



November 6, 2015

Ms. Rachel Hurst, Director of Community Development
City of Coronado
1825 Strand Way
Coronado, CA 92118

Dear Ms. Hurst:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Coronado Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 23, 2015. Finance has completed its review of the ROPS 15-16B.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 11 through 19 – The City of Coronado (City) Loan Repayments funded from Redevelopment Property Tax Trust Funds (RPTTF) totaling \$41,276,054 is partially approved. Although these items are considered enforceable obligations, Finance has determined that the amounts requested exceed the allowable payment required. Pursuant to HSC section 34171 (h), the Agency is only authorized to request the minimum amount required by the enforceable obligation for each six-month period. According to the loan agreements, the required payments should be fully amortized over a 23-year period in equal annual installments beginning December 31, 2013.

Pursuant to the terms of the agreement, Finance calculated that the total allowable repayment amount for ROPS 15-16B Item Nos. 11 through 19 is \$1,408,192, see table below.

Item No.	Project Name	ROPS 15-16B Allowable Payment
11	Construction of City Hall	\$246,602
12	Economic Development Loan	\$59,429
13	Capital Project 2002 (GBMP)	\$744,661
14	Two Library Expansion Loan	\$38,449
15	Pool Assessment Loan	\$1,286
16	Downtown Streetscape (DTEP II) Loan	\$44,482
17	Lifeguard Tower Improvements Loan	\$2,785
18	Capital Projects 2005 Loan	\$172,545
19	Hospital OPA and Acquisition	\$97,953
Total		\$1,408,192

Although the Agency requests RPTTF funding in the amount of \$41,276,054 (see table below), only \$1,408,192 can be approved at this time. Therefore, \$39,867,862 is not eligible for RPTTF funding.

Item No.	ROPS 15-16B Requested	ROPS 15-16B Approved	ROPS 15-16B Not Allowed
11	\$7,329,562	\$246,602	\$7,082,960
12	\$1,226,374	\$59,429	\$1,166,945
13	\$22,132,998	\$744,661	\$21,388,337
14	\$1,142,799	\$38,449	\$1,104,350
15	\$38,223	\$1,286	\$36,937
16	\$1,322,093	\$44,482	\$1,277,611
17	\$82,785	\$2,785	\$80,000
18	\$5,032,127	\$172,545	\$4,859,582
19	\$2,969,093	\$97,953	\$2,871,140
Total	\$41,276,054	\$1,408,192	\$39,867,862

- Item Nos. 55 through 57 – Unfunded Obligations totaling \$105,779,122 is not approved. The Agency is requesting RPTTF for unfunded City loan repayments from ROPS I through ROPS III (January 1, 2012 – June 30, 2013). According to the loan agreements, the required payments should be fully amortized over a 23-year period in equal annual installments beginning December 31, 2013. ROPS I through III periods predate the ROPS period for which the first payment was due. Since payments were not required before December 31, 2013, these items had no repayment obligation. Therefore, these items are not eligible for RPTTF funding.
- Item Nos. 58 through 62 – Unfunded obligations totaling \$193,760,760 is partially approved. The Agency is requesting RPTTF for unfunded City loan repayments from ROPS 13-14A through ROPS 15-16A (July 1, 2013 through December 31, 2015). Finance notes the County Auditor-Controller (CAC) sequestered \$940,470 from the ROPS 14-15B RPTTF distribution, \$1,589,418 from the ROPS 15-16A distribution, and has added the ROPS 14-15B prior period adjustment of \$1,774,876 towards the sequestered amount. In addition, per the CAC, the sequestered funds have earned \$2,485 in interest, making the total sequestered amount \$4,307,249 (see table on the next page).

Based on the amount unfunded for each ROPS period and Finance's application of the sequestered funds, the amount of RPTTF allowed are as follows in the table on the next page.

