



November 10, 2014

Ms. Suzanne Mallory, Finance Director
City of Manteca
1001 West Center Street
Manteca, CA 95337

Dear Ms. Mallory:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Manteca Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 27, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 53 through 59 – Various Bond Debt Service Reserves totaling \$5,302,754 are not approved. The Agency requests Redevelopment Property Tax Trust Fund (RPTTF) totaling \$5,892,533 for Reserves to fund ROPS 15-16A debt service obligations. However, the review of the Agency's accounting records displayed that the Agency currently has excess cash in the amount of \$5,302,754. This unencumbered cash should be used to fund ROPS 15-16A debt service. As such, the request to further fund Reserves from RPTTF during ROPS 14-15B would be deemed inappropriate. Therefore, \$5,302,754 of the Agency's total RPTTF request of \$5,892,533 is denied as specified below:

Item No.	Project Name / Debt Obligation	ROPS 14-15B Requested RPTTF	Amount Denied
53	2002 Tax Allocation Revenue Bonds	\$ 1,290,445	\$1,290,445
54	2004 Housing Tax Allocation Refund Bonds	245,943	245,943
55	2004 Tax Allocation Refund Bonds	1,285,224	1,285,224
56	2005 Refunding Bonds	820,000	820,000
57	2005 Refunding Bonds	560,000	560,000
58	2005 Refunding Bonds	745,000	745,000
59	2006 Tax Allocation Bonds	945,921	356,142
	Total	\$ 5,892,533	\$5,302,754

- Item No. 64 – Administrative Allowance Shortfall in the amount of \$247,705 is reclassified from RPTTF Administrative Allowance to RPTTF. The Agency's ROPS 14-15B request pertains to fiscal year 2013-14 administrative expenses. As such, it would be inappropriate to include the Agency's request within the 2014-15 administrative allowance. Therefore, Item No. 64 is reclassified to RPTTF funding in the amount of \$247,705.
- Claimed administrative costs exceed the allowance by \$120,000. HSC section 34171 (b) limits the fiscal year 2014-15 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. The San Joaquin County Auditor-Controller's (CAC) Office distributed RPTTF in the amount of \$120,000 for the July through December 2014 (ROPS 14-15A) administrative costs, thus leaving a balance of \$130,000 available for the January through June 2015 period. Although \$250,000 is claimed for administrative cost (after the funding adjustment to Item No. 64), only \$130,000 is available pursuant to the cap. Therefore, \$120,000 of excess administrative cost is not allowed (see the Administrative Costs Cap Calculation table on the next page).

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. The amount of RPTTF approved in the table below reflects 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 CAC and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency.

Except for items denied in whole or in part or the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, 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 RPTTF distribution for the reporting period is \$4,136,503 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	9,113,622
Total RPTTF requested for administrative obligations	497,705
Total RPTTF requested for obligations on ROPS	\$ 9,611,327
Total RPTTF requested for non-administrative obligations	9,113,622
<u>Denied Items</u>	
Item No. 53	(1,290,445)
Item No. 54	(245,943)
Item No. 55	(1,285,224)
Item No. 56	(820,000)
Item No. 57	(560,000)
Item No. 58	(745,000)
Item No. 59	(356,142)
	<u>(5,302,754)</u>
<u>Reclassified Item</u>	
Item No. 64	247,705
Total RPTTF authorized for non-administrative obligations	\$ 4,058,573
Total RPTTF requested for administrative obligations	497,705
<u>Reclassified Item</u>	
Item No. 64	(247,705)
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(120,000)
Total RPTTF authorized for administrative obligations	\$ 130,000
Total RPTTF authorized for obligations	\$ 4,188,573
ROPS 13-14B prior period adjustment	(52,070)
Total RPTTF approved for distribution	\$ 4,136,503

Administrative Cost Cap Calculation	
Total RPTTF for 14-15A (July through December 2014)	836,645
Total RPTTF for 14-15B (January through June 2015)	4,058,573
Less approved unfunded obligations from prior periods	(247,705)
Total RPTTF for fiscal year 2014-2015	4,647,513
Allowable administrative cost for fiscal year 2014-15 (Greater of 3% or \$250,000)	250,000
Administrative allowance for 14-15A (July through December 2014)	120,000
Allowable RPTTF distribution for administrative cost for ROPS 14-15B	130,000
Total RPTTF administrative obligations after Finance adjustments	250,000
Administrative costs in excess of the cap	\$ (120,000)

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

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

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Mr. Donald Smail, Economic Development Manager, City of Manteca
Mr. Jay Wilverding, Auditor-Controller, San Joaquin County
California State Controller's Office