



November 1, 2016

Mr. Jacob Rahn, Financial Services Officer
City of San Clemente
100 Avenida Presidio
San Clemente, CA 92672

Dear Mr. Rahn:

Subject: Last and Final Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34191.6 (b) the City of San Clemente 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 2, 2016. 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 No. 3 – Repayment on Loan for Prior Capital Projects in the total outstanding amount of \$1,734,297 has been adjusted by \$869,889 to \$2,604,186. Pursuant to HSC section 34191.6 (b) (2), interest on the remaining outstanding principal amount of the loan shall be recalculated from the date of origination of the loan on a quarterly basis, at a simple interest rate of four percent and repayments shall be applied first to principal, and second to interest. In calculating the loan's outstanding balance, the Agency did not factor in the four percent interest from origination; and the Agency compounded interest monthly and applied payments to interest and principal going forward. During Finance's review of the Last and Final ROPS, the Agency recognized the miscalculations and requested the outstanding balance be recalculated in accordance with HSC section 34191.6 (b) (2). This resulted in an outstanding balance of \$2,604,186, an increase of \$869,889.

Additionally, pursuant to HSC section 34191.6, agencies may repay sponsoring entity loans subject to the greater of: (1) 15 percent of the entire moneys remaining in the Redevelopment Property Tax Trust Fund (RPTTF) after allocation, or (2) one-half of the increase between comparison year and base year residual amounts per the formula specified in HSC section 34191.4 (b) (3).

The Agency selected methodology 1 in calculating repayment amounts. However, the amounts requested for payment in certain periods either exceeded or were under the residual projections used to forecast the loan repayments. Therefore, Finance made adjustments as appropriate. In total, Finance is approving RPTTF in the amount of

\$2,528,226 and Other Funds funding in the amount of \$75,960, totaling \$2,604,186. Adjustments specific to each ROPS period are reflected in the approved Last and Final ROPS.

Finance is approving the Agency's Last and Final ROPS with the above adjustments. 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 \$2,528,226 as summarized in the Approved RPTTF Distribution table below:

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	908,337	0	908,337	750,000	0	750,000	\$ 1,658,337
Total adjustments	358,156	0	358,156	511,733	0	511,733	869,889
Total RPTTF approved for distribution							
ROPS 17-18	137,419	0	137,419	156,408	0	156,408	293,827
ROPS 18-19	140,547	0	140,547	159,537	0	159,537	300,084
ROPS 19-20	143,738	0	143,738	162,727	0	162,727	306,465
ROPS 20-21	146,992	0	146,992	165,982	0	165,982	312,974
ROPS 21-22	169,302	0	169,302	169,301	0	169,301	338,603
ROPS 22-23	172,688	0	172,688	172,687	0	172,687	345,375
ROPS 23-24	176,142	0	176,142	176,141	0	176,141	352,283
ROPS 24-25	179,665	0	179,665	98,950	0	98,950	278,615
Total approved RPTTF	1,266,493	0	1,266,493	1,261,733	0	1,261,733	\$ 2,528,226

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

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

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 obligations 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 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), 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; therefore, if an agency receives a Last and Final ROPS approval after this cutoff date, the most recent annual ROPS 16-17 approval would remain effective through June 30, 2017.

Please direct inquiries to Cindie Lor, Supervisor, or Alex Watt, Lead Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Justyn Howard', is written over a circular stamp or watermark.

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Sandee Chiswick, Senior Accountant, City of San Clemente
Mr. Frank Davies, Property Tax Manager, Orange County