



March 15, 2016

Ms. Londa Helms, Accounting Manager
City of Murrieta
1 Town Square
Murrieta, CA 92562

Dear Ms. Helms:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Murrieta Successor Agency (Agency) submitted a 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 January 28, 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. 7 – 2007 Tax Allocation Bonds in the total outstanding amount of \$47,497,084. It is our understanding the Agency requested the incorrect amount for the 2007 Tax Allocation Bonds. Per discussion with Agency staff and review of documentation provided, the \$2,261,480 requested for the annual period should be \$2,251,132. As a result, the total Redevelopment Property Tax Trust Fund (RPTTF) funding requested for the item has been decreased by \$10,348 for the July 1, 2016 through December 31, 2016 (ROPS A period).
- Item Nos. 44 through 54 – Pre-2011 Bond Funded Projects funded with \$14,000,000 in Bond Proceeds. The Agency received a Finding of Completion on December 21, 2015 and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. Additionally, the Oversight Board (OB) approved OB Resolution No. OB-2016-02 approving the use of Series 2005 and 2007 excess bond proceeds on January 25, 2016. According to Attachment 2 of the OB action, the Agency intends to use approximately \$17,200,000 in excess bond proceeds. Our approval of these items on the ROPS is specifically limited to the use of excess pre-2011 bond proceeds pursuant to HSC section 34191.4 (c) (1). Such approval, however, should not be construed as approval of the projects themselves as enforceable obligations. Therefore, we have changed the Obligation type for these items from “Bonds Issued On or Before 12/31/10” to “Bond Funded Project – Pre-2011”.
- Item Nos. 55 and 56 – Per discussion with Agency staff, these line items were listed on the ROPS in error and have been retired.

Except for the items that have been adjusted, 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/

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,004,037 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 Cindie Lor, Supervisor, or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Joy Canfield, Finance Director, City of Murrieta
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 3,658,072	\$ 1,106,313	\$ 4,764,385
Requested Administrative RPTTF	125,000	125,000	250,000
Total RPTTF requested for obligations on ROPS 16-17	3,783,072	1,231,313	\$ 5,014,385
Adjustment to Agency Requested RPTTF	(10,348)	\$ 0	(10,348)
Total RPTTF adjustments	(10,348)	\$ 0	\$ (10,348)
Total RPTTF authorized	3,647,724	1,106,313	\$ 4,754,037
Total Administrative RPTTF authorized	125,000	125,000	\$ 250,000
Total RPTTF approved for distribution	3,772,724	1,231,313	\$ 5,004,037