DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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April 7, 2016

Mr. Micah Runner, Economic Development Director
City of Stockton
425 North El Dorado Street, Room 317
Stockton, CA 95202

Dear Mr. Runner:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Stockton 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 determination:

Item Nos. 10 through 14 – Bond Reserves from Redevelopment Property Tax Trust Fund (RPTTF) totaling $5,613,007 are approved. However, Finance notes the approved RPTTF must be used for ROPS 17-18 debt service.

Pursuant to HSC section 34183 (a) (2) (A), debt service obligations have first priority for payment from distributed RPTTF funding. As such, the $5,613,007 of RPTTF authorized to be held in reserve, along with the amounts required for the current ROPS period, should be transferred upon receipt to the bond trustee(s). RPTTF funding approved for debt service obligations is restricted for that purpose and is not authorized to be used for other ROPS items. Any requests to fund the $5,613,007 again from RPTTF will not be approved unless insufficient RPTTF was received to satisfy the approved service.

The Agency's maximum approved RPTTF distribution for the reporting period is $11,035,134 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 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.

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 Wendy Griffe, Supervisor, or Jonathan Cox, Lead Analyst, at (916) 445-1546.

Sincerely,

for

JUSTYN HOWARD
Program Budget Manager

cc: Ms. LaVerna Blanco, Program Manager II, City of Stockton
Mr. Jay Wilverding, Auditor-Controller, San Joaquin 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)	$ 1,759,066	$ 8,970,432	$ 10,729,498
Requested Administrative RPTTF	152,818	152,818	305,636
Total RPTTF requested for obligations on ROPS 16-17	**1,911,884**	**9,123,250**	**$ 11,035,134**
Total RPTTF authorized	1,759,066	8,970,432	10,729,498
Total Administrative RPTTF authorized	152,818	152,818	305,636
Total RPTTF approved for distribution	**1,911,884**	**9,123,250**	**$ 11,035,134**