



December 17, 2015

Ms. Angela Kraetsch, Finance Director
City of San Bruno
567 El Camino Real
San Bruno, CA 94066

Dear Ms. Kraetsch:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 10, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Bruno Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on October 1, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 10, 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 20, 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.

- 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 Redevelopment Property Tax Trust Fund (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.

During the Meet and Confer process, the Agency contended that an error had originally occurred in the ROPS I prior period adjustment calculation and it has been continually carried forward each ROPS period. Based on a cursory review of the accounting records provided for the ROPS I period, it appears that the amount reported as expended on the ROPS III form differs from the amount recorded as expended. However, without a full reconciliation of the amounts approved by Finance, amounts distributed by the CAC, amounts retained and remitted through the Due Diligence Reviews, and actual amounts expended for each ROPS period, Finance is unable to determine if the current prior period adjustment amount should be changed and in what amount. To the extent the Agency completes such a reconciliation, Finance may review this as part of the prior period adjustment calculation on a future ROPS.

Based on our review, Finance is approving all of the items listed on the ROPS 15-16B at this time. The Agency's maximum approved RPTTF distribution for the reporting period is \$1,107,154 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	1,572,714
Total RPTTF requested for administrative obligations	41,698
Total RPTTF requested for obligations on ROPS 15-16B	\$ 1,614,412
Total RPTTF authorized for non-administrative obligations	1,572,714
Total RPTTF authorized for administrative obligations	41,698
Total RPTTF authorized for obligations	\$ 1,614,412
ROPS 14-15B prior period adjustment	(507,258)
Total RPTTF approved for distribution	\$ 1,107,154

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 (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.

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

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Mark Sullivan, Long Range Planning Manager, City of San Bruno
Mr. Bob Adler, Auditor-Controller, San Mateo County