



May 17, 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

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 15, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Marina Successor Agency (Agency) submitted a ROPS 13-14A to Finance on March 1, 2013 for the period of July through December 2013. 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 May 2, 2013.

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 item being disputed.

- Item No. 3 – Tax Increment Payable to Monterey Peninsula Unified School District (School District) in the amount of \$509,119. Finance continues to deny this item. The former redevelopment agency (RDA), the City of Marina, and the School District entered into an Agreement for Cooperation (Agreement), on September 16, 1986, to provide assistance in the redevelopment of certain areas inside or outside the “project area” as set forth in the redevelopment plan. Section 3.2 of the Agreement calls for the former RDA to retain tax increment for the School District, based upon incremental increase of valuation of the property during the “period of the project.” Section 3.4 memorializes that the Agency and the School District were to meet prior to August 1, 1991, to begin negotiations for payment of those proceeds by the Agency to the School District.

This Agreement lacks specificity as to the project area to which the obligation is attached, and the specific project, both variables upon which the amount and length of the obligation were to be determined. In addition, the parties have failed to meet to conclude upon payment terms by the stated deadline. As the former RDA of the City of Marina has no legally binding obligation, this item is not an enforceable obligation as defined by HSC section 34171 (d) and, therefore, is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

- Item No. 7 – Dunes Development and Disposition Agreement (DDA) Infrastructure Cost Reimbursement in the amount of \$62,994,219. Finance no longer objects to this item in its entirety. The former RDA and Marina Community Partners (Developer) entered into a

Disposition and Development Agreement (DDA) on May 31, 2005. As permitted by the DDA, the former RDA and the Developer entered into a Second Implementation Agreement, a Tax Increment Financing Plan and a Promissory Note on August 5, 2008. These documents state the Agency's obligation as a senior debt in the form of a pledge of 100 percent of non-housing tax increment revenue received by the Agency from the Dunes Project Development, less defined deductions. Per HSC section 34175 (a), the pledge of revenues associated with an enforceable obligation are to be honored.

Finance's original denial was due to insufficient documentation for the Agency's six-month estimate. During the Meet and Confer process, the Agency was able to provide further documentation that displays the proper six-month estimate of \$200,000 due during the ROPS 13-14A period. Therefore, the excess \$350,000 is not eligible for RPTTF funding on this ROPS.

- Item No. 27 – Marina Heights Project Option Agreement in the total amount of \$242,500. Finance no longer objects to this item. The Agency was able to provide documentation to display that these costs are an obligation of the Agency and not an obligation of the housing successor agency. Therefore, the requested \$13,750 is eligible for RPTTF funding on this ROPS.
- Item No 29 – Dunes DDA Affordable Housing Cost Reimbursement in the amount of \$50,558,525. Finance no longer fully objects to this item. The former RDA and Developer entered into a DDA on May 31, 2005. As permitted by the DDA, the former RDA and the Developer entered into a Second Implementation Agreement, a Tax Increment Financing Plan and a Promissory Note on August 5, 2008. These documents state and assign the former RDA's senior indebtedness in the form of a specific pledge to the Developer of an amount equal to the annual net tax increment revenue to be generated by the Dunes and Marina Heights Project to be deposited into the Low and Moderate Income Housing Fund.

The requirement to set aside twenty percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. However, the Agency's obligation is not a pledge of the entire housing set aside. Rather, the obligation of the Agency is a senior debt in the form of a pledge of an amount equal to the housing tax increment available and attributable to the specific Dunes and Marina Heights Project areas. This is Finance's determination for the specific pledge of an amount equal to the annual housing tax increment revenues generated by the Dunes and Marina Heights projects to pay to the Developer. Therefore, Finance no longer objects to the pledge portion of the DDA.

- Items No. 13 and 21 – Lease of Office Space and Fort Ord Reuse Authority Membership totaling \$325,918. Finance continues to reclassify these items as general administrative costs. 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. 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 July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on 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 Agency's maximum approved RPTTF distribution for the reporting period is \$589,627 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	350,000
Item 13*	36,750
Item 21*	28,500
Total approved RPTTF for enforceable obligations	617,675
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:	\$ 589,627

* 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.

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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 Wendy Griffe, Supervisor or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

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