ROPS Period	Amount Funded	Amount Unfunded	Application of the Sequestered Funds (\$4,307,249) ¹	RPTTF Allowed Amount
ROPS 1	\$0.00	\$0.00	\$0.00	\$0.00
ROPS 2	\$0.00	\$0.00	\$0.00	\$0.00
ROPS 3	\$0.00	\$0.00	\$0.00	\$0.00
ROPS 13-14A	\$0.00	\$1,408,192	\$1,408,192	\$0.00
ROPS 13-14B	\$0.00	\$1,408,192	\$1,284,815	\$123,377
ROPS 14-15A	\$0.00	\$1,408,192	\$0.00	\$1,408,192
ROPS 14-15B	\$0.00	\$1,408,192	\$941,522	\$466,670
ROPS 15-16A	\$735,472	\$672,720	\$672,720	\$0.00
Total	\$735,472	\$6,305,488	\$4,307,249	\$1,998,239

Finance has allocated these sequestered amounts to partially fund Item Nos. 59 and 61, and fully fund Item Nos. 58 and 62. Although the Agency requests RPTTF funding in the amount of \$193,760,760 (see table below), only \$1,998,239 can be approved at this time. Therefore, \$191,762,521 is not eligible for RPTTF funding.

Item No.	ROPS Period	ROPS 15-16B RPTTF Requested	ROPS 15-16B RPTTF Approved	ROPS 15-16B Not Allowed
58	ROPS 13-14A	\$37,019,066	\$0.00	\$37,019,066
59	ROPS 13-14B	\$37,897,078	\$123,377	\$37,773,701
60	ROPS 14-15A	\$38,775,091	\$1,408,192	\$37,366,899
61	ROPS 14-15B	\$39,653,103	\$466,670	\$39,186,433
62	ROPS 15-16A	\$40,416,422	\$0.00	\$40,416,422
Total		\$193,760,760	\$1,998,239	\$191,762,521

- Item Nos. 11 through 19 and 55 through 62 relate to the same City loan obligation. The total amount the Agency is requesting for the six-month period for the City loan obligation is \$340,815,936. HSC section 34177 (l) (3) states the ROPS submitted should be forward looking to the next six months. It is unclear for the current ROPS period, why the Agency is requesting more than 242 times the amount allowed for the six month period, and more than 8 times the total outstanding obligation.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the CAC. The amount of RPTTF approved in the table on the following page includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

¹ The sequestered funds is comprised of monies withheld from the ROPS 14-15B RPTTF distribution (\$940,470), monies withheld from the ROPS 15-16A distribution (\$1,589,418), the prior period adjustment for the ROPS 14-15B period (\$1,774,876), and interest earned (\$2,485).

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, 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/

The Agency's maximum approved RPTTF distribution for the reporting period is \$6,547,704 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	343,716,208
Total RPTTF requested for administrative obligations	241,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 343,957,208
Total RPTTF requested for non-administrative obligations	343,716,208
Denied Items	
Item No. 11	(7,082,960)
Item No. 12	(1,166,945)
Item No. 13	(21,388,337)
Item No. 14	(1,104,350)
Item No. 15	(36,937)
Item No. 16	(1,277,611)
Item No. 17	(80,000)
Item No. 18	(4,859,582)
Item No. 19	(2,871,140)
Item No. 55	(34,385,028)
Item No. 56	(35,253,041)
Item No. 57	(36,141,053)
Item No. 58	(37,019,066)
Item No. 59	(37,773,701)
Item No. 60	(37,366,899)
Item No. 61	(39,186,433)
Item No. 62	(40,416,422)
	(337,409,504)
Total RPTTF authorized for non-administrative obligations	\$ 6,306,704
Total RPTTF requested for administrative obligations	241,000
Total RPTTF authorized for administrative obligations	\$ 241,000
Total RPTTF authorized for obligations	\$ 6,547,704
Total ROPS 14-15B prior period adjustment	0
Total RPTTF approved for distribution	\$ 6,547,704

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please 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 obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B 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 final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when funding was requested for the six-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. Rhonda Huth, Senior Management Analyst, City of Coronado
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County