DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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April 8, 2013

Jason Garben, Economic Development Director
City of Suisun Successor Agency
701 Civic Center Boulevard
Suisun City, CA 94585

Dear Mr. Garben:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Suisun Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 22, 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 Nos. 15 and 16 – Prior period administrative costs in the amount of $145,400. Items 15 and 16 were listed in ROPS I and classified as administrative costs. The Agency requested administrative costs in the amount of $395,400 in ROPS I. HSC Section 34171(b), limits fiscal year 2011-12 administrative expenses to five percent of property tax allocated to the successor agency or $250,000, whichever is greater. The Agency received $250,000 in administrative costs for the January 1, 2012 through June 30, 2012 ROPS I period.
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> The Agency placed these items on their ROPS 13-14A and contends that $145,400 was for administrative and audit expenses that occurred in the month of January 2012, and should be separate from the $250,000 paid to the Agency. HSC 34171(b) specifically identifies that the administrative costs allowance of five percent or $250,000 covers the period of January 1, 2012 through June 30, 2012. Therefore, the $145,400 of administrative costs for the month of January 2012 is deemed not separate and should be included in the ROPS I administrative costs calculation. Since the Agency received their $250,000 for ROPS I administrative costs, they are not eligible for additional funding beyond the statutory cap.

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 $2,746,095 as summarized below:

Approved RPTTF Distribution Amount		
For the period of July through December 2013		
Total RPTTF funding requested for obligations	$	2,777,340
Minus: Six-month total for items denied or reclassified as administrative cost		
Item 15		9,500
Item 16		135,900
Total approved RPTTF for enforceable obligations	$	2,631,940
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost		125,000
Minus: ROPS II prior period adjustment		(10,845)
Total RPTTF approved for distribution:	**$**	**2,746,095**

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. 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. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

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/.

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 Wendy Griffe, Supervisor or Derk Symons, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Suzanne Bragdon, City Manager
Mr. Jun Adeva, Deputy Auditor Controller, County of Solano
California State Controller's Office