

December 24, 2019

Mr. Dat Nguyen, Assistant Director of Finance
 City of Morgan Hill
 17575 Peak Avenue
 Morgan Hill, CA 95037

Dear Mr. Nguyen:

Subject: Last and Final Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34191.6 (b) the City of Morgan Hill Successor Agency (Agency) submitted a Last and Final Recognized Obligation Payment Schedule (Last and Final ROPS) to the California Department of Finance (Finance) on September 19, 2019. Finance has completed its review of the Agency's Last and Final ROPS.

HSC section 34191.6 (c) authorizes Finance to make amendments or changes to the Last and Final ROPS if the changes are agreed to in writing by the Agency. The Agency has agreed in writing to the following changes made by Finance to the Agency's Last and Final ROPS:

Item Nos. 116 and 117 — Refunding Revenue Bonds Series 2013 A and B in the outstanding amount of \$90,129,125 has been partially adjusted and reclassified. The bond indenture requires a reserve to be held by the Agency in the amount equal to the annual debt service schedule. The Agency has \$6,930,000 in its reserve account to satisfy final debt service payments. Therefore, a total of \$6,930,000 is reclassified from Redevelopment Property Tax Trust Funds (RPTTF) to Bond Proceeds funding as detailed below:

Item No.	Project Name	Period	Amount
116	Refunding Revenue Bonds, Series 2013 A and B	ROPS 32-33B	6,600,000
117	Refunding Revenue Bonds, Series 2013 A and B	ROPS 32-33B	330,000
Totals			\$6,930,000

Finance is approving the Agency's Last and Final ROPS with the above amendments and changes. These changes are reflected in the approved Last and Final ROPS.

The Agency's maximum approved RPTTF distribution for the Last and Final ROPS is \$83,506,978 as summarized in the Approved RPTTF Distribution table.

Please refer to the approved Last and Final ROPS schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/Programs/Redevelopment/ROPS/>

Approved Last and Final ROPS RPTTF Distributions							
ROPS Period	A Periods			B Periods			Annual Total
	RPTTF	Admin RPTTF	A Period Total	RPTTF	Admin RPTTF	B Period Total	
Total requested	185,320	0	185,320	90,129,125	122,533	90,251,658	\$ 90,436,978
Total adjustments	0	0	0	(6,930,000)	0	(6,930,000)	(6,930,000)
Totals	185,320	0	185,320	83,199,125	122,533	83,321,658	83,506,978
Total RPTTF approved for distribution							
ROPS 20-21	25,350	0	25,350	6,931,375	6,692	6,938,067	6,963,417
ROPS 21-22	8,010	0	8,010	6,934,000	6,870	6,940,870	6,948,880
ROPS 22-23	8,170	0	8,170	6,932,125	7,053	6,939,178	6,947,348
ROPS 23-24	8,330	0	8,330	6,931,125	7,242	6,938,367	6,946,697
ROPS 24-25	26,000	0	26,000	6,933,375	7,436	6,940,811	6,966,811
ROPS 25-26	8,670	0	8,670	6,934,875	7,637	6,942,512	6,951,182
ROPS 26-27	8,850	0	8,850	6,935,125	7,843	6,942,968	6,951,818
ROPS 27-28	9,030	0	9,030	6,933,625	8,056	6,941,681	6,950,711
ROPS 28-29	26,710	0	26,710	6,930,750	8,275	6,939,025	6,965,735
ROPS 29-30	9,390	0	9,390	6,934,250	8,501	6,942,751	6,952,141
ROPS 30-31	9,580	0	9,580	6,934,000	8,734	6,942,734	6,952,314
ROPS 31-32	9,770	0	9,770	6,934,500	8,973	6,943,473	6,953,243
ROPS 32-33	27,460	0	27,460	0	29,221	29,221	56,681
Total	185,320	0	185,320	83,199,125	122,533	83,321,658	\$ 83,506,978

This is Finance's determination related to the enforceable obligations reported on the Last and Final ROPS. HSC section 34191.6 (c) (2) allows agencies to submit no more than two requests to amend the approved Last and Final ROPS.

ROPS distributions will occur twice annually, one distribution for the July 1 through December 31 (ROPS A period), and one distribution for the January 1 through June 30 (ROPS B period). The Agency will receive RPTTF distributions up to the maximum approved amount on the Last and Final ROPS.

The Agency shall not expend more than the amount approved for each enforceable obligation listed and approved on the Last and Final ROPS. All unspent RPTTF received for enforceable obligations by the Agency should be retained for distribution to the affected taxing entities pursuant to HSC section 34191.6 (d) (2) (G). Further, any revenues, interest, and earnings of the Agency not authorized for use pursuant to the approved Last and Final ROPS shall be remitted to the County Auditor-Controller (CAC) pursuant to HSC section 34191.6 (c) (3). Pursuant to HSC section 34187 (e), once an agency has retired or paid off all enforceable obligations and all real property has been disposed of, the Agency is required to dispose of all remaining assets and remit any proceeds to the CAC for distribution to the affected taxing entities.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the Last and Final ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF. However, HSC section 34191.6 (c) (5) provides mechanisms for the Agency to pay enforceable obligations if insufficient RPTTF is available on an approved Last and Final ROPS.

HSC section 34187 (b) defines the process of final dissolution of the Agency. When all enforceable obligations have been retired or paid off, all real property has been disposed of, and all outstanding litigation has been resolved, the Agency shall, within 30 days of meeting these conditions, submit to the Oversight Board (OB) a request to formally dissolve. The OB shall approve the request within 30 days and submit the request to Finance's review.

Pursuant to HSC section 34191.6 (c), the Last and Final ROPS approved less than 15 days before the date of the RPTTF distribution shall not be effective until the subsequent RPTTF distribution period. The most recent annual ROPS 19-20 approval would remain effective through June 30, 2020, and the Agency's Last and Final ROPS approved will become effective beginning July 1, 2020.

Please direct inquiries to Joshua Mortimer, Supervisor, or Michael Painter, Analyst, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Monica C Delgado, Budget Manager, City of Morgan Hill
Mr. Alan Minato, Finance Agency Director, Santa Clara County