



May 15, 2015

Ms. Jessica O'Connell, Accountant II  
City of Cotati  
201 West Sierra Avenue  
Cotati, CA 94931

Dear Ms. O'Connell:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 02, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Cotati Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to Finance on February 24, 2015, for the period of July through December 2015. Finance issued a ROPS determination letter on April 02, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 16, 2015.

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 determinations being disputed.

- Item Nos. 19 and 24 – Long-Range Property Management Plan Development and Implementation costs in the amount of \$30,000 and \$35,000, respectively. Finance no longer denies these items. During the Meet and confer process the Agency provided documentation to support the amounts requested on the ROPS 15-16A. As such, these items are eligible for funding from the Redevelopment Property Tax Trust Fund (RPTTF).
- Item No. 23 – Contract Services in the amount of \$84,100. Finance continues to deny this item. The documentation provided during the Meet and Confer process included an agreement between the City of Cotati (City) and De Novo Planning Group. The former RDA is not a party to the agreements. Since the former RDA was not a party to the agreement, this item is not an enforceable obligation as defined in HSC section 34171 (d) and is not eligible for RPTTF on the ROPS.

In addition, per Finance's letter dated April 02, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF.

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. The Agency provided financial records that displayed \$113,532 of unrestricted cash available for ROPS 15-16A expenditures.

Therefore, the funding source for the following items have been reclassified to Other Funds and in the amounts specified below:

<b>Item No.</b>	<b>Project Name/Debt Obligation</b>	<b>Requested RPTTF</b>	<b>Amount Reclassified to Other Funds</b>
1	2001 Tax Allocation Bonds	\$5,578	\$5,578
2	2004 Tax Allocation Refunding Bonds	\$7,577	\$7,577
4	CRUSD Court Settled Payment	\$47,130	\$47,130
21	Bond Trustee Services	\$2,400	\$2,400
	<b>Total</b>	<b>\$62,685</b>	<b>\$62,685</b>

The items above are enforceable obligations for the ROPS 15-16A period. However, the obligations do not require payment from property tax revenues and the Agency has \$113,532 in available Other Funds. Therefore, Finance is approving the use of Other Funds in the total amount of \$62,685.

- 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 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 that have been denied or reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A.

The Agency's maximum approved RPTTF distribution for the reporting period is \$189,571 as summarized in the Approved RPTTF Distribution table on the next page.

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2015</b>	
Total RPTTF requested for non-administrative obligations	211,785
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 336,785</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>211,785</b>
<u>Denied Items</u>	
Item No. 23	(84,100)
	(84,100)
<u>Cash Balances - Items reclassified to Other Funds</u>	
Item No. 1	(5,578)
Item No. 2	(7,577)
Item No. 4	(47,130)
Item No. 21	(2,400)
	(62,685)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 65,000</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 190,000</b>
ROPS 14-15A prior period adjustment	(429)
<b>Total RPTTF approved for distribution</b>	<b>\$ 189,571</b>

Please refer to the ROPS 15-16A 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 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 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 Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. David Spilman, Interim Director of Finance, City of Cotati  
Mr. Randy Osborn, Property Tax Manager, Sonoma County  
California State Controller's Office