



March 28, 2014

Mr. Christopher J. Jicha, Senior Consultant, Kosmont Companies
City of Mendota Designated Local Authority
865 South Figueroa Street, 35th Floor
Los Angeles, CA 90017

Dear Mr. Jicha:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Mendota Designated Local Authority Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 13, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 14-15A at this time. However, please note the following:

Item Nos. 5 and 6 – Designated Local Authority (DLA) Insurance Premiums and Bond Compliance Annual Audit fees totaling \$14,200. These items, however, are obligations of the DLA, and are not considered administrative costs. Therefore, these items have been reclassified to the Redevelopment Property Tax Trust Fund (RPTTF).

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. It is our understanding that the Agency still has \$124,145 available from Reserve Balances.

Therefore, the funding source for the following item has been reclassified to Reserve Balances and in the amount specified below:

- Item No. 7 – 1994 Tax Allocation Bond payment in the amount of \$145,000. The Agency requests \$145,000 from RPTTF; however Finance is reclassifying \$124,145 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15A period. However, the Agency has \$124,145 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of \$20,855 and the use of Reserve Balances in the amount of \$124,145, totaling \$145,000.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the

ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment self-reported by the Agency. 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. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below only includes the prior period adjustment self-reported by the Agency.

Except for the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$1,558,341 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	1,670,386
Total RPTTF requested for administrative obligations	12,100
Total RPTTF requested for obligations	\$ 1,682,486
Total RPTTF requested for non-administrative obligations	1,670,386
<u>Reclassified Items</u>	
Item No. 5	2,100
Item No. 6	10,000
	12,100
Total RPTTF for non-administrative obligations	1,682,486
<u>Cash Balances - Item reclassified to other funding sources</u>	
Item No. 7	(124,145)
	(124,145)
Total RPTTF authorized for non-administrative obligations	\$ 1,558,341
Total RPTTF requested for administrative obligations	12,100
<u>Reclassified Items</u>	
Item No. 5	(2,100)
Item No. 6	(10,000)
	(12,100)
Total RPTTF authorized for administrative obligations	0
Total RPTTF authorized for obligations	\$ 1,558,341
ROPS 13-14A prior period adjustment	0
Total RPTTF approved for distribution	\$ 1,558,341

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

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

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. 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 section 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 HSC section 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 Nichelle Thomas, Supervisor or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Craig Mellon, Chair, Designated Local Authority, City of Mendota Designated Local Authority
Mr. George Gomez, Accounting Financial Manager, Fresno County
California State Controller's Office