



April 13, 2016

Ms. Tracy Robinson, Administrative Services Director
City of Lafayette
3675 Mt. Diablo Boulevard, Suite 210
Lafayette, CA 94549

Dear Ms. Robinson:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Lafayette Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on February 1, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item No. 10 – Supplemental Educational Revenue Augmentation Fund loan repayment in the total outstanding amount of \$1,115,757 is not allowed. HSC section 34191.4 (b) (2) (A) allows 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. Further, HSC section 34171 (d) (1) (G) requires the Oversight Board (OB) to approve a repayment schedule for the repayment of the amounts borrowed.

The Agency has not submitted an OB resolution approving the repayment schedule. Once the OB approves the loan and loan repayment schedule, and the corresponding OB action is approved by Finance, the Agency may request funding for this item on future ROPS.

Additionally, HSC section 34191.4 (b) (3) (A) allows 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 Contra Costa County Auditor-Controller's report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and fiscal year 2015-16 are zero. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 16-17 period would have been zero.

Therefore, the requested amount of \$1,115,757 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

- Item Nos. 12, 13, and 16 – City of Lafayette (City) Loans in the total outstanding obligation amount of \$6,822,825 are not allowed. Pursuant to HSC section 34191.4 (b), loan agreements between the former redevelopment agency (RDA) and sponsoring entity may be placed on the ROPS if the following requirements are met: (1) the Agency has received a Finding of Completion; and (2) the Agency's Oversight Board (OB) approves the loan as an enforceable obligation by finding the loan was for legitimate redevelopment purposes. The Agency received a Finding of Completion on May 15, 2013; however, the Agency's OB has not submitted any OB Resolutions approving the loans as enforceable obligations or that the loans were for legitimate redevelopment purposes.

Further, as discussed above, pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 16-17 period would have been zero. Therefore, the requested amount of \$6,822,825 ($\$2,142,134 + \$3,945,781 + \$734,910$) is not eligible for RPTTF funding.

- Item No. 17 – Tax Allocation Bonds, Series 2015, debt service shortfall request in the amount of \$9,337. Finance approved \$1,904,200 in RPTTF for the January through June 2016 period (ROPS 15-16B) in the letter dated November 9, 2015. The Contra Costa County Auditor-Controller (CAC) reports the Agency received an RPTTF distribution in the amount of \$1,897,495. After interest income of \$84, it is our understanding the remaining unfunded amount (shortfall) is \$6,621 ($\$1,904,200 - \$1,897,495 - \84); therefore Finance has reduced the amount requested for the July through December 2016 period by \$2,716 ($\$9,337 - \$6,621$), and approves the Agency's request in the amount of \$6,621 for this item.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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 \$2,648,259 as summarized in the Approved RPTTF Distribution Table on page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 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 determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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 Nichelle Thomas, Supervisor, or Alex Watt, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Jennifer Wakeman, Financial Services Manager, City of Lafayette
Mr. Bob Campbell, Auditor-Controller, Contra Costa County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	<u>ROPS A Period</u>	<u>ROPS B Period</u>	<u>Total</u>
Requested RPTTF (excluding administrative obligations)	\$ 8,023,069	\$ 2,566,488	\$ 10,589,557
Requested Administrative RPTTF	0	0	0
Total RPTTF requested for obligations on ROPS 16-17	8,023,069	2,566,488	\$ 10,589,557
Total RPTTF requested	8,023,069	2,566,488	10,589,557
<u>Denied Items</u>			
Item No. 10	(1,115,757)	0	(1,115,757)
Item No. 12	(2,142,134)	0	(2,142,134)
Item No. 13	(3,945,781)	0	(3,945,781)
Item No. 16	(734,910)	0	(734,910)
Item No. 17	(2,716)	0	(2,716)
	(7,941,298)	0	(7,941,298)
Total RPTTF authorized	81,771	2,566,488	\$ 2,648,259
Total Administrative RPTTF authorized	0	0	\$ 0
Total RPTTF approved for distribution	81,771	2,566,488	\$ 2,648,259