A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN

THE

RECOGNIZED

OBLIGATION

**JANUARY** 

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THROUGH JUNE 2016 AND APPROVING CERTAIN RELATED ACTIONS

WHEREAS, pursuant to Health and Safety Code (the "HSC") § 34172 (a)(1), the Redevelopment Agency of the City of San Bernardino was dissolved February 1, 2012; and

PAYMENT SCHEDULE 15-16B FOR THE PERIOD OF

APPROVING

WHEREAS, consistent with the provisions of the HSC, on January 9, 2012 the Mayor and Common Council of the City of San Bernardino elected to serve in the capacity of the Successor Agency to the Redevelopment Agency of the City of San Bernardino (the "Successor Agency"); and

WHEREAS, the Oversight Board for the Successor Agency (the "Oversight Board") has been established pursuant to HSC § 34179 to assist in the wind-down of the dissolved redevelopment agency; and

WHEREAS, per HSC § 34177 (l)(1), the Successor Agency is required to prepare a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period, which corresponds to equal halves of a fiscal year (i.e., January through June and July through December); and

WHEREAS, pursuant to HSC § 34180 (g), Oversight Board approval is required for the establishment of each ROPS; and

WHEREAS, pursuant to HSC § 34177 (m), an Oversight Board-approved ROPS 15-16B for the period of January through June 2016 must be submitted to the County Auditor-Controller, County Administrative Officer, the State Controller and the State Department of Finance not later than October 5, 2015; and

WHEREAS, pursuant to HSC § 34177, the Successor Agency is legally required to continue to make payments due for enforceable obligations; and

WHEREAS, the Oversight Board's approval of the establishment of ROPS 15-16B will ensure that the Successor Agency has the authority to continue to pay its enforceable obligations; and

WHEREAS, it is proposed that the Oversight Board approve the establishment of the Successor Agency's ROPS 15-16B, which is attached hereto as Exhibit "A"; and

WHEREAS, in addition to the foregoing, the attached ROPS 15-16B includes an enforceable obligation for a tax penalty with respect to the former redevelopment agency's 1998B Tax Allocation Bonds (see enforceable obligation No. 128) for which further information related to this matter is included within the correspondence received from bond counsel that is attached hereto as Exhibit "B"; and

**WHEREAS**, all of the prerequisites with respect to the approval of this Resolution have been met.

**NOW, THEREFORE, BE IT RESOLVED** by the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of San Bernardino, as follows:

**Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.

**Section 2.** The Successor Agency's ROPS 15-16B for the period of January through June 2016, which is attached hereto as Exhibit "A", is approved, inclusive of each enforceable obligation.

Section 3. The City Manager, as the Successor Agency's Executive Director or designee, is authorized to: i) post that ROPS 15-16B on the City's website, ii) transmit the ROPS 15-16B to the County Auditor-Controller, the County Administrative Officer, the State Controller and the State Department of Finance for their review within the timeframe and in the manner prescribed by the HSC; and iii) make ministerial revisions to ROPS 15-16B, which may include, but are not limited to restating the information included within ROPS 15-16B in any format that may be requested by the State Department of Finance, take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution, and to

implement ROPS 15-16B on behalf of the Successor Agency, including authorizing and causing such payments. Section 4. This Resolution shall take effect upon the date of its adoption. /// 1/// 16 | /// /// 

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 15-16B FOR THE PERIOD OF JANUARY THROUGH JUNE 2016 AND APPROVING CERTAIN RELATED ACTIONS

PASSED, APPROVED AND ADOPTED THIS 28<sup>th</sup> day of September 2015, by the following vote:

Board Members	Ayes	Nays	_Abstain_	Absent
HEADRICK	2			X
HILL	X			
LONGVILLE	X			
MACIAS-HARRISON	X			
MORRIS	X			
O'TOOLE				X
SMITH			<del></del>	X

Secretary

The foregoing Resolution is hereby approved this 28<sup>th</sup> day of September 2015.

