DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 13, 2015

Ms. Christi Diiorio, Community Development Director
City of Millbrae
621 Magnolia Avenue
Millbrae, CA 94030

Dear Ms. Diiorio:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Millbrae 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 October 2, 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 determinations:

- Item Nos. 11, 12, 13, and 16 – Property Maintenance and Disposition Costs funded from Redevelopment Property Tax Trust Fund (RPTTF) totaling $38,000 are not approved.

  Pursuant to HSC section 34191.3 (a), the deadline for approval of a Long-Range Property Management Plan (LRPMP) is December 31, 2015. The Agency's LRPMP is currently under review. The LRPMP contains one property the Agency requests to transfer to the City of Millbrae (City) for future development. Upon approval of the Agency's LRPMP, the property should be transferred to the City. Consequently, property maintenance and disposition costs should not be Agency obligations for the ROPS 15-16B period (January through June 2016). Therefore, Item Nos. 11, 12, 13, and 16 totaling $38,000 are not eligible for RPTTF funding.

- Item No.18 – 2015 Tax Allocation Refunding Bonds funded from RPTTF in the amount of $164,015 is partially approved for $142,147. Per discussion with Agency staff and review of documentation provided, the Agency's ROPS 15-16B request of $164,015 was erroneously overstated by $21,868. Therefore, Item No. 18 is partially approved for $142,147 ($164,015 - $21,868).

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). 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 items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 $120,186 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		223,895
Total RPTTF requested for administrative obligations		50,000
Total RPTTF requested for obligations on ROPS 15-16B	**$**	**273,895**
Total RPTTF requested for non-administrative obligations		**223,895**
Denied Items		
Item No. 11		(3,500)
Item No. 12		(4,500)
Item No. 13		(15,000)
Item No. 16		(15,000)
Item No. 18		(21,868)
		(59,868)
Total RPTTF authorized for non-administrative obligations	**$**	**164,027**
Total RPTTF requested for administrative obligations		**50,000**
Total RPTTF authorized for administrative obligations	**$**	**50,000**
Total RPTTF authorized for obligations	**$**	**214,027**
ROPS 14-15B prior period adjustment		(93,841)
Total RPTTF approved for distribution	**$**	**120,186**

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. Kenneth Spray, Finance Director, City of Millbrae
Mr. Bob Adler, Auditor-Controller, San Mateo County