DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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November 5, 2015

Ms. Suzanne Mallory, Finance Director
City of Manteca
1001 West Center Street
Manteca, CA 95337

Dear Ms. Mallory:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Manteca Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 25, 2015. Finance has completed its review of the ROPS 15-16B.

Based on a sample of line items reviewed and application of the law, Finance made the following determination:

Item Nos. 53 through 59, and 69 – Bonds Reserves funded from Redevelopment Property Tax Trust Funds (RPTTF) totaling $6,039,977 are approved. However, Finance notes the approved RPTTF must be used for ROPS 16-17 debt service.

Pursuant to HSC section 34183 (a) (2) (A), debt service obligations have first priority for payment from distributed RPTTF funding. As such, the $6,039,977 of RPTTF authorized to be held in reserve, along with the amounts required for the current ROPS period, should be transferred upon receipt to the bond trustee(s). RPTTF funding approved for debt service obligations is restricted for that purpose and is not authorized to be used for other ROPS items. Any requests to fund the $6,039,977 again from RPTTF will not be approved unless insufficient RPTTF was received to satisfy the approved debt service.

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 county auditor-controller (CAC). Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table on the following page only reflects the Agency's self-reported prior period adjustment.

The Agency's maximum approved RPTTF distribution for the reporting period is $8,405,637 as summarized in the Approved RPTTF Distribution table on the following page:

Approved RPTTF Distribution For the period of January through June 2016		
Total RPTTF requested for non-administrative obligations		9,010,668
Total RPTTF requested for administrative obligations		176,905
Total RPTTF requested for obligations on ROPS 15-16B	**$**	**9,187,573**
Total RPTTF authorized for non-administrative obligations		9,010,668
Total RPTTF authorized for administrative obligations		176,905
Total RPTTF authorized for obligations	**$**	**9,187,573**
ROPS 14-15B prior period adjustment		(781,936)
Total RPTTF approved for distribution	**$**	**8,405,637**

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

Absent a Meet and Confer, 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 (i). 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 Wendy Griffe, Supervisor, or Jonathan Cox, Lead Analyst, at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Donald Smail, Economic Development Manager, City of Manteca
Mr. Jay Wilverding, Auditor-Controller, San Joaquin County