James P. Morris, Chairman Oversight Board for the

Successor Agency to the Redevelopment Agency of the City of San Bernardino

#### **EXHIBIT "A"**

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO RECONGNIZED OBLIGATION PAYMENT SCHEDULE 15-16B (January through June 2016)

(See Attachment)

## Recognized Obligation Payment Schedule (ROPS 15-16B) - Summary Filed for the January 1, 2016 through June 30, 2016 Period

Name	of Successor Agency:	San Bernardino City		
Name	of County:	San Bernardino		
Currer		nding for Outstanding Debt or Obliga		Six-Month Total
Α	Enforceable Obligation Sources (B+C+D):	ons Funded with Non-Redevelopmen	t Property Tax Trust Fund (RPTTF) Funding	\$ 4,113,175
В	Bond Proceeds Fur	nding (ROPS Detail)		3,500,000
С	Reserve Balance F	unding (ROPS Detail)		-
D	Other Funding (RO	PS Detail)		613,175
Ε	Enforceable Obligation	ons Funded with RPTTF Funding (F+	G):	\$ 25,493,193
F	Non-Administrative	Costs (ROPS Detail)		24,750,672
G	Administrative Cost	ts (ROPS Detail)		742,521
Н	Total Current Period	Enforceable Obligations (A+E):		\$ 29,606,368
Succes	ssor Agency Self-Penoi	rtad Prior Pariod Adjustment to Curre	ent Period RPTTF Requested Funding	
. Oucce.	-	•	ent remod Kr i ir Kequested runding	
ı	J	s funded with RPTTF (E):		25,493,193
J	Less Prior Period Adjus	stment (Report of Prior Period Adjustme	ents Column S)	(263)
K	Adjusted Current Peri	iod RPTTF Requested Funding (I-J)		\$ 25,492,930
County	y Auditor Controller Rep	ported Prior Period Adjustment to Cu	rrent Period RPTTF Requested Funding	
L	Enforceable Obligation	s funded with RPTTF (E):		25,493,193
М	Less Prior Period Adjus	stment (Report of Prior Period Adjustme	ents Column AA)	
N	Adjusted Current Peri	iod RPTTF Requested Funding (L-M)		25,493,193
Cortific	ation of Oversight Board	Chairman		
	<u> </u>	of the Health and Safety code, I	<del></del>	
		a true and accurate Recognized	Name	Title
Obligat	ion rayment schedule it	or the above named agency.	/s/	
			Signature	Date

# San Bernardino City Recognized Obligation Payment Schedule (ROPS 15-16B) - ROPS Detail January 1, 2016 through June 30, 2016 (Report Amounts in Whole Dollars)

