



May 16, 2014

Ms. Eva Phelps, Administrative Services Director
City of San Ramon
2226 Camino Ramon
San Ramon, CA 94583

Dear Ms. Phelps:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 14, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Ramon Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to Finance on February 28, 2014, for the period of July through December 2014. Finance issued a ROPS determination letter on April 14, 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 May 7, 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 items being disputed.

- Item Nos. 5 through 8 – Various Tax Allocation Bonds, Reserve Requirement totaling \$4,081,000 for payments due February 1, 2015. Finance no longer denies these items. During the Meet and Confer process, the Agency stated that the Indentures require all available revenue to be set aside as soon as they are available until sufficient funds to make the entire annual debt service payments are held in reserve. Based upon further review, this requirement is included in the Loan Agreement between the former Redevelopment Agency (RDA) and the San Ramon Public Financing Authority for Item No. 8. Even though the Agency has not provided the Loan Agreements related to Item Nos. 5 through 7, Finance will assume the same requirement is included in those Loan Agreements as well; however, the Agency should provide those Loan Agreements in future ROPS periods for Finance's review. Therefore, the reserves for the ROPS 14-15B debt service payments requested from the Redevelopment Property Tax Trust Funds (RPTTF) totaling \$641,764 are approved. Finance notes that the Reserve Balances requested for these items do not need to be listed as these amounts should have already been transferred to the trustee and no payment from this funding source for these items will be made in the ROPS 14-15A period.

Finance notes that pursuant to HSC section 34183 (a) (2) (A), debt service payments have first priority for payment from distributed RPTTF funding. As such, the additional \$641,764 requested from the RPTTF to be held in reserve should be transferred upon receipt to the bond trustee(s) along with the amounts approved for the other ROPS 14-15A debt service payments prior to making any other payments on approved

ROPS items. Any requests to fund these items again in the ROPS 14-15B period will be denied unless insufficient RPTTF is received to satisfy both the debt service payments due during the ROPS 14-15A period and the reserve amounts requested in ROPS 14-15A for the ROPS 14-15B debt service payments.

- Item No. 22 – Excess Housing Proceeds for Affordable Housing Projects in the amount of \$1,630,000. Finance no longer denies this item. Finance initially denied this item as the Agency was unable to provide documentation to support the amounts claimed. The Agency received a Finding of Completion on May 10, 2013, which allows successor agencies to utilize proceeds derived from bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants per HSC section 34191.4 (c). Therefore, this item is an eligible excess bond proceeds obligation. We note that within the upcoming ROPS period, the Agency should enter into an oversight-board approved agreement with the Housing Successor Agency pursuant to HSC section 34180 (h) for the use of excess bonds.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. 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 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 table below only includes the prior period self-reported by the Agency.

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 14-15A. The Agency's maximum approved RPTTF distribution for the reporting period is \$641,764 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	641,764
Total RPTTF requested for administrative obligations	0
Total Requested RPTTF	\$ 641,764
Total RPTTF authorized for non-administrative obligations	\$641,764
Total RPTTF authorized for administrative obligations	\$0
Total RPTTF funding for obligations	\$641,764
Self-Reported ROPS 13-14A prior period adjustment (PPA)	0
Total RPTTF approved for distribution	\$641,764

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. During the ROPS 14-15A 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 14-15A 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 14-15B.

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 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, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. David Doezema, Consultant to Successor Agency, City of San Ramon
Mr. Bob Campbell, Auditor-Controller, Contra Costa County
California State Controller's Office