services costs totaling \$7,700. The Agency claims these are irrigation water services charges associated with maintaining the Goshen Ponding Basin/Recreation Park prior to disposition. Finance requested documentation establishing this property is owned by the Agency and support for the estimated amount; however, the Agency did not provide any documentation. Therefore, without sufficient documentation, Finance has determined this is not an enforceable obligation of the Agency.
- Item No. 38 – AUP Due Diligence Review (DDR) Other Funds in the amount of \$2,474,616. The Agency claims this amount is included on the ROPS because payment needs to be made to the County Auditor Controller for unencumbered balances identified in the DDR. However, listing this item on the ROPS is not necessary. This was discussed with the Agency and they concurred with this determination.

In addition, per Finance's ROPS letter dated April 5, 2013, the following items not disputed by the Agency continue to be denied:

- Item No. 7 – Acceleration of Long Term Debt in the amount of \$1,670,719. HSC section 34171 (d) (1) (A) allows for payments as required by debt service and bond reserve

when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year. The annual payments for the 2009 TAB for the 2013-14 fiscal year equals \$124,819 which is being requested in full on the ROPS 13-14A. The bond indenture; however, does not require accelerated payments. Therefore, the Agency is not allowed to use funding on this ROPS to pay-off the outstanding balance of the bond.

- Item Nos. 21 and 30 – Employee Insurance Costs and Legal Advice in the amount of \$66,176. These items are considered general administrative costs and have been reclassified. Although this reclassification increased the administrative costs to \$200,369, the administrative cost allowance has not been exceeded.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$38,717 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 2,354,807
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 7	1,670,719
Item 21*	28,950
Item 22	36,582
Item 30*	37,226
Total approved RPTTF for enforceable obligations	581,330
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	200,369
Minus: ROPS II prior period adjustment	742,982
<b>Total RPTTF approved for distribution:</b>	<b>\$ 38,717</b>

\*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the County Auditor Controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment that was self-reported by the Agency and the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment. Please refer to the worksheet used by the CAC to determine the audited prior period adjustment for the Agency:

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

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010, exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Evelyn Suess, Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Sophia Almanza, Fiscal Manager  
Ms. Rita A. Woodward, Tulare County Auditor-Controller  
California State Controller's Office