				1			1	T		1	1				
Α	В	С	D	E	F	G	н	I	J	К	L	M	N	o	Р
										Non-Padov	elopment Property	Funding Source			
			Contract/Agreement	Contract/Agreement				Total Outstanding		Non-Redev	(Non-RPTTF)	Tax Trust Fund	RPT		
em #	Project Name / Debt Obligation	Obligation Type	Execution Date	Termination Date	Payee	Description/Project Scope	Project Area	Debt or Obligation \$ 281,628,039	Retired	Bond Proceeds \$ 3,500,000	Reserve Balance	Other Funds \$ 613,175	Non-Admin \$ 24,750,672 \$	Admin 742,521	Month Tot 29,606,
		Bonds Issued On or Before 12/31/10		7/1/2020	US Bank	Central City RDA Projects	M/CC	7,485,875	N			,	1,277,244	,	\$ 1,277
	1998B TABs	Bonds Issued On or Before 12/31/10		7/1/2020	US Bank	Central City RDA Projects	M/CC	4,042,349	N				569,900		\$ 56
	2002A TABs	Bonds Issued On or Before 12/31/10		2/1/2031	US Bank	Mt Vernon Project Area	MTV	4,564,815					177,725		\$ 17
	2002 TABs	Bonds Issued On or Before 12/31/10		4/1/2026	US Bank	SC, CCN, SEIP, NW, TRI, UP and SV Projects	RI,UP,SV						1,968,838		\$ 1,96
	2005A TABs	Bonds Issued On or Before 12/31/10		10/1/2025		Projects	SC,CCN,SEIP,NW,T RI,UP,SV		N				391,424		\$ 39
	2005B TABs	Bonds Issued On or Before 12/31/10		10/1/2025		Projects	SC,CCN,SEIP,NW,T RI,UP,SV		N				208,773		\$ 20
	2010A RECOVERY ZONE	Bonds Issued On or Before 12/31/10		4/1/2030		Recovery Zone Projects	CCN,M/CC,NW	10,793,324	N			116,493	,		\$ 46
	2010B TABs	Bonds Issued On or Before 12/31/10		4/1/2028	US Bank	Northwest Project Area	NW	4,033,610	N				227,300		\$ 22
	1995H Highland Lutheran SR Housing	Revenue Bonds Issued On or Before 12/31/10	6/19/1995	7/1/2025	US Bank	Sr Housing Complex	IVDA	1,525,711	N			1,210	108,250		\$ 109
13	1995R Casa Ramona Sr Housing	Revenue Bonds Issued On or Before 12/31/10	6/19/1995	7/1/2025	US Bank	Ramona Sr Housing Complex	MTV	1,410,756	N			45,472	55,360		\$ 10
14	CMB-Export \$15,000,000 Notes	Third-Party Loans	10/5/2009	9/1/2015	CMB Export Infrastructure Group	Various construction projects per agreement	SC,UP,CCN,CCS, SEIP,TRI	1	Y						\$
15	CMB-Export \$10,000,000 Notes	Third-Party Loans	3/8/2011	12/1/2017	CMB Export Infrastructure Group	Various construction projects per agreement	CCE,CCS,CCN, M/CC	11,050,000	N				262,500		\$ 26
	CMB-Export \$8,000,000 Notes (Interest Only)	Third-Party Loans	9/1/2010	10/1/2016	CMB Export Infrastructure Group	Various construction projects per agreement (See EO # 127 for principal reduction payment)	IVDA	420,000	N				210,000		\$ 21
17	Cinema Section 108 Bonds	Bonds Issued On or Before 12/31/10	6/15/1998	8/1/2018	Bank of New York	Cinema Star Project	CCN,M/CC,NW	1,639,739	N				22,023		\$ :
18		Bonds Issued On or Before 12/31/10	7/24/2006	8/1/2025	Bank of New York	North Arden/Guthire Project Subordinate Credit to CDBG	IVDA	6,084,000	N						\$
19	Hillwood-DDA TI Reimbursement	OPA/DDA/Construct on	ii 9/18/2006	4/27/2021	Hillwood Properties	Tax Sharing Agreement - Warehouse Facility	SC	3,001,561	N				-		\$
20	BP CA - Site Remediation	OPA/DDA/Construct on	ii 10/7/2002	9/30/2018	BP Cal	Tax Sharing Agreement - Site Remediation	TRI	226,219	N				-		\$
24	SB County Transitional Assistance Department (TAD) Leased Building	OPA/DDA/Construct on	ii 8/16/2004	2/2/2020	Waterman Holdings	Tax Sharing Agreement - New Construction	CCE	198,196	N				-		\$
28		Bonds Issued On or Before 12/31/10	3/20/2006	5/1/2027	US Bank	LMIHF Projects/Programs	CCN	23,607,111	N				2,167,824		\$ 2,16
	PERS - Unfunded Pension Obligation	Unfunded Liabilities	6/30/2010	8/10/2045	CalPERS	obligation was established by Cal PERS	ALL	4,163,616	N				268,707		\$ 26
31	Retireee Health Benefit	Miscellaneous	6/23/2005	8/10/2045	Various Retired Employees	Retiree Supplemental Health Benefit per Agency Policy	ALL	825,000	N				18,900		\$
32	Successor Agency Admin.	Admin Costs	2/1/2012	4/1/2030	Various Employees & Vendors	Various admin activities in support of the dissolution of the former RDA (equals 3% of excel Cell N-6)	ALL	6,855,929	N					742,52	\$ 74
38	Long Term Property Maintenance	Property Maintenance	6/28/2011	8/10/2045	Various Vendors	Maintenance of former RDA properties in accordance with AB 1484	ALL	4,250,000	N			450,000	900,000		\$ 1,35
41	Auto Plaza - Reader Board	OPA/DDA/Construct	i 5/17/2010	4/1/2030	Citizens Business Bank	Loan Guarantee Only	SEIP	714,413	N						\$
82	HSC 34171 (d)(1)(A) Reserve	Bonds Issued On or Before 12/31/10	3/2/1998	4/1/2030	US Bank	Replenishment of DSR Draws Deferred Due to Insufficient RPTTF	ALL	4,138,810	N				4,138,810		\$ 4,13
84	Securities Servicing	Fees	3/2/1998	4/1/2030	US Bank	Securities Servicing of all Bonds	ALL	726,191	N				65,000		\$ 65

