



March 23, 2015

Mr. Satwant S. Takhar, Administrative Services Director
City of Marysville
526 C Street
Marysville, CA 95901

Dear Mr. Takhar:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Marysville Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 11, 2015 for the period of July 1 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. 1 – Series A Associated Bay Area Governments Financing in the amount of \$74,999 is not approved. The Agency requested \$34,747 from Reserve Balances and \$40,252 from Redevelopment Property Tax Trust Fund (RPTTF). The Agency received authorization for \$74,891 during ROPS 14-15B, which was sufficient for the debt service payments due on June 15 and December 15, 2015. Although this item is an enforceable obligation, additional funding is not required at this time and not eligible for funding during ROPS 15-16A.
- Item No. 3 – City of Marysville loan repayment in the amount of \$146,071 is partially denied. HSC section 34191.4 (b) (2) (A) specifies this payment is limited to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing in the fiscal year 2012-13 base year.

According to the County Auditor-Controller's (CAC) report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2014-15 are \$0 and \$191,453, respectively. Pursuant to the repayment formula outlined in HSC section 34191.4 (b) (2) (A), the maximum repayment amount authorized for fiscal year 2014-15 is \$95,727. The Agency requested and Finance approved \$93,899 for ROPS 15-16A Item No. 2, City of Marysville loan repayment. Therefore, the allowable balance remaining is \$1,828 (\$95,727 - \$93,899). As such, \$144,232 (\$146,071 - \$1,828) of the requested amount is not allowed and \$1,828 is approved for RPTTF funding.

- Finance increased the Agency's self-reported ROPS 14-15A PPA by \$40,000 (see table below). The Agency did not include expenditures totaling \$40,000 in RPTTF for its administrative expenses. Therefore, with the Agency's concurrence, the Agency's PPA balances now total \$105,728 (\$145,728 - \$40,000).

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 CAC and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of approved in the table below only reflects the prior period adjustment self-reported by the Agency, with the adjustment by Finance.

Except for the items denied in whole or in part, 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 \$69,999 as summarized in the Approved RPTTF Distribution table below:

| Approved RPTTF Distribution For the period of July through December 2015 | |
|---|-------------------|
| Total RPTTF requested for non-administrative obligations | 280,222 |
| Total RPTTF requested for administrative obligations | 80,000 |
| Total RPTTF requested for obligations on ROPS | \$ 360,222 |
| Total RPTTF requested for non-administrative obligations | 280,222 |
| <u>Denied Items</u> | |
| Item No. 1 | (40,252) |
| Item No. 3 | (144,243) |
| | (184,495) |
| Total RPTTF authorized for non-administrative obligations | \$ 95,727 |
| Total RPTTF requested for administrative obligations | 80,000 |
| Total RPTTF authorized for administrative obligations | \$ 80,000 |
| Total RPTTF authorized for obligations | \$ 175,727 |
| Self-reported ROPS 14-15A PPA | (145,728) |
| Finance adjustment to ROPS 14-15A PPA | 40,000 |
| Total ROPS 14-15A PPA | (105,728) |
| Total RPTTF approved for distribution | \$ 69,999 |

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 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 Kelly Wyatt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Billie Fangman, City Clerk, City of Marysville
Mr. C. Richard Eberle, Auditor, Yuba County
California State Controller's Office