



December 17, 2013

Mr. Bill Aiken, Development Analyst  
City of Roseville  
311 Vernon Street  
Roseville, CA 95678

Dear Mr. Aiken:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 15, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Roseville Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to Finance on October 1, 2013, for the period of January through June 2014. Finance issued a ROPS determination letter on November 15, 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 December 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 items being disputed.

- Item No. 27 – Monitoring Affordable Housing Agreements in the amount \$72,826. Finance continues to deny this item. During the Meet and Confer, the agency identified that the Housing Successor Agency was transferred all housing properties of the former Redevelopment Agency. 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 redevelopment agency (RDA), all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the City of Roseville assumed the housing functions, the costs associated with these functions are the responsibility of the housing successor. Therefore, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 38 and 50 – Housing Bond Fund 2006HT projects in the amount of \$4,800,000 of bond proceeds.
  - Item No. 38 – \$1,600,000 in unspent 2006 housing bond proceeds for the Mercy Housing Development in Project. Finance approves this item. During the Meet and Confer, the Agency was able to provide supporting documentation to identify the request for \$1,600,000 of unspent 2006 housing bonds. The Agency received a Finding of Completion on August 30, 2013. Pursuant to HSC

34191.4, the Agency can now utilize proceeds derived from bonds issued prior to January 1, 2011 and is authorized to enter into contracts to expend the bond funds in a manner consistent with the original bond covenants. It is our understanding that the Housing Successor Agency and the City have passed resolutions to expend the bond proceeds on the Mercy Housing project. Therefore, this item is approved for receiving \$1,600,000 in unspent 2006 bond proceeds this period.

- Item No. 50 – An amount of \$3,200,000 for the Pacific Plaza. Finance accepts the Agency’s request to change requested amount to zero.
- ROPS III PPA Form, Item 30 – Unauthorized expenditure amount of \$446,470 in Non-Admin RPTTF. Finance no longer adds this amount to the Prior Period Adjustment (PPA). During the Meet and Confer, the Agency was able to provide documentation to substantiate that this amount was expended as payments of negotiated pass-throughs to the various school districts. The Placer County Auditor Controller verified that the payments were made during the January through June 2013 (ROPS III) period. Therefore, this item is no longer added to the amount of the PPA.

In addition, per Finance’s letter dated November 15, 2013, we continue to deny the following items not contested by the Agency during the Meet and Confer:

- Item Nos. 25 and 26 – Interfund Loan repayments totaling \$163,365. The Agency received a Finding of Completion on August 30, 2013. As such, the Agency may place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4(b)(1). However, HSC section 34176 (e)(6)(B) specifies loan or deferral repayments to the LMHF shall not be made prior to fiscal year 2013-14. While ROPS 13-14B falls within fiscal year 2013-14, the repayment of these city/county loans is subject to the repayment formula outlined in HSC section 34191.4 (b) (2) (A).

HSC section 34191.4 (b) (2) (A) allows maximum repayment amount in each fiscal year to be equal to one-half of the increase between the ROPS residual amounts distributed to the taxing entities in that fiscal year and the ROPS residual amounts distributed to the taxing entities in the 2012-13 base year. Since the formula does not allow for estimates, the Agency must wait until the ROPS residual pass-through distributions are known for fiscal year 2013-14 before requesting funding for this obligation. Therefore, these items are not eligible for funding at this time.

- Claimed administrative costs exceed the allowance by \$4,000. HSC section 34171 (b) limits the administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$250,000 in administrative expenses.

Allowable administrative cost amount for fiscal year 2013-14	\$250,000
Administrative costs distributed for July through December 2013	\$125,000
Administrative costs claimed for January through June 2014	\$129,000
Overage	\$ 4,000

Except for the items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14B.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,803,417 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	1,917,845
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 2,042,845</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>1,917,845</b>
<u>Denied Item</u>	
Item No. 25	(111,676)
Item No. 26	(51,689)
Item No. 27	(36,413)
<u>Reclassified Item</u>	
Item No. 40	(4,000)
<b>Total RPTTF approved for non-administrative obligations</b>	<b>1,714,067</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<u>Reclassified Item</u>	
Item No. 40	4,000
<b>Total RPTTF requested for administrative obligations</b>	<b>129,000</b>
<b>Total RPTTF allowable for administrative obligations (see Admin Cost Cap table below)</b>	<b>125,000</b>
<b>Total RPTTF approved for obligations</b>	<b>1,839,067</b>
Self-Reported ROPS III prior period adjustment (PPA)	(35,650)
Total ROPS III PPA	(35,650)
<b>Total RPTTF approved for distribution</b>	<b>1,803,417</b>
<b>Administrative Cost Cap Calculation</b>	
Total RPTTF for 13-14A (July through December 2013)	850,331
Total RPTTF for 13-14B (January through June 2014)	1,714,067
<b>Total RPTTF for fiscal year 2013-14</b>	<b>2,564,398</b>
Allowable administrative cost for fiscal year 2013-14 (Greater of 3% or \$250,000)	250,000
Administrative allowance for 13-14A (July through December 2013)	125,000
<b>Allowable RPTTF distribution for administrative cost for ROPS 13-14B</b>	<b>125,000</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%2013-14B%20Forms%20by%20Successor%20Agency/).

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 Evelyn Suess, Supervisor or Derk Symons, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Melissa Hagan, Financial Analyst, City of Roseville  
Ms. Jayne Goulding, Managing Accountant Auditor, Placer County  
California State Controller's Office