# San Bernardino City Recognized Obligation Payment Schedule (ROPS 15-16B) - ROPS Detail January 1, 2016 through June 30, 2016 (Report Amounts in Whole Dollars)

				ı	I	1		1	1							
Α	В	С	D	E	F	G	н	ı	J	к	L	М	N	0		Р
												Funding Source				
										Non-Redev	relopment Property T	•				
										TTOTT TOGOT	(Non-RPTTF)	ax Tract Faria	RPTT	ΓF		
			Contract/Agreement	Contract/Agreement				Total Outstanding								
Item #	Project Name / Debt Obligation	Obligation Type	Execution Date	Termination Date	Payee	Description/Project Scope	Project Area	Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-M	onth Total
87 (	Carousel Mall Past Due Prop. Tax	Miscellaneous	7/1/2010	4/1/2030	SB County Tax Collector	Prop. Taxes Assumed at Foreclosure - Deferred Due to Insufficient Projected	ALL	1,075,248	N				1,075,248		\$	1,075,248
						RPTTF										
	ACAA Limited Partnership Purchase	Third-Party Loans	5/19/2011	6/1/2012	ACAA Limited Partnership		ALL	1	N						\$	-
95 1	Money Note  Jnfunded Statutory Prior-Year Pass-	Miscellaneous	2/12/2014	4/1/2030	San Bernardino City Unified	Money Note Unfunded Statutory Prior-Year Pass-	ALL	1,192,547	N				1,192,547		\$	1,192,547
	Γhrough Obligations, Pre-RDA			1,7,72000	School District	Through Obligations, Pre-RDA	· ·	1,102,011					1,102,011		<b>*</b>	.,.02,0
	Dissolution					Dissolution (as authorized by DOF for ROPS 14-15B)										
96 F	Reimbursement Agreement for Debt	Bonds Issued On or	9/29/1999	9/1/2024	City of San Bernardino	,	ALL	6,306,046	N				424,795		\$	424,795
5	Service on 1999 COPs	Before 12/31/10			,	1999 COPs (201 Bldg. & South Valle)									·	
	Infunded Statutory Prior-Year Pass- Through Obligations, Pre-RDA	Miscellaneous	2/12/2014	4/1/2030	San Bernardino County Superintendent of Schools	Unfunded Statutory Prior-Year Pass- Through Obligations, Pre-RDA	ALL	52,172	N				52,172		\$	52,172
	Dissolution				Superintendent of Schools	Dissolution (as authorized by DOF for										
						ROPS 14-15B)										
114 L	Infunded Statutory Prior-Year Pass- Fhrough Obligations, Pre-RDA	Miscellaneous	9/12/2013	4/1/2030	San Bernardino Community College Dist.	Unfunded Statutory Prior-Year Pass- Through Obligations, Pre-RDA	ALL	358,105	N				358,105		\$	358,105
	Dissolution				College Dist.	Dissolution (as authorized by DOF for										
						ROPS 14-15B)										
	, c	Litigation	2/1/2012	4/1/2030	Special Counsel	going and Anticipated.	ALL	50,000					50,000		\$	50,000
116 F		Property Maintenance	9/15/2014	6/30/2017	Platinum Security, Inc.	Night-time Mobile Security Guard Services - After Business Hours	ALL	313,152	N				103,845		\$	103,845
120 0		Professional	10/1/2012	9/30/2017	Urban Futures, Inc.	Continuing Disclosure Services for	ALL	216,000	N				13,500		\$	13,500
		Services				2002, 2002A, 2005A, 2005B, 2006,										
						2010A and 2010B TABs - ROPS "B" Cycle Only										
123 F		Property	1/5/2015	6/30/2017	Capital Protection, Inc.	Theater Square Security Services -	ALL	171,000	N				55,000		\$	55,000
124	Phase II Soil Remediation Plan for	Maintenance Remediation	7/20/2015	12/31/2015	To be Selected	During Business Hours Phase II Soil Remediation Plan for	ALL	241,000	N						\$	
f	ormer TBA Site at Carousel Mall	rtemediation				former TBA Site at Carousel Mall		241,000							Ψ	
125		Refunding Bonds	11/1/2015	12/1/2031	US Bank		ALL	14,397,883	N				-		\$	-
-	Portion Only)	Issued After 6/27/12				2002A and 2006 TABs and the 2010 and 2011 EB-5 Notes										
		Refunding Bonds	11/1/2015	12/1/2031	US Bank	Refunding TABs of the 1998B, 2002,	ALL	58,725,000	N				-		\$	-
F	Reduction Portion Only)	Issued After 6/27/12				2002A and 2006 TABs and the 2010 and 2011 EB-5 Notes										
127 (	CMB-Export \$8,000,000 Notes	Third-Party Loans	9/1/2010	9/1/2016	CMB Export Infrastructure		ALL	8,000,000	N				8,000,000		\$	8,000,000
	Principal Reduction Portion Only)	,			Group	agreement (See EO # 127 for principal										
129 7	Tax Liability Due for 1998B TABs	Bonds Issued On or	3/2/1008	7/1/2020	U.S. Internal Revenue	reduction payment) Tax Liability Due for 1998B TABs (See	Al I	3,500,000	N	3,500,000	)				\$	3,500,000
120		Before 12/31/10	3/2/1990	17172020	Service	Notes Form)		3,300,000	IN IN	3,300,000					Ψ	3,300,000
129	Solar Power Purchase Agreement	Unfunded Liabilities	11/25/2009	11/24/2029	RDA Solar I, LLC	Payment for unfunded obligations for	ALL	560,000	N				40,000		\$	40,000
130						solar power			N						\$	_
131									N						\$	-
132 133						<del> </del>			N N						\$	-
134									N						\$	
135									N						\$	-
136 137						-			N N		-				\$	-
138									N						\$	
139									N						\$	-
140 141						+			N N						\$	-
142									N						\$	-
143									N						\$	-

