

March 15, 2016

Ms. Stephanie Lovette, Economic Development Manager
City of San Rafael
1400 Fifth Avenue
San Rafael, CA 94901

Dear Ms. Lovette:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of San Rafael 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 27, 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 Nos. 2 and 3 – It is our understanding the Agency transposed requested amounts for the 2002 and 2009 Tax Allocation Bonds. The Agency requested debt service payment for the Series 2002 Tax Allocation Bonds on line Item No. 3, and requested Series 2009 Tax Allocation Bonds debt service payment on line Item No. 2. With the Agency's concurrence, Finance increased total requested amount for Item No. 2 to \$2,071,276 (\$1,973,513 for the A Period and \$97,763 for the B period), and decreased the total amount requested for Item No. 3 to \$1,493,000 (\$1,310,250 for the A period and \$182,750 for the B period). As a result, the total ROPS 16-17 Redevelopment Property Tax Trust Fund (RPTTF) funding has not changed, but the amounts have been adjusted to match their respective debt service payments.
- Item Nos. 31 and 32 – Unpaid obligation totaling \$859,984 is not allowed. The Agency requested funding for RPTTF shortfalls that it contends occurred during the ROPS 15-16A and ROPS 15-16B periods in the amounts of \$325,443 and \$535,541, respectively. However, the unpaid amount of \$325,443 requested for Item No. 31 represents an amount that should be paid using Reserve Balance funding as noted in Finance's May 15, 2015 letter for ROPS 15-16A. Further, according to the Marin County Auditor-Controller's (CAC) RPTTF distribution report for the ROPS 15-16B period, the Agency was fully funded; therefore, the Agency was not insufficient in RPTTF funding during the ROPS 15-16B period. In addition, according to the CAC, the Agency's remaining distribution for fiscal year 2015-16 will occur by fiscal year end, and the \$534,541 requested for Item No. 32 will be disbursed by the CAC in accordance with Finance's October 7, 2015 letter. Therefore, there is no RPTTF shortfall and the two items are not eligible for RPTTF funding.

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/

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 \$4,070,497 as summarized in the Approved RPTTF Distribution table on page 3 (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. Andrea Gilles, Administrative Assistant, City of San Rafael
Mr. Roy Given, Director of Finance, Marin 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)	\$ 4,344,190	\$ 336,291	\$ 4,680,481
Requested Administrative RPTTF	125,000	125,000	250,000
Total RPTTF requested for obligations on ROPS 16-17	4,469,190	461,291	\$ 4,930,481
Total RPTTF Requested	4,344,190	336,291	4,680,481
<u>Denied Items</u>			
Item No. 31	(325,443)	0	(325,443)
Item No. 32	(534,541)	0	(534,541)
	(859,984)	0	(859,984)
Total RPTTF authorized	3,484,206	336,291	\$ 3,820,497
Total Administrative RPTTF authorized	125,000	125,000	\$ 250,000
Total RPTTF approved for distribution	3,609,206	461,291	\$ 4,070,497