



REVISED

December 27, 2012

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

Dear Mr. Garben:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 14, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Suisun City Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 14, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 2, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

- Item 14 – Reserve Requirement for \$2 million. Finance continues to deny this item. Finance originally denied the item because the statute does not currently recognize all anticipated obligations for the next ROPS period, thus creation of reserves for such items are not permissible. However, HSC section 34171(d) (1) (A) states a reserve may be held when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due and HSC section 34177 (b) allows reserves required for indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency (RDA) bonds. Through the meet and confer process, the Agency is permitted to adjust the amounts requested on specific line items. In addition, the Agency has demonstrated the next property allocation distribution will not be sufficient to pay all obligations. For these reasons, the Agency requested an adjustment to Item 3 to meet future bond debt obligations. The amount requested has been reviewed and approved. Finance has increased the amount requested for Item 3 from \$595,154 to \$2,595,154 to allow for reserve funds to meet future bond indebtedness obligations. Please see the table below for the changes.
- Item 15 and 16 – Expenses of the former RDA obligations in the amount of \$145,400. Finance reclassifies Item 15 as an administrative cost and no longer objects to Item 16; however, since the items have been previously paid, the approved RPTTF amount is \$0.

Item 15 is related to the annual financial statement audit of the former RDA, which is an administrative cost. Item 16 is related to employee costs for the former RDA in January 2012, prior to the dissolution of the former RDA, which is an enforceable obligation per HSC section 34167 (D) (3). Therefore, these items are administrative costs or enforceable obligations; however, since the items have been previously paid, they are not eligible for RPTTF funding.

The Agency's maximum approved RPTTF distribution for the reporting period is: \$3,120,640 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 3,141,040
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 3 (Represents an Increase to Item 3)	(2,000,000)
Item No. 14	2,000,000
Item No. 15	9,500
Item No. 16	135,900
Total approved RPTTF for enforceable obligations	\$ 2,995,640
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	125,000
Total RPTTF approved:	\$ 3,120,640

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

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Please direct inquiries to Evelyn Sues, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a long horizontal stroke extending to the left.

STEVE SZALAY
Local Government Consultant

cc: Ms. Suzanne Bragdon, City Manager, City of Suisun City
Ms. Jun Adeva, Deputy Auditor-Controller, Solano County
California State Controller's Office