DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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November 13, 2015

Ms. Melissa Hagan, Financial Analyst
City of Roseville
311 Vernon Street
Roseville, CA 95678

Dear Ms. Hagan:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Roseville 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 1, 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 No. 8 – City loan repayment in the amount of $122,200 is not allowed. The Agency received a Finding of Completion on August 30, 2013. As such, the Agency may place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1).

  Additionally, HSC section 34191.4 (b) (3) (A) specifies this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

  According to the County Auditor-Controller's report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and fiscal 2014-15 are $0 and $1,952,749, respectively. Therefore, pursuant to the repayment formula outlined in HSC section 34191.4 (b) (3) (A), the maximum repayment amount authorized for fiscal year 2015-16 is $976,375. Therefore, of the $1,098,575 requested, $122,200 of excess loan repayment is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS. The Agency may be eligible for additional funding beginning ROPS 16-17.

- Item No. 21 – 2006A Tax Allocation Bonds, debt service reserves funding request in the amount of $640,626 is partially allowed. It is our understanding the Agency requested RPTTF to pay debt service in the amount of $320,313 during the ROPS 15-16A period and $320,313 to hold as reserve for payment in the ROPS 15-16B period. Therefore, only $320,313 remains on hand to be funded from Reserve Balance during ROPS 15-16B. As such, the funding request is limited to the amount of $320,313 from Reserve Balance.

Finance further notes that Item No. 21 should be used for the request of debt service reserves; however, the application of such reserves to pay actual debt service due during the applicable period should be accounted for on Item No. 15.

- Item No. 22 – 2006AT Tax Allocation Bonds, debt service payment in the amount of $318,225 is partially allowed. It is our understanding the requested amount includes debt service reserve for the first half of calendar year 2017 in the amount of $61,950. HSC section 34171 (d) (1) (A) allows successor agencies to request a reserve for debt service payments when the next RPTTF allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the *following half* of the calendar year. Therefore, the RPTTF funding requested for reserves in the amount of $61,950 is not allowed on this ROPS.

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 below 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 $2,179,776 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		2,257,115
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations on ROPS 15-16B	**$**	**2,382,115**
Total RPTTF requested for non-administrative obligations		**2,257,115**
Denied Items		
Item No. 8		(122,200)
Item No. 22		(61,950)
		(184,150)
Total RPTTF authorized for non-administrative obligations	**$**	**2,072,965**
Total RPTTF requested for administrative obligations		**125,000**
Total RPTTF authorized for administrative obligations	**$**	**125,000**
Total RPTTF authorized for obligations	**$**	**2,197,965**
ROPS 14-15B prior period adjustment		(18,189)
Total RPTTF approved for distribution	**$**	**2,179,776**

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 Cindie Lor, Supervisor, or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Bill Aiken, Development Analyst, City of Roseville
Ms. Roxanne Nored, Managing Accountant Auditor, Placer County