



April 14, 2016

Mr. Emilio Ramirez, Development Director
Riverside City
3900 Main Street, 3rd Floor
Riverside, CA 92522

Dear Mr. Ramirez:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Riverside City Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 29, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item No. 4 – 2007 Series C Tax Exempt Tax Allocation Bonds (2007 Bonds) in the amount of \$578,425. It is our understanding the Agency requested the incorrect amount for the 2007 Bonds. Per discussion with Agency staff and review of documentation provided, the \$587,425 requested for the annual period should be \$578,425. As a result, the Redevelopment Property Tax Trust Fund (RPTTF) funding requested of has been decreased by \$9,000 to \$578,425.
- Item Nos. 21, 27, 28, 155, 156, and 195 – Bond funded projects in the amount of \$554,156 in Bond Proceeds. The Agency received a Finding of Completion on April 17, 2013 and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. Our approval is specifically limited to the use of excess pre-2011 bond proceeds pursuant to HSC section 34191.4 (c) (1). Therefore, we have changed the Obligation Type to “Bond Funded Project – Pre-2011”. Such approval, however, should not be construed as approval of the project themselves as enforceable obligations.
- Item No. 65 – Univ-Commercial Improvement Program in the amount of \$50,000. The Agency previously requested this amount during ROPS 15-16A and ROPS 15-16B, but do not anticipate expenditure of the funded amounts in those periods. Under the understanding that the Agency will report the amounts previously funded as unspent and apply the amounts towards a future prior period adjustment, Finance is allowing RPTTF in the amount of \$50,000 for expenditure during the 2016-17 fiscal year.

- Item No. 80 – 1994 Series B Taxable Lease Revenue Bonds-California Tower (1994 Bonds) in the amount of \$430,320. It is our understanding the Agency requested the incorrect amount for the 1994 Bonds. Per discussion with Agency staff and review of documentation provided, the \$430,320 requested for the annual period should be \$432,720. As a result, the total RPTTF funding requested of \$430,320 has been increased by \$2,400 to \$432,720.
- Item Nos. 106, 114, and 115 – Property maintenance costs in the amount of \$70,000. It is our understanding the Agency no longer needs the amounts requested during the ROPS B period. Per discussion with Agency staff and review of documentation provided, the \$70,000 requested for the annual period should be \$35,000. As a result, the RPTTF funding requested of \$5,000, \$25,000, and \$5,000, totaling \$35,000 for Item Nos. 106, 114, and 115, respectively, are not eligible for RPTTF funding.
- The claimed administrative costs exceed the allowance by \$321,551. HSC section 34171 (b) (3) limits the fiscal year 2016-17 Administrative Cost Allowance (ACA) to three percent of actual distributed RPTTF in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the distributed RPTTF in the preceding fiscal year. As a result, the Agency's maximum ACA is \$739,375 for the fiscal year 2016-17. Although \$1,060,926 is claimed for administrative cost, only \$739,375 is available pursuant to the cap. Therefore, \$321,551 of excess administrative cost is not allowed.

Except for the items that have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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/

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. Be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, HSC section 34177 (I) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$36,061,954 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 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 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through

December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

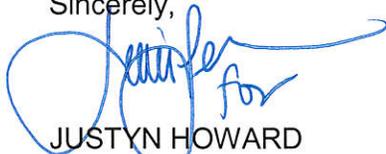
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time 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 it was 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 statutes. 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 Cindie Lor, Supervisor, or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Al Zelinka, Community Development Director, Riverside City
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 17,887,718	\$ 17,476,461	\$ 35,364,179
Requested Administrative RPTTF	536,632	524,294	1,060,926
Total RPTTF requested for obligations on ROPS 16-17	18,424,350	18,000,755	\$ 36,425,105
Adjustment to Agency Requested RPTTF			
Item No. 4	0	(9,000)	(9,000)
Item No. 80	2,400	0	2,400
Total RPTTF adjustments	2,400	(9,000)	\$ (6,600)
Total RPTTF requested	17,890,118	17,467,461	35,357,579
<u>Denied Items</u>			
Item No. 106	0	(5,000)	(5,000)
Item No. 114	0	(25,000)	(25,000)
Item No. 115	0	(5,000)	(5,000)
	0	(35,000)	(35,000)
Total RPTTF authorized	17,890,118	17,432,461	\$ 35,322,579
Total Administrative RPTTF requested	536,632	524,294	1,060,926
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	0	(321,551)	(321,551)
Total Administrative RPTTF authorized	536,632	202,743	\$ 739,375
Total RPTTF approved for distribution	18,426,750	17,635,204	\$ 36,061,954

Administrative Cost Allowance Cap Calculation	
Actual RPTTF distributed for fiscal year 2015-16	\$ 25,549,302
Less sponsoring entity loan and Administrative RPTTF	903,477
Actual RPTTF distributed for 2015-16 after adjustment	24,645,825
Administrative Cap for 2016-17 per HSC section 34171 (b)	739,375
ROPS 16-17 Administrative RPTTF after Finance adjustments	1,060,926
Administrative Cost Allowance in excess of the cap	\$ (321,551)