

December 17, 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

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated October 31, 2014. 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 Finance on September 22, 2014, for the period of January through June 2015. Finance issued a ROPS determination letter on October 31, 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 November 12, 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 No. 1 – 1998 Gateway Refinancing Authority (GRA) Revenue Bonds Series A in the amount of \$12,470,604. Finance continues to deny this item. The Agency requested \$312,906 to fund the debt service payment due in March 2015 for the GRA's 1998 Revenue Refunding Bonds. However, Finance initially denied this item because documentation was not provided to confirm and support that the debt service payment for the Revenue Bond is an Agency obligation. During the Meet and Confer process, the Agency contended that the GRA's 1998 Revenue Refunding Bonds, which were issued to acquire the Gateway Improvement Authority's (GIA's) 1995 Revenue Bonds, are secured by tax increment and are the obligation of the Agency.

In 1995, the GIA's 1995 Revenue Bonds were issued to purchase the former Redevelopment Agency's (RDA's) 1995 Tax Allocation Bonds (TABs). Although the debt service payments from the RDA's 1995 TABs were pledged as security for the GRA/GIA bonds, the payments to be made on the GRA/GIA bonds are not the obligation of the former RDA; they are the obligations of the Joint Powers Authority that issued those bonds. The former RDA's 1995 TABs are secured by tax increment revenues and are an obligation of the Agency; however, the Agency did not provide a debt service schedule related to the 1995 TABs showing the amount owed in the ROPS 14-15B period. To the extent the Agency can provide the debt service schedule to confirm the

amounts owing under the former RDA's 1995 TABs, the Agency may be able to obtain Redevelopment Property Tax Trust Fund (RPTTF) funding on future ROPS for such payments. Therefore, Finance will continue to deny the payment of the GRA's 1998 Revenue Refunding Bonds.

- Item No. 14 – 1998 GRA Revenue Bonds Series A in the amount of \$712,906. Finance continues to deny this item as this request is for a reserve fund for the same Revenue Bonds denied in Item No. 1 above. Finance initially denied this item because the Agency did not provide documentation to confirm and support that the debt service payment for the Revenue Bond is an Agency obligation. As detailed above, the Agency has not provided sufficient documentation during the Meet and Confer process to demonstrate the Agency's obligation. Therefore, Finance continues to deny this item.

In addition, per Finance's letter dated October 31, 2014, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

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 un-retiring 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. The Agency's maximum approved RPTTF distribution for the reporting period is \$358,131 as summarized in the Approved RPTTF Distribution Table on the following page:

<b>Approved RPTTF Distribution</b>	
<b>For the period of January through June 2015</b>	
Total RPTTF requested for non-administrative obligations	1,298,170
Total RPTTF requested for administrative obligations	93,625
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 1,391,795</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>1,298,170</b>
<b>Denied Items</b>	
Item No. 1	(312,906)
Item No. 14	(712,906)
	(1,025,812)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 272,358</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>93,625</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 93,625</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 365,983</b>
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)
<b>Total RPTTF approved for distribution</b>	<b>\$ 358,131</b>

Please refer to the ROPS 14-15B 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 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.

Ms. Leelee Thomas  
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Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, 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