



October 29, 2013

Ms. Emma Karlen, Director of Financial Services  
City of Milpitas  
455 East Calaveras Boulevard  
Milpitas, CA 95035

Dear Ms. Karlen:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Milpitas Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 23, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

As approved by the Oversight Board (OB) in OB Resolution No. 28, Finance is approving all of the items listed on your ROPS 13-14B at this time. Oversight Board Resolution No. 28 approved ROPS 13-14B conditioned upon revising Item Nos. 3, 4, 6, 7, 8, and 10 to reflect zero dollars. The ROPS 13-14B submitted to Finance did not include amendments to Item Nos. 7 and 8; therefore, the approved Redevelopment Property Tax Trust Fund (RPTTF) has been adjusted by \$260,170 and \$173,991, respectively.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 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 table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

The Agency's maximum approved RPTTF distribution for the reporting period is \$9,253,054 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	9,417,965
Total RPTTF requested for administrative obligations	269,326
<b>Total RPTTF requested for obligations</b>	<b>\$ 9,687,291</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>9,417,965</b>
<u>Denied Items by Oversight Board</u>	
Item No. 7	(260,170)
Item No. 8	(173,991)
<b>Total RPTTF approved for non-administrative obligations</b>	<b>8,983,804</b>
<b>Total RPTTF approved for administrative obligations</b>	<b>269,326</b>
<b>Total RPTTF approved for obligations</b>	<b>9,253,130</b>
ROPS III prior period adjustment	(76)
<b>Total RPTTF approved for distribution</b>	<b>\$ 9,253,054</b>

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency's fund balances. If it is determined the Agency possesses fund balances that are available to pay approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

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

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS\\_13-14B\\_Forms\\_by\\_Successor\\_Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14B_Forms_by_Successor_Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. 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 HSC section 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 Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Jane Corpus Takahashi, Finance Manager, City of Milpitas  
Ms. Irene Lui, Controller Treasurer, Santa Clara County  
California State Controller's Office