



April 1, 2014

Ms. Stephanie Lovette, Economic Development Manager
City of San Rafael
1400 Fifth Avenue
San Rafael, CA 94901

Dear Ms. Lovette:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Rafael Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 18, 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. 14 (renumbered to Item No. 28 as explained below) – Unpaid ROPS 13-14B in the amount of \$17,399. The Agency has requested \$984,481 of Redevelopment Property Tax Trust Funds (RPTTF) for \$859,481 of Non Admin RPTTF and \$125,000 of Admin RPTTF to fund the shortfall during the January through June 2014 (ROPS 13-14B) period.

However, the Agency was approved for a total distribution of \$4,048,783 and the Marin County Auditor-Controller distributed \$3,081,701 which created a shortfall of \$967,082 (\$4,048,783-\$3,081,700). Therefore, finance is disallowing the excess amount claimed of \$17,399 (\$984,481 - \$967,082).

Additionally, Finance is reclassifying the claimed \$125,000 of Unpaid Admin RPTTF to Non-Admin RPTTF, to ensure this shortfall does not impact the amount of Admin RPTTF approved for the 2014-15 fiscal year.

Finally, the agency had changed the title for Item No. 14 from the previous title of "Unpaid ROPS III" to "Unpaid ROPS 13-14B." For consistency in the Finance database, Finance restored the original title and added Item No. 28 Unpaid ROPS 13-14 B to continue in sequential order and to maintain historical records.

- Item Nos. 26 and 27 – 2002 and 2009 Tax Allocation Bonds totaling \$413,163. The Agency requested debt service reserves for payments due January through June 2015 ROPS period. 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.

Additionally, the Agency repeated Item Nos. 2 and 3, 2002 and 2009 Tax Allocation Bonds, for the debt reserve amounts. For consistency in the Finance database, Finance renumbered these items to continue the sequential order and to maintain historical records.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period (ROPS 13/14A). 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 that the 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 below table includes only the prior period adjustment that was self-reported by the Agency.

Finance made an adjustment to the Agency's prior period adjustment (PPA) form which does not impact the PPA amount. The Agency listed total available RPTTF for Item No. 14, "Unpaid ROPS III adjustment" as \$4,135,170 and listed \$250,000 of administrative costs separately. However, a total of \$4,385,170 ($\$4,135,170 + \$250,000$) was available for the line item and an adjustment was made to correctly reflect approved expenditures for the 13-14A period.

Except for items denied in whole or in part as enforceable obligations, 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 \$ 4,462,563 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	4,643,125
Total RPTTF requested for administrative obligations	250,000
Total RPTTF requested for obligations	\$ 4,893,125
Total RPTTF requested for non-administrative obligations	4,643,125
<u>Reclassified Item from Admin to RPTTF</u>	
Item No. 28	125,000
<u>Denied Items</u>	
Item No. 26	(187,013)
Item No. 27	(226,150)
Item No. 28	(17,399)
	(430,562)
Total RPTTF authorized for non-administrative obligations	\$ 4,337,563
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF funding for obligations	\$ 4,462,563
ROPS 13-14A prior period adjustment	0
Total RPTTF approved for distribution	\$ 4,462,563

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.

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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. Andrea Gilles, Administrative Assistant, City of San Rafael
Mr. Roy Given, Director of Finance, Marin County
California State Controller's Office