



May 16, 2014

Ms. Stephanie Lovette, Economic Development Manager  
City of San Rafael  
1400 Fifth Avenue  
San Rafael, CA 94901

Dear Ms. Lovette:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 1, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Rafael Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to Finance on February 18, 2014, for the period of July through December 2014. Finance issued a ROPS determination letter on April 1, 2014. 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 April 10, 2014.

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 Nos. 26 and 27 – 2002 and 2009 Tax Allocation Bonds totaling \$413,163. Finance continues to deny these items. The Agency requested debt service reserves for payments due in the January through June 2015 ROPS period (ROPS 14-15B). HSC section 34171 (d) (1) (A) allows successor agencies to hold a reserve for debt service payments when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year. Based on our review, the bond indentures do not require the requested reserve due in the *first half* of the calendar year. Our review indicates that on or before May 31 of each year, the Agency shall set aside an amount equal to the next two interest payments. The next payment is due in June 2014 and was approved on the January through June 2014 ROPS (ROPS 13-14B). In addition, the interest due with the ROPS 14-15A payment was approved in Finance's original ROPS 14-15A determination. Therefore, Finance has determined the Agency is being funded as required by the bond documents.

Additionally, the Agency repeated Item Nos. 2 and 3, 2002 and 2009 Tax Allocation Bonds, for the debt reserve amounts. For consistency in the Finance database, Finance renumbered these items to continue the sequential order and to maintain historical records.

In addition, per Finance's letter dated April 1, 2014, we continue to make the following adjustment not contested by the Agency during the Meet and Confer:

- Item No. 14 (renumbered to Item No. 28 as explained below) – Unpaid ROPS 13-14B in the amount of \$17,399. The Agency has requested \$984,481 of Redevelopment Property Tax Trust Funds (RPTTF) for \$859,481 of Non Admin RPTTF and \$125,000 of Admin RPTTF to fund the shortfall during the January through June 2014 (ROPS 13-14B) period.

However, the Agency was approved for a total distribution of \$4,048,783 and the Marin County Auditor-Controller distributed \$3,081,701 which created a shortfall of \$967,082 (\$4,048,783-\$3,081,700). Therefore, finance is disallowing the excess amount claimed of \$17,399 (\$984,481 - \$967,082).

Additionally, Finance is reclassifying the claimed \$125,000 of Unpaid Admin RPTTF to Non-Admin RPTTF, to ensure this shortfall does not impact the amount of Admin RPTTF approved for the 2014-15 fiscal year.

Finally, the agency had changed the title for Item No. 14 from the previous title of "Unpaid ROPS III" to "Unpaid ROPS 13-14B." For consistency in the Finance database, Finance restored the original title and added Item No. 28 Unpaid ROPS 13-14 B to continue in sequential order and to maintain historical records.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period (ROPS 13/14A). The amount of RPTTF approved in the table below includes the prior period adjustment 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 below table includes only the prior period adjustment that was self-reported by the Agency.

Finance made an adjustment to the Agency's prior period adjustment (PPA) form which does not impact the PPA amount. The Agency listed total available RPTTF for Item No. 14, "Unpaid ROPS III adjustment" as \$4,135,170 and listed \$250,000 of administrative costs separately. However, a total of \$4,385,170 (\$4,135,170 + \$250,000) was available for the line item and an adjustment was made to correctly reflect approved expenditures for the 13-14A period.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 14-15A.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$ 4,462,563 as summarized below:

<b>Approved RPTTF Distribution For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	4,643,125
Total RPTTF requested for administrative obligations	250,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 4,893,125</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>4,643,125</b>
<u>Reclassified Item from Admin to RPTTF</u>	
Item No. 28	125,000
<u>Denied Items</u>	
Item No. 26	(187,013)
Item No. 27	(226,150)
Item No. 28	(17,399)
	(430,562)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 4,337,563</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF funding for obligations</b>	<b>\$ 4,462,563</b>
ROPS 13-14A prior period adjustment	0
<b>Total RPTTF approved for distribution</b>	<b>\$ 4,462,563</b>

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies 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 section 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.

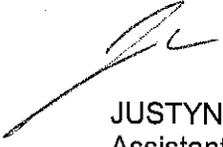
The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property 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.

Ms. Stephanie Lovette  
May 16, 2014  
Page 4

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Andrea Gilles, Administrative Assistant, City of San Rafael  
Mr. Roy Given, Director of Finance, Marin County  
California State Controller's Office