

April 15, 2015

Mr. Richard Keit, Managing Director  
City of San Jose  
200 East Santa Clara Street, 14th Floor Tower  
San Jose, CA 95113

Dear Mr. Keit:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Jose Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on March 3, 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.

On February 27, 2015, the Agency submitted Oversight Board Resolution No. 2015-02-1084 to Finance, approving the use of Other Funds to pay for obligations during the 14-15A ROPS period resulting from insufficiency of Redevelopment Property Tax Trust Fund (RPTTF) funding. This negated the Agency's need to request duplicate authorization for expenditure of those same Other Funds through the ROPS 15-16A. Therefore, with the Agency's concurrence Finance has made the following adjustments and/or determinations:

- Item Nos. 211, 213, 214, 216 – 218, 220 – 222, 225, 226, 229 – 231, 233 – 235, 237 and 238 – Multiple obligations totaling \$13,333,586 of Other Funds for which, as a result of OB No. 2015-02-1084, there is no need to duplicate authorization through the ROPS 15-16A. Therefore, the requests totaling \$13,333,586 of Other Funds are denied.
- Item Nos. 206, 207, 208, 209, 210, 212, 215, 233, and 236 – Multiple non-administrative obligations totaling \$81,255 of Other Funds for which the Agency is requesting authorization for expenditures that exceeded authorization during the ROPS 14-15A period. Additionally, the Agency advised that for these obligations they incorrectly requested authorization for Other Funds on the ROPS 15-16A, when the intent was to request authorization for RPTTF. Therefore, the request for \$81,255 of Other Funds is denied.

With Agency's concurrence Finance will adjust the RPTTF requests for the following items:

ROPS 15-16A Item No.	ROPS 14-15a Item No.	ROPS 15-16A Request for RPTTF	Finance Adjustment	Total Request for ROPS 15-16A
206	18	\$0	\$185	\$185
207	28	0	205	205
208	34	15,800	9,300	25,100
209	35	466,093	58,841	524,934
210	52	0	2,700	2,700
212	61	2,415	115	2,530
215	64	0	75	75
233	143	40,390	8,000	48,390
236	152	9,336	1,834	11,170
<b>Total</b>		<b>\$534,034</b>	<b>\$81,255</b>	<b>\$615,289</b>

- Item Nos. 219, 223, 224, 227, 228, and 232 – Multiple administrative obligations totaling \$23,300 of Other Funds for which, as a result of OB No. 2015-02-1084, there is no need to duplicate authorization through the ROPS 15-16A. Therefore, the requests totaling \$23,300 of Other Funds are denied.
- Item Nos. 219, 223, 224, 227, 228, and 232 – Multiple administrative obligations totaling \$12,599 for which, in addition to the unfunded amounts noted above, the Agency is requesting authorization for \$12,599 of Other Funds for 14-15A expenditures that exceeded Finance authorization. During conversations with the Agency, it was determined that the Agency incorrectly requested authorization for Other Funds for these excess expenditures when the intent was to request authorization for RPTTF. Therefore, the Agency's request for Other Funds in the amount of \$12,599 is denied.

However, as the Agency did not exceed its authorized administrative expenditures in the aggregate for the ROPS 14-15A period, Finance is adding the ROPS 14-15A excess expenditures, totaling \$12,599, to the actual expenditures reported on the Prior Period Adjustment (PPA) worksheet for the ROPS 14-15A period. Therefore, on the PPA worksheet Finance has increased Item No. 117 by \$12,599 to reflect actual Other Funds expenditures reported, from \$369,249 to \$381,848.

ROPS 14-15A Item No.	ROPS 15-16A Item No.	Other Funds Requested on ROPS 15-16A	Denied as Duplicating OB 2015-02-1084	Moved to ROPS 14-15A PPA Item No. 117 and reported as Actual
118	219	\$ 10,169	\$ 10,000	\$ 169
128	223	10,266	10,000	266
129	224	123	0	123
132	227	558	500	58
133	228	446	300	146
232	232	14,337	2,500	11,837
<b>Totals</b>		<b>\$ 35,899</b>	<b>\$ 23,300</b>	<b>\$ 12,599</b>

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (PPAs) associated with the July through December 2014 period. HSC section 34186 (a) also specifies PPAs 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; therefore, the amount of RPTTF in the table below only reflects the PPA self-reported by the Agency.

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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$103,064,142 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2015</b>	
Total RPTTF requested for non-administrative obligations	101,133,404
Total RPTTF requested for administrative obligations	1,849,483
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 102,982,887</b>
RPTTF adjustment to non-administrative obligations	81,255
<b>Total RPTTF requested for non-administrative obligations</b>	<b>101,214,659</b>
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 101,214,659</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>1,849,483</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 1,849,483</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 103,064,142</b>
ROPS 14-15A PPA	0
<b>Total RPTTF approved for distribution</b>	<b>\$ 103,064,142</b>

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; however, the Agency was unable to support the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 15-16A 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 15-16B.

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 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. Julia Cooper, Chief Financial Officer, City of San Jose  
Ms. Emily Harrison, Finance Agency Director, Santa Clara County  
California State Controller's Office