

March 31, 2016

Mr. Jason Garben, Economic Development Director
Suisun City
701 Civic Center Boulevard
Suisun City, CA 94585

Dear Mr. Garben:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Suisun City 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. 4 – Marina Construction Loan totaling \$452,070 requested for ROPS 16-17 and total outstanding amount of \$9,787,872 is not approved. The Loan Agreement (Agreement) between the City of Suisun City Redevelopment Agency, the City of Suisun City, and the California Department of Boating and Waterways states that the loan repayment is to be made with “fees and rentals” generated from the marina. The Agreement does not obligate the Agency to use Redevelopment Property Tax Trust Fund (RPTTF) to make the payment; therefore, this item is not allowed for RPTTF funding.
- Item Nos. 20 and 21 – 2014 Series B Tax Allocation Bonds debt service totaling \$795,000. The Agency requested \$795,000 in RPTTF funding for debt service payments due for the ROPS 17-18 period. The bond indenture requires all tax revenues to be deposited until the full year's bond debt service is covered. Therefore, debt service payment reserves totaling \$795,000 is approved.

Pursuant to HSC section 34183 (a) (2) (A), debt service payments have first priority for payment from distributed RPTTF funding. As such, the additional \$795,000 requested to be held in reserve along with the amounts required for the current ROPS period must be transferred upon receipt to the bond trustee(s). The amounts approved for debt service payments on this ROPS are restricted for that purpose and are not authorized for other ROPS items. Future requests to fund these debt service items again will be denied unless insufficient RPTTF was received to satisfy the approved annual debt service payments.

Except for the item denied in whole, 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 \$4,537,451 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the 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 ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF for ROPS 15-16A and ROPS 15-16B.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

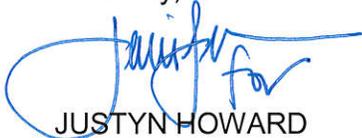
Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for 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 Jared Smith, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Suzanne Bragdon, City Manager, Suisun City
Ms. Rosemary Bettencourt, Deputy Auditor-Controller, Solano 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)	\$ 2,943,183	\$ 1,796,338	\$ 4,739,521
Requested Administrative RPTTF	125,000	125,000	\$ 250,000
Total RPTTF requested for obligations on ROPS 16-17	\$ 3,068,183	\$ 1,921,338	\$ 4,989,521
Total RPTTF requested	2,943,183	1,796,338	4,739,521
<u>Denied Item</u>			
Item No. 4	(452,070)	0	(452,070)
Total RPTTF authorized	2,491,113	1,796,338	\$ 4,287,451
Total Administrative RPTTF requested	125,000	125,000	250,000
Total Administrative RPTTF authorized	125,000	125,000	\$ 250,000
Total RPTTF approved for distribution	2,616,113	1,921,338	\$ 4,537,451