



October 31, 2014

Ms. Leelee Thomas, Principal Planner
Marin County
3501 Civic Center Drive, Suite 308
San Rafael, CA 94903

Dear Ms. Thomas:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Marin County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 22, 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 No. 1 – 1998 GRA Revenue Bonds Series A in the amount of \$12,470,604 is not allowed. The Agency requested \$312,906 to fund the debt service payment due in March 2015 for the 1998 GRA Revenue Bond (Revenue Bond). However, documentation has not been provided to confirm and support that the debt service payment for the Revenue Bond is an Agency obligation. To the extent the Agency can provide suitable documentation to confirm Agency's responsibility for the debt service payments, the Agency may be able to obtain Redevelopment Property Tax Trust Fund (RPTTF) funding on future ROPS.
- Item No. 14 – 1998 GRA Revenue Bonds Series A in the amount of \$712,906 is not allowed. This request is for a reserve fund for the same Revenue Bonds denied with Item No. 1 above. The Agency was not able to provide documentation to confirm and support that the debt service payment for the Revenue Bond is an Agency obligation. Requests for reserves can be considered enforceable obligations if requested during the ROPS B period. To that extent the Agency can provide suitable documentation to confirm the Agency's responsibility for the debt service payments, the Agency may be able to obtain RPTTF funding on future ROPS.

Finance made adjustments to the item number sequence on ROPS 14-15B for consistency with prior ROPS. Items which do not require funding any longer should be classified as "retired" on the ROPS. Furthermore, item numbers may only be used once and new obligations of the Agency should be listed with the next available sequential number. Pursuant to HSC section 34177 (a) (2) documents are to be provided in a manner of Finance's choosing; therefore, the obligations on ROPS 14-15B noted below should have been reported in the following manner:

- Item No. 14 – 1998 GRA Revenue Bonds Series A. The Agency retired Item No 13 and relisted it as Item No. 14. Therefore, Finance is deleting Item No. 14 and unretiring Item No. 13.

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 and adjusted by Finance. 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. Proposed CAC adjustments were not received in time for inclusion in this letter.

Based on Finance’s review of the Agency’s prior period adjustment reporting, the Agency did not properly reflect the distributed RPTTF for ROPS 13-14B period in the available columns. Finance changed the Available Non-Admin RPTTF amounts from \$596,315 to \$753,265 and Available Admin RPTTF from \$0 to \$35,889 for a total of \$789,154 RPTTF authorized and distributed to the Agency. Therefore, the amount of RPTTF approved in the table below reflects the prior period adjustment self-reported by the Agency and subsequently adjusted by Finance.

Except for items denied in whole or in part, 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 \$358,131 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	1,298,170
Total RPTTF requested for administrative obligations	93,625
Total RPTTF requested for obligations on ROPS	\$ 1,391,795
Total RPTTF requested for non-administrative obligations	1,298,170
<u>Denied Items</u>	
Item No. 1	(312,906)
Item No. 14	(712,906)
	(1,025,812)
Total RPTTF authorized for non-administrative obligations	\$ 272,358
Total RPTTF requested for administrative obligations	93,625
Total RPTTF authorized for administrative obligations	\$ 93,625
Total RPTTF authorized for obligations	\$ 365,983
Self-reported ROPS 13-14B prior period adjustment (PPA)	0
Finance adjustment to ROPS 13-14B PPA	(7,852)
Total ROPS 13-14B PPA	(7,852)
Total RPTTF approved for distribution	\$ 358,131

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 Chikako Takagi-Galamba, Manager or Beliz Chappuie, Supervisor at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Amy Brown, Accountant I, Marin County
Mr. Roy Given, Director of Finance, Marin County
California State Controller's Office