

Mayor
Willard Rodarmel
Mayor Pro Tem
John Plourde
Council Members
John Gordon
John Murray
William Siegel



Successor Agency

119 Fox Street
Lemoore ♦ CA 93245
Phone (559) 924-6700
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May 16, 2012

Mr. Robert Scott, Supervisor
Ms. Jenny DeAngelis, Lead Analyst
Department of Finance
915 L Street
Sacramento, CA 95814-3706

VIA EMAIL ONLY TO:
Redevelopment_Administration@dof.ca.gov

Dear Mr. Scott and/or Ms. DeAngelis:

We are writing in response to the letter we received from Mr. Mark Hill dated May 11, 2012, denying several items listed on our Recognized Obligation Payment Schedules for January through June 2012 and July through December 2012. We are in the process of preparing a revised July through December ROPS, which will exclude all of the items that the Department of Finance (DOF) determined do not qualify as enforceable obligations, subject to reserving the Successor Agency's right as to any disputed or excluded items. The July through December 2012 ROPS will be submitted to our Oversight Board and recommended for approval at their next scheduled meeting, which is set for May 24, and it will be forwarded to you immediately following the meeting.

With regard to the denials identified on our January through June ROPS, our response to each bulleted item is listed below. For your convenience, a copy of Mr. Hill's letter is attached with each bullet point enumerated. (See attachment A)

- Bullet 1) **Bond Payments** are duplicated. We accept DOF determination.
- Bullet 2) **High School & Elementary School Agreements.** We disagree. The amounts listed are from prior year's tax increment and are being held in reserves. (See attachments B & C)
- Bullet 3) **LMI 20 Percent Set-aside** is no longer a requirement. We accept DOF determination.
- Bullet 4) **Golf Course City loan.** We accept DOF determination.
- Bullet 5) **LMI Senior Housing Complex.** We disagree. This item was approved March 15, 2011 and tax credits were awarded June 22, 2011. The agreement was not signed until December because we were waiting for the

point in time when the project actually required the funds. (See attachments D, E, F & G)

Bullet 6) **LMI Housing Complex.** We accept DOF determination.

Infrastructure Improvement Project. We disagree. The RDA Board committed funds for infrastructure improvements on September 21, 2010 based on funds on hand. This project is required as part of a planned development and does not require future tax increment. Attached is a fee study, which was modified and adopted recognizing the RDAs contribution for certain fees. Consequently, the city has not collected fees sufficient to pay for these specific improvements. (See attachments H, I & J)

Bullet 7) **KC Management & Development Corp** loan agreement. We disagree. This item is part of a long-term project to construct a highway interchange at 19th Avenue and State Route 198. The project has been underway since 1984 when the City agreed to dedicate the required right-of-way needed for the project. In addition, this loan was approved by the RDA Board on June 7, 2011. (See attachments K, L, M, N & O)

Bullet 8) **Brownfield Cleanup.** We accept DOF determination. However, the property is owned by the former RDA and therefore the obligation to remediate the contamination should remain with the RDA. Our Successor Agency will take this item to our Oversight Board and request approval of a new agreement. (See attachments P & Q)

Kings County EDC. We accept DOF determination.

Façade Improvement Program. We accept DOF determination.

Bullet 9) **Bond Projects.** We disagree. The Official Statement requires us to perform the uses stated at the time of the bond issue. We have an obligation to our bond holders to use the proceeds for their intended purpose. (See attachments R & S)

Bullet 10) **Administrative Cost Allowance January through June 2012.** We disagree. Redevelopment agencies were not dissolved until February 1, 2012. Our staffing structure is based on a Cost Allocation Plan and the current version was comprehensively updated in 2004. It identifies staffing costs of \$860,176. The amount listed in the ROPS of \$645,132, is for the first three quarters of fiscal year 2011-2012. The five percent Administrative Cost Allowance is provided to the Successor Agency for administration following the dissolution of redevelopment on February 1, 2012. (See attachment T)

Bullet 11) **Administrative Cost Allowance July through December 2012.** We accept DOF determination.

We implore you to reconsider the items listed above for approval based on the descriptions provided above, the attached supplemental documentation, and the information already submitted to the Department of Finance. Please do not hesitate to contact us at (559) 924-6700 if you require further explanation.

Sincerely,

A handwritten signature in black ink, appearing to read 'JB', with a horizontal line extending to the right.

Jeff Britz
City Manager

cc: Lemoore City Council
Lemoore Oversight Board
Kings County Auditor-Controller

Attachments: A through T