DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 2, 2015

Mr. Stuart Schillinger, Administrative Services Director
City of Brisbane
50 Park Place
Brisbane, CA 94005

Dear Mr. Schillinger:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Brisbane Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 23, 2015 for the period of July 1, 2015 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, 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. 13 – Due to Housing Fund in the amount of $50,000 is denied. The review of ROPS 15-16A included a review of Oversight Board (OB) Resolution No. 2015-03 approving the Agency's repayment of a loan owed to the former Redevelopment Agency's Low and Moderate Income Housing Fund. Based on our review and application of the law, Resolution No. 2015-03 is approved; however, the resolution authorizes the Agency to include the Supplemental Educational Revenue Augmentation Fund Loan Repayment Installment on each ROPS on or after July 1, 2016. Therefore, this line item is not authorized at this time.

- Item No. 19 – 2013 Tax Allocation Bond Refunding in the amount of $535 for continuing disclosure is removed and will not be funded. During the course of our review, the Agency recognized the 2013 Bonds do not have continuing disclosure fees and requested this item be removed.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Funds (RPTTF). As explained above, the Agency no longer needs funding for Item No. 19 in the amount of $535 in Reserve Balances. Therefore, these Reserve Balance funds are now available for use on another line item. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. However, the Agency provided financial records that displayed available Reserve Balances totaling $532.

Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Reserve Balances and in the amount specified below:

- Item No. 20 – 2005 Lease Revenue Bond for continuing disclosure fees in the amount of $532. The Agency requests $535 of RPTTF; however, Finance is reclassifying $532 to Reserve Balances. This item is an enforceable obligation for the ROPS 15-16A period. However, the obligation does not require payment from property tax revenues and the Agency has $532 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of $3 and the use of Reserve Balances in the amount of $532, totaling $535.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 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 approved in the table on the next page includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 $1,298,106 as summarized in the Approved RPTTF Distribution table on the next page:

Approved RPTTF Distribution For the period of July through December 2015		
Total RPTTF requested for non-administrative obligations		1,327,970
Total RPTTF requested for administrative obligations		20,671
Total RPTTF requested for obligations on ROPS	**$**	**1,348,641**
Total RPTTF requested for non-administrative obligations		**1,327,970**
Denied Item		
Item No. 13		(50,000)
Reclassified Item to Reserve Balances		
Item No. 20		(532)
Total RPTTF authorized for non-administrative obligations	**$**	**1,277,438**
Total RPTTF requested for administrative obligations		**20,671**
Total RPTTF authorized for administrative obligations	**$**	**20,671**
Total RPTTF authorized for obligations	**$**	**1,298,109**
ROPS 14-15A prior period adjustment		(3)
Total RPTTF approved for distribution	**$**	**1,298,106**

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 15-16A review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was able to support the amounts reported except the beginning balances for RPTTF could not be supported by the Agency's financial records. Finance will continue to work with the Agency after the ROPS 15-16A review period to resolve any remaining issues as described above. If it is determined the Agency possesses additional 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 15-16B.

Please refer to the ROPS 15-16A 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 July 1 through December 31, 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 the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain OB 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 Erika Santiago, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Betsy Cooper, Deputy Finance Director, City of Brisbane
Mr. Juan Raigoza, Auditor-Controller, San Mateo County
California State Controller's Office