



November 15, 2016

Mr. William Garay, Director of Finance
Inland Valley Development Agency
1601 East Third Street, Suite 100
San Bernardino, CA 92408

Dear Mr. Garay:

Subject: Amended Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1) (E), the Inland Valley Development Agency Successor Agency (Agency) submitted an Amended Recognized Obligation Payment Schedule for the period January 1, 2017 through June 30, 2017 (ROPS 16-17B) to the California Department of Finance (Finance) on September 30, 2016. Finance has completed its review of the Amended ROPS 16-17B.

Based on our review of adjustments requested and application of the law, Finance has made the following determinations:

- Item No. 13 – Airport Operations with a total outstanding amount of \$21,478,578. Our review indicates this item is subject to current litigation. As such, Finance maintains its original position until the litigation is resolved. Therefore, the requested Redevelopment Property Tax Trust Fund (RPTTF) adjustment of \$5,587,738 is not allowed.
- Item No. 42 – Administrative Cost adjustment in the amount of \$459,167 is not approved. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance 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. During the ROPS 16-17 review, the Agency was authorized its full administrative cost cap amount of \$492,564 for fiscal year 2016-17. Therefore, the requested increase of \$459,167 in administrative RPTTF is not allowed.
- Item Nos. 19 and 91 through 95 – Various obligations with a total outstanding amount of \$120,911,568 are not allowed. HSC section 34177 (o) (1) (E) states that an agency may only amend the amount requested for payment of approved enforceable obligations. These items were denied as enforceable obligations in the Agency's ROPS 16-17 Meet and Confer letter dated May 14, 2016; therefore, the Agency is not authorized to request an amendment to these line items. In addition, items 19 and 91 are subject to current litigation. As such, Finance maintains its original position until the litigation is resolved. As such, the total requested amount

of \$10,436,045 on the Amended ROPS 16-17B in RPTTF funding as summarized in the table below is not allowed.

| Item No. | Project Name | RPTTF Adjustment |
|----------|------------------------------|----------------------|
| 19 | Transition Cost Obligations | \$ 1,602,196 |
| 91 | ROPS 15-16B RPTTF Shortfall | 758,200 |
| 92 | Military Base Reuse Contract | 1,990,136 |
| 93 | Military Base Reuse Contract | 2,205,383 |
| 94 | Contract Receivable | 1,674,746 |
| 95 | Contract Receivable | 2,205,384 |
| | Total | \$ 10,436,045 |

Except for the adjustments denied above, Finance is not objecting to the remaining adjustment requested, totaling \$40,000 in RPTTF on your Amended ROPS 16-17B.

The Agency's amended maximum approved RPTTF distribution for the ROPS 16-17B period is \$6,071,580 as summarized in the Approved RPTTF Distribution table on Page 4 (See Attachment).

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

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

This is Finance's determination related to the funding of enforceable obligations reported on your Amended ROPS 16-17B. Please note there is not a Meet and Confer option for the Amended ROPS process so Finance's determination is final. 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 Amended 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.

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Please direct inquiries to Cindie Lor, Supervisor, or Anna Kyumba, Lead Analyst, at
(916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Alka Chúdasma, Interim Director of Finance, Inland Valley Development Agency
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

Attachment

| Approved RPTTF Distribution | |
|--|---------------------|
| For the period of January 2017 through June 2017 | |
| Authorized RPTTF on ROPS 16-17B | \$ 6,031,580 |
| Authorized Administrative RPTTF on ROPS 16-17B | 0 |
| Total Authorized RPTTF on ROPS 16-17B | 6,031,580 |
| Total Requested 16-17B RPTTF Adjustments | 16,063,783 |
| Finance RPTTF Adjustments | |
| Item No. 13 | (5,587,738) |
| Item No. 19 | (1,602,196) |
| Item No. 91 | (758,200) |
| Item No. 92 | (1,990,136) |
| Item No. 93 | (2,205,383) |
| Item No. 94 | (1,674,746) |
| Item No. 95 | (2,205,384) |
| | (16,023,783) |
| Authorized RPTTF 16-17B Adjustments | 40,000 |
| Total Requested 16-17B Administrative RPTTF Adjustments | 459,167 |
| Finance Administrative RPTTF Adjustments | (459,167) |
| Authorized 16-17B Administrative RPTTF Adjustments | 0 |
| Total Finance Authorized 16-17B Adjustments | 40,000 |
| Total Amended ROPS 16-17B RPTTF approved for distribution | \$ 6,071,580 |