



December 17, 2015

Mr. Jesse Takahashi, Finance Director
City of Campbell
70 North First Street
Campbell, CA 95008

Dear Mr. Takahashi:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated October 22, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Campbell Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on September 10, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on October 22, 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 November 10, 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 determination being disputed.

- Item No. 8 – Cash Balance Error Correction in the amount of \$46,821 is not an enforceable obligation as defined by HSC section 34171 (d). Finance continues to deny this item. The Agency claimed Finance previously reclassified funds incorrectly, as these funds were actually Bond Proceeds needed to fund approved expenditures. Finance initially denied this item as insufficient documentation was provided to support the amounts claimed.

During the Meet and Confer process, the Agency contended that due to a reporting error on the January through June 2014 (ROPS 13-14B) cash balance form, Finance reclassified \$46,821 of Item No. 5 to Reserve funds that were actually Bond Proceeds. Based on the accounting records provided, it appears that \$94,186 in Bond Proceeds were not accounted for on the ROPS 13-14B cash balance form. Also on ROPS 13-14B, Finance approved \$94,186 to be expended from Bond Proceeds. Based on the prior period adjustment form submitted and the accounting records provided during January through June 2015 ROPS (ROPS 14-15B), the Agency reported and recorded a capital transfer out of \$94,186 related to the Bond Proceeds. As a result, a shortfall would have occurred on Item No. 5 since \$46,821 of Reserve funds was not available.

To the extent the Agency can provide accounting records to support that \$46,821 for Item No. 5 was expended and that such costs were paid by the City of Campbell (City) and not the Agency, the Agency may be able to obtain funding from the Redevelopment Property Tax Trust Fund (RPTTF) on a future ROPS to reimburse the City for funding the cash shortfall. The Agency must take the required actions pursuant to HSC section 34173 (h) for Finance to consider the request for funding on the ROPS.

In addition, per Finance's letter dated October 22, 2015, we continue to make the following determination not contested by the Agency during the Meet and Confer:

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the CAC. 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 item denied in whole, Finance is not objecting to the remaining items listed on your ROPS 15-16B. The Agency's maximum approved RPTTF distribution for the reporting period is \$682,297 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	735,609
Total RPTTF requested for administrative obligations	12,581
Total RPTTF requested for obligations on ROPS 15-16B	\$ 748,190
Total RPTTF requested for non-administrative obligations	735,609
<u>Denied Item</u>	
Item No. 8	(46,821)
Total RPTTF authorized for non-administrative obligations	\$ 688,788
Total RPTTF requested for administrative obligations	12,581
Total RPTTF authorized for administrative obligations	\$ 12,581
Total RPTTF authorized for obligations	\$ 701,369
ROPS 14-15B prior period adjustment	(19,072)
Total RPTTF approved for distribution	\$ 682,297

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (j). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Shannon Brangan, Executive Assistant, City of Campbell
Ms. Emily Harrison, Finance Agency Director, Santa Clara County