



April 6, 2018

Mr. Rob Burns, Director of Finance
City of Chino
13220 Central Avenue
Chino, CA 91710

Dear Mr. Burns:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Chino Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19) to the California Department of Finance (Finance) on January 25, 2018. Finance has completed its review of the ROPS 18-19.

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

- Item No. 15 – 2004 College Park Development Agreement; total requested amount of \$7,918,332, is partially allowed. The Agency requested \$4,143,885 from Other Funds, and \$1,919,899 from Redevelopment Property Tax Trust Fund (RPTTF), for a total of \$6,063,784, previously approved during ROPS 17-18. The Agency anticipates the funds approved in ROPS 17-18 to be unexpended by June 30, 2018 due to current project delays. Thus, Finance is reapproving \$6,063,784 (\$4,143,885 + \$1,919,899) previously approved during ROPS 17-18 to avoid a possible funding gap in the event the project progresses into the ROPS 18-19 period. Pursuant to HSC section 34186 (a), the Agency is required to report estimated obligations and actual payments. Any unspent funds previously approved in ROPS 17-18 should be reported as prior period adjustments.

Furthermore, the Agency is requesting additional RPTTF funding in the amount of \$1,854,544 to cover necessary change orders. However, the Agency did not provide sufficient documentation to support the requested amount, nor the approved increase in the project budget. As such, the additional \$1,854,544 is not eligible for RPTTF funding. To the extent the Agency can provide documentation to support the increase, the Agency may request additional funding in the future.

- On the ROPS 18-19 form, the Agency reported cash balances and activity for the period July 1, 2015 through June 30, 2016 (ROPS 15-16). According to our review, the Agency has approximately \$62,559 in RPTTF unexpended from the ROPS 15-16 period available to fund enforceable obligations on the ROPS 18-19. These unexpended RPTTF funds are considered Reserve Balances. HSC section 234177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amount specified below:

- o Item No. 5 – 2006 Tax Allocation Bonds debt service payments in the requested amount of \$3,534,926 is partially reclassified. This item does not require payment from property tax revenues. Therefore, Finance is approving Reserve Balances in the amount of \$62,559 and RPTTF in the amount of \$3,472,367, totaling \$3,534,926.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 18-19. If the Agency disagrees with our determination with respect to any items on the ROPS 18-19, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,668,820 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2018 through December 31, 2018 period (ROPS A period) and one distribution for the January 1, 2019 through June 30, 2019 period (ROPS B period) based on Finance's approved amounts. Since this determination is for the entire ROPS 18-19 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Pursuant to HSC section 34186 (c), beginning October 1, 2018, the Agency will be required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2016 through June 30, 2017 period (ROPS 16-17) to the County Auditor-Controller for review. The Agency will report actual payments for ROPS 16-17 on ROPS 19-20. A prior period adjustment may be applied to the Agency's ROPS 19-20 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF from the ROPS 16-17 period.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 18-19. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 18-19 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 18-19 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 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 redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

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Please direct inquiries to Nichelle Jackson, Supervisor, or Moses Ofurio, Lead Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI
Program Budget Manager

cc: Ms. Nada Repajic, Management Analyst, City of Chino
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

Attachment

Approved RPTTF Distribution			
For the period of July 2018 through June 2019			
	ROPS A Period	ROPS B Period	ROPS 18-19 Total
RPTTF Requested	\$ 7,196,887	\$ 3,139,036	\$ 10,335,923
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	7,321,887	3,264,036	10,585,923
RPTTF Requested	7,196,887	3,139,036	10,335,923
<u>Adjustments</u>			
Item No. 5	(62,559)	0	(62,559)
Item No. 15	0	(1,854,544)	(1,854,544)
	(62,559)	(1,854,544)	(1,917,103)
RPTTF Authorized	7,134,328	1,284,492	8,418,820
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Approved for Distribution	\$ 7,259,328	\$ 1,409,492	\$ 8,668,820