



April 14, 2014

Ms. Leelee Thomas, Principal Planner
Marin County
3501 Civic Center Drive, Suite 308
San Rafael, CA 94903

Dear Ms. Thomas:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the County of Marin Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 28, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations for the reasons specified:

- Item No. 10 – Marin City Community Center in the amount of \$1,250,000. Although this is an enforceable, reserve balances are required to be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF) for enforceable obligations. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available. A total of \$625,000 was approved on the July through December 2012 ROPS (ROPS II) and was also approved on the Other Funds and Accounts Due Diligence Review to be retained as a reserve for payment of this item. It is our understanding that the Agency has not expended the retained amount. Therefore, this item is not eligible for RPTTF funding at this time.
- Item No. 13 – 1998 GRA Revenue Bond Series A Reserve in the amount of \$312,906. It is our understanding the Agency is requesting RPTTF funding for the payment due in September 2015. HSC section 34171 (d) (1) (A) allows successor agencies to hold a reserve for debt service payments when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the *calendar year*. Therefore, the request to fund payments due for the first half of the calendar year is not allowed.
- Item No. 2 – Contract for Audit in the amount of \$307,807. Although enforceable, the types of services requested with the Gallina LLP contract totaling \$23,000 are considered general administrative costs and have been reclassified. However, the

Agency's administrative expenses are within the administrative cost cap pursuant to HSC section 34171 (d).

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment self-reported by the Agency. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below only includes the prior period self-reported by the Agency.

Except for the items denied in whole or in part as enforceable obligations or for the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$848,038 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	1,229,569
Total RPTTF requested for administrative obligations	131,375
Total RPTTF requested for obligations	\$ 1,360,944
Total RPTTF requested for non-administrative obligations	1,229,569
<u>Denied Items</u>	
Item No. 10	(200,000)
Item No. 13	(312,906)
	(512,906)
<u>Reclassified Item</u>	
Item No. 2	(23,000)
	(23,000)
Total RPTTF authorized for non-administrative obligations	\$ 693,663
Total RPTTF requested for administrative obligations	131,375
<u>Reclassified Item</u>	
Item No. 2	23,000
	23,000
Total RPTTF authorized for administrative obligations	\$ 154,375
Total RPTTF authorized for obligations	\$ 848,038
ROPS 13-14A prior period adjustment	0
Total RPTTF approved for distribution	\$ 848,038

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

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

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Beliz Chappuie, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Amy Brown, Accountant I, Marin County
Mr. Roy Given, Director of Finance, Marin County
California State Controller's Office