

April 15, 2015

Ms. Eva Phelps, Administrative Services Director
City of San Ramon
2226 Camino Ramon
San Ramon, CA 94583

Dear Ms. Phelps:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Ramon Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on March 2, 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 Nos. 1 through 8 – Various bond obligations, debt service payments totaling \$4,149 in Reserve Balances and \$5,649,851 in Redevelopment Property Tax Trust Funds (RPTTF) is partially allowed. Although total funding requested is \$5,654,000, only \$5,649,502 per the debt service schedules is due during the ROPS 15-16A period. Therefore, the excess \$4,498 RPTTF funding has been adjusted accordingly.
- Item No. 20 – Agency Administrative costs in the amount of \$125,000. The Agency requests Reserve Balances, however, 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. Further, HSC section 34183 (a) (2) establishes the priority for which enforceable obligations should be paid, stating debt services payments take priority. Finance has therefore reclassified the funding of this item from Reserve Balances to the Administrative Cost Allowance allowed per HSC section 34171 (b) and applied the Reserve Balances to Item No. 5.
- Item No. 23 – Long-Range Property Management Plan (LRPMP) costs in the amount of \$2,000 are not allowed. The Agency has already submitted its LRPMP to Finance, and allocating funds for unknown contingencies is not an allowable use of funds. The Agency did not provide sufficient documentation to support the costs. Therefore, this line item is not eligible for Reserve Balances funding on this ROPS. To the extent the Agency can provide suitable documentation, such as a contract, or vendor invoices, to support the request the additional funding, the Agency may be able to obtain funding on future ROPS. Additionally, Finance has applied these Reserve Balances to Item No. 5.

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 available Reserve Balances totaling \$155,584.

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

- Item No. 5 – 2006 Series A Tax Allocation Bonds in the amount of \$131,149, from Reserve Balances and \$357,226 from RPTTF, as discussed above. The Agency requests \$357,226 from RPTTF; however, Finance is reclassifying \$155,584 to Reserve Balances. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has \$155,584 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of \$201,642 and the use of Reserve Balances in the amount of \$286,733, totaling \$488,375.

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 approved in the table below only reflects the prior period adjustment self-reported by the Agency.

Except for the items denied in whole or in part or for 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 \$5,487,769 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	5,649,851
Total RPTTF requested for administrative obligations	0
Total RPTTF requested for obligations on ROPS	\$ 5,649,851
Total RPTTF requested for non-administrative obligations	5,649,851
<u>Denied Items</u>	
Item No. 1	(625)
Item No. 2	(982)
Item No. 3	(600)
Item No. 4	(42)
Item No. 5	(625)
Item No. 6	(982)
Item No. 7	(600)
Item No. 8	(42)
	(4,498)
<u>Reclassified Item</u>	
Item No. 5	(127,000)
<u>Cash Balances - Item reclassified to Reserve Balances</u>	
Item No. 5	(155,584)
Total RPTTF authorized for non-administrative obligations	\$ 5,362,769
Total RPTTF requested for administrative obligations	0
<u>Reclassified Item</u>	
Item No. 20	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 5,487,769
ROPS 14-15A prior period adjustment	0
Total RPTTF approved for distribution	\$ 5,487,769

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. David Doezema, Consultant to Successor Agency, City of San Ramon
Mr. Bob Campbell, Auditor-Controller, Contra Costa County
California State Controller's Office