



November 13, 2014

Ms. Betsy Howze, Finance Director
City of Rohnert Park
130 Avram Avenue
Rohnert Park, CA 94928

Dear Ms. Howze:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Rohnert Park Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 30, 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 our review, we are approving all of the items listed on your ROPS 14-15B at this time.

Finance made the following determinations based on the Agency's requested adjustments to the Agency's ROPS 14-15B:

- Item No. 31 – The Agency requested this obligation for administrative cost reimbursement be increased from \$66,699 to \$125,000. The Agency's fiscal year 2013-14 administrative costs allowance was \$250,000. The Agency requested and was approved for the full \$250,000 allowance for the ROPS 13-14A period. However, in the Agency's ROPS 13-14A prior period adjustment, the Agency reported \$76,917 of actual administrative expenditures, leaving a possible fiscal year 2013-14 allowance of \$173,083 remaining. Since the Agency did not request any administrative costs in ROPS 13-14B, they were unable to fund their ROPS 13-14B administrative obligations.

Therefore, it is reasonable to fund the unfunded ROPS 13-14B administrative costs in the requested amount of \$125,000 in the ROPS 14-15B period. The Agency's request pertains to the prior year's administrative allowance and should not be classified under the current year's administrative allowance. As such, Finance reclassified the Agency's request from Administrative Allowance Redevelopment Property Tax Trust Fund (RPTTF) in the amount of \$66,699 to RPTTF in the amount of \$125,000.

- Item No. 32 – The Agency requested this obligation for a City General Fund Loan to be increased from \$98,085 to \$298,505. The Agency requested the increase to account for the maximum repayment allowed by HSC section 34191.4 (b) (2) (A). The Agency's Oversight Board (OB) Resolution No. 2013-05 authorized payments on the City General Fund Loan in amount equal to the maximum amount allowed under HSC section

34191.4 (b) (2) (A). The Agency's maximum 2014-15 repayment under HSC section 34191.4 (b) (2) (A) equals \$298,505. Therefore, the Agency is eligible for RPTTF funding in the amount of \$298,505.

In addition, Finance notes the following:

- Item Nos. 1 and 2 – 1999 and 2001 Tax Allocation Bonds debt service totaling \$1,363,438. Finance notes that the Agency is requesting the full amount of the 2015 calendar year's debt service. Pursuant to HSC section 34183 (a) (2) (A), debt service payments have first priority for payment from distributed RPTTF funding. As such, the requested amounts to be held in reserve for the Agency's ROPS 15-16A debt service, along with the amounts required for the current ROPS period should be transferred upon receipt to the bond trustee. The amounts approved for debt service payments on this ROPS are restricted for that purpose and are not authorized to be used for other ROPS items. Any requests to fund these debt service items again in the ROPS 15-16A period will be denied unless insufficient RPTTF was received to satisfy the approved annual debt service payments.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b). However, Finance notes the oversight board has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

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. 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. The amount of RPTTF funding approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,095,153 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	2,644,735
Total RPTTF requested for administrative obligations	191,699
Total RPTTF requested for obligations on ROPS	\$ 2,836,434
Total RPTTF requested for non-administrative obligations	2,644,735
<u>RPTTF adjustment to non-administrative obligations</u>	
Item No. 31	125,000
Item No. 32	200,420
Total RPTTF authorized for administrative obligations	2,970,155
Total RPTTF requested for administrative obligations	191,699
<u>RPTTF adjustment to administrative obligations</u>	
Item No. 31	(66,699)
Total RPTTF authorized for non-administrative obligations	125,000
Total RPTTF authorized for obligations	\$ 3,095,155
ROPS 13-14B prior period adjustment	(2)
Total RPTTF approved for distribution	\$ 3,095,153

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 14-15B review, Finance requested financial records to support the cash balances reported by the Agency; however, the Agency was unable to support the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 14-15B review period to properly identify the Agency's cash balances. If it is determined the Agency possesses cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16A.

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: Ms. Elizabeth Smith, Accountant, City of Rohnert Park
Mr. Randy Osborn, Property Tax Manager, County of Sonoma
California State Controller's Office