



April 15, 2013

Mr. Jeff Crechriou, Acting Economic Development Manager
City of Marina Successor Agency
211 Hillcrest Avenue
Marina, CA 93933

Dear Mr. Crechriou:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Marina Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on March 1, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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:

- Item No. 3 – Tax Increment payable to Monterey Peninsula Unified School District (MPUSD) in the amount of \$509,119; payable from Other Funds. It is our understanding that there are no contracts in place for this line item; and no current obligation. Allocating funds for unknown contingencies is not an allowable use of funds, and HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.
- Item No. 7 – Dunes Development and Disposition Agreement (DDA) Infrastructure Cost Reimbursement in the amount of \$62,994,219. The County Auditor Controller has not provided the Agency with corrected information or a statement of monies due. Therefore, it is not clear to us how the current obligation amount was determined. Finance expects the Agency to provide additional clarification or information through the Meet and Confer process.
- Item No. 27 – Marina Heights Project Option Agreement in the amount of \$242,500. HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, power, duties, obligations and housing assets shall be transferred to the city, county or city and county. Since the City of Marina assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor. Therefore, this item is not an enforceable obligation and not eligible for funding.

- Item No 29 – Dunes Development and Disposition Agreement (DDA) Affordable Housing Cost Reimbursement in the amount of \$50,558,525. The agreement states that the Agency will pay cost reimbursements to the developer from available Low and Moderate Income Housing Fund (LMIHF) funds. Because there are no longer such taxes allocated to the Agency, there is no payment obligation. Additionally, this item was denied as an inclusion to the ROPS for the period January through June 2013, and later upheld through the Meet and Confer process in the letter dated December 18, 2012. Therefore, this line item is not an enforceable obligation, and not eligible for funding on the ROPS.
- Item Nos. 13 and 21 – Lease of Office Space and Fort Ord Reuse Authority Membership, totaling \$325,918, are considered general administrative costs and have been reclassified. Although the reclassification increased administrative costs to \$158,350, the administrative cost allowance has not been exceeded.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, 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 \$25,877 as summarized below:

Approved RPTTF Distribution Amount For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 1,032,925
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 7	550,000
Item 13*	36,750
Item 21*	28,500
Item 27	13,750
Item 29	350,000
Total approved RPTTF for enforceable obligations	53,925
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	158,350
Minus: ROPS II prior period adjustment	(186,398)
Total RPTTF approved for distribution:	\$ 25,877

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. The amount of RPTTF approved in the above table includes the prior period adjustment that was 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 above table includes only the prior period adjustment that was self-reported by the Agency.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14A_Forms_by_Successor_Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 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 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 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 Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Doug Yount, Interim City Manager
Ms. Julie Aguero, Auditor Controller Analyst II, County of Monterey
California State Controller's Office