



April 12, 2018

Ms. Lisa Strong, Management Services Director
 City of Fontana
 8353 Sierra Avenue
 Fontana, CA 92335

Dear Ms. Strong:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Fontana 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 31, 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 Nos. 6, 10, 88, and 89 – Various Tax Allocation Refunding Bonds (TARBs) debt service payments, the funding source for requested amounts totaling \$38,538,987 is partially reclassified. The Agency inadvertently requested Other Funds instead of Reserve Balances and Redevelopment Property Tax Trust Fund (RPTTF) for the following items on the ROPS 18-19. Therefore, at the Agency's request, the funding source for these items has been reclassified from Other Funds to Reserve Balances in the amounts specified below (no change to RRTTF):

Item No.	Project Name/ Debt Obligation	Requested			Approved			Total Funding
		Other Funds	Reserve Balances	RPTTF	Other Funds	Reserve Balances	RPTTF	
6	1997A TARBs	\$1,594,500	\$ 527,500	\$5,425,975	\$0	\$ 2,122,000	\$ 5,425,975	\$ 7,547,975
10	1999A TARBs	1,403,500	1,225,000	569,800	0	2,628,500	569,800	3,198,300
88	2017A TARBs	2,951,110	5,982,500	17,748,365	0	8,933,610	17,748,365	26,681,975
89	2017B TARBs	181,170	105,000	824,567	0	286,170	824,567	1,110,737
Total		\$6,130,280	\$7,840,000	\$24,568,707	\$0	\$13,970,280	\$24,568,707	\$38,538,987

Finance reminds the Agency that, pursuant to HSC section 34183 (a) (2) (A), debt service payments have first priority for payment from distributed RPTTF funding. As such, any amounts requested to be held in reserve along with the amounts required for the current ROPS period must be transferred immediately upon receipt to the bond trustees.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

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 \$39,419,880 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 San Bernardino 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/>

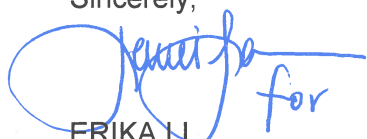
This determination is effective for the ROPS 18-19 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received 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.

Ms. Lisa Strong
April 12, 2018
Page 3

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.

Please direct inquiries to Nichelle Jackson, Supervisor, or Cole Chev, Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI
Program Budget Manager

cc: Ms. Dawn Brooks, Accounting Manager, City of Fontana
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	\$ 17,510,695	\$ 20,580,045	\$ 38,090,740
Administrative RPTTF Requested	664,570	664,570	1,329,140
Total RPTTF Requested	18,175,265	21,244,615	39,419,880
RPTTF Authorized	17,510,695	20,580,045	38,090,740
Administrative RPTTF Authorized	664,570	664,570	1,329,140
Total RPTTF Approved for Distribution	\$ 18,175,265	\$ 21,244,615	\$ 39,419,880