



October 5, 2012

Mr. Craig Mellon, Chair
Designated Local Authority acting as
Successor to the Mendota former Redevelopment Agency

Dear Mr. Mellon:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Mendota Designated Local Authority (Authority) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on August 21, 2012 for the periods January through June 2012 and July through December 2012. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

HSC section 34171 (d) lists enforceable obligations characteristics. Based on a sample of items reviewed and application of the law, the following do not qualify as enforceable obligations:

January through June 2012 ROPS

Item No. 3 – Trust Agreement between Mendota Joint Powers Authority (MJPA) and US Bank in the amount of \$339,743. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. The MJPA was created through an agreement between the City of Mendota and the RDA on May 9, 1989. The RDA was created in 1981; therefore, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

July through December 2012 ROPS

Item No. 2 – Trust Agreement between Mendota Joint Powers Authority (MJPA) and US Bank in the amount of \$301,531. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. The MJPA was created through an agreement between the City of Mendota and the RDA on May 9, 1989. The RDA was created in 1981; therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.

Except for items disallowed in whole or in part as enforceable obligations noted above, Finance is approving the remaining items listed in your ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period of January through June 2012 is \$245,632 and July through December 2012 is \$486,881 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2012	
Total RPTTF funding requested for obligations	\$ 225,729
Less: Six-month total for item(s) denied or reclassified as administrative cost Item 3	8,719
Total approved RPTTF for enforceable obligations	\$ 217,010
Plus: Allowable RPTTF distribution for administrative cost for ROPS I	28,622
Total RPTTF approved:	\$ 245,632

Approved RPTTF Distribution Amount For the period of July through December 2012	
Total RPTTF funding requested for obligations	\$ 463,600
Less: Six-month total for item(s) denied or reclassified as administrative cost Item 2	28,719
Total approved RPTTF for enforceable obligations	\$ 434,881
Plus: Allowable RPTTF distribution for administrative cost for ROPS I	52,000
Total RPTTF approved:	\$ 486,881

All items listed on a future ROPS are subject to subsequent review. An item included on a future ROPS may be denied if it was not questioned from the preceding ROPS.

The amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 agency in the RPTTF.

Please direct inquiries to Nichelle Thomas, Supervisor or Wendy Griffe, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Mark Persico, Senior Consultant, Kosmont Companies
Mr. George Gomez, Accounting Financial Manager, Fresno County