



December 18, 2012

Ms. Kim Juran, Finance Director  
City of San Bruno  
567 El Camino Real  
San Bruno, CA 94066

Dear Ms. Juran:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 10, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Bruno Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 27, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 10, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 16, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

Items 3 and 4 – Archstone Owner Participation Agreements (OPAs) totaling \$12.8 million. Finance no longer objects to the items. Finance denied the items as HSC section 34176 (a) (1) states that if the City of San Bruno (City) elects to retain the authority to perform housing functions previously performed by the Agency, all rights, powers, duties, obligations, and housing assets shall transfer to the City. Additionally, the Agency is not permitted to fund housing entity administration costs with RPTTF. The Agency contends the items are enforceable obligations because in 2002 and 2005, the former Redevelopment Agency entered into two OPAs with the Crossing Apartment Associates to provide no less than 97 affordable housing units at the Crossing site in the redevelopment area. The Agency committed to provide affordable housing subsidies to the developer through 2039 and 2022, respectively. Both of the OPAs state that the Unrestricted Tax Increment Revenues shall be used to pay the affordable housing subsidies up to a certain cap. Therefore, the items are enforceable obligations to be paid out of Redevelopment Property Tax Trust Fund (RPTTF).

The Agency's maximum approved RPTTF distribution for the reporting period is: \$897,815 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 814,156
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Total approved RPTTF for enforceable obligations	\$ 814,156
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	83,659
<b>Total RPTTF approved:</b>	<b>\$ 897,815</b>

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the 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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. 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 questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



**STEVE SZALAY**  
Local Government Consultant

cc: Mr. Mark Sullivan, Housing Manager, City of San Bruno  
Mr. Bob Adler, Auditor-Controller, San Mateo County  
California State Controller's Office