



April 10, 2015

Mr. Bradley Ward, Finance Advisor
City of San Pablo
13831 San Pablo Avenue
San Pablo, CA 94806

Dear Mr. Ward:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Pablo Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 26, 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 our review, we are approving all of the items listed on your ROPS 15-16A at this time. However, Finance made the following changes:

- Item No. 38 – 2014 Tax Allocation Refunding Bonds, Series A, debt service payment in the amount of \$1,121,500. The Agency requested \$3,530,750 from Redevelopment Property Tax Trust Funds (RPTTF) for debt service for the full bond year on the ROPS for the period of January 1, 2015 through June 30, 2015 (ROPS 14-15B). The portion of the amount approved due in the ROPS 15-16A period, in the amount of \$1,121,500, has already been funded with RPTTF and should be available to the Agency as Reserve Balances. Therefore, Finance is reclassifying \$1,121,500 to Reserve Balances to allow the Agency to expend the funding already approved during ROPS 14-15B.
- Item No. 39 – 2014 Tax Allocation Refunding Bonds, Series B, debt service payment in the amount of \$7,548,250. The Agency requested \$1,678,100 from RPTTF for debt service for the full bond year on the ROPS 14-15B. A portion of the request was reclassified to Reserve Balances following a review of the Agency's Cash Balance form. The portion of the amount approved due in the ROPS 15-16A period, in the amount of \$139,625, has already been funded with RPTTF and should be available to the Agency as Reserve Balances. Therefore, Finance is reclassifying \$139,625 to Reserve Balances to allow the Agency to expend the funding already approved during ROPS 14-15B.

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 (I) (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. According to the Agency's Cash Balance form, the Agency has \$342,754 in available Reserve Balances and \$1,616,163 in available Other Funds for use on enforceable obligations on this ROPS.

Therefore, with the Agency's concurrence, the funding source for the following items has been reclassified to Reserve Balances and Other Funds, and in the amounts specified below:

- Item No. 5 – City of San Pablo Joint Powers Financing Authority 2004 Tax Allocation Revenue Bonds. The Agency requests \$869,023 from RPTTF; however, Finance is reclassifying \$342,754 to Reserve Balances and \$526,269 to Other Funds. 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 \$342,754 in available Reserve Balances and \$1,509,545 in available Other Funds. Therefore, Finance is approving the use of Reserve Balances in the amount of \$342,754, and the use of Other Funds in the amount of \$526,269, totaling \$869,023.
- Item No. 41 – 2014 Tax Allocation Refunding Bonds, Series A. The Agency requests \$850,000 from RPTTF; however, Finance is reclassifying \$850,000 to Other Funds. 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 \$342,754 in available Reserve Balances and \$1,509,545 in available Other Funds. Therefore, Finance is approving the use of Other Funds in the amount of \$850,000.
- Item Nos. 20 and 29 – Various Administrative costs totaling \$202,667. The Agency requests \$202,667 from their Administrative Cost Allowance; however, Finance is reclassifying \$133,276 to Other Funds. These items are enforceable obligations for the ROPS 15-16A period. However, the obligation does not require payment from property tax revenues and the Agency has \$342,754 in available Reserve Balances and \$1,509,545 in available Other Funds. Therefore, Finance is approving the use of Other Funds in the amount of \$133,276 and \$69,391 from the Administrative Cost Allowance, totaling \$202,667.

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

Except for the items that have 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 \$69,391 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	2,980,148
Total RPTTF requested for administrative obligations	202,667
Total RPTTF requested for obligations on ROPS	\$ 3,182,815
Total RPTTF requested for non-administrative obligations	2,980,148
<u>Reclassified Items</u>	
Item No. 38	(1,121,500)
Item No. 39	(139,625)
	(1,261,125)
	\$ 1,719,023
<u>Cash Balances - Items reclassified to Other Funds/Reserve Balances</u>	
Item No. 5	(869,023)
Item No. 41	(850,000)
	(1,719,023)
Total RPTTF authorized for non-administrative obligations	\$ 0
Total RPTTF requested for administrative obligations	202,667
<u>Reclassified Items</u>	
Item No. 20	(12,000)
Item No. 29	(121,276)
	(133,276)
Total RPTTF authorized for administrative obligations	\$ 69,391
Total RPTTF authorized for obligations	\$ 69,391
ROPS 14-15A prior period adjustment	0
Total RPTTF approved for distribution	\$ 69,391

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 Nichelle Thomas, Supervisor or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Kelsey Worthy, Assistant City Manager, City of San Pablo
Mr. Bob Campbell, Auditor-Controller, Contra Costa County
California State Controller's Office