### San Bernardino City Recognized Obligation Payment Schedule (ROPS 15-16B) - Report of Cash Balances (Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (I), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see Cash Balance Tips Sheet **Fund Sources** RPTTF **Bond Proceeds** Reserve Balance Other Prior ROPS Prior ROPS RPTTF period balances Bonds Issued or and DDR RPTTF distributed as Rent. Non-Admin or before Bonds Issued on reserve for future Grants. balances and or after 01/01/11 Cash Balance Information by ROPS Period 12/31/10 retained period(s) Interest, Etc. Admin Comments ROPS 14-15B Actuals (01/01/15 - 06/30/15) 1 Beginning Available Cash Balance (Actual 01/01/15) The amount in Cell C-1 is the sum of \$10,664,933 of DSRF, \$5,020,382 of 2005 TABs Indenture-Required DSRF, and \$8,765,147 of unspent pre-2011 bond proceeds available for projects post-FOC. The sum of the amounts in Cells E-1 and G-1 eguals \$5,284,270, which is the Ending Actual Available Cash Balance on 12-31-14, as reported in Cells E-6 and G-6 of the Cash Balance Report for ROPS 14-15A. See Notes Page for details on the amounts reported in Cells E-1 and G-1, and for details on the amounts reported in Column E. Cell H-1 is the sum of the PPAs for ROPS 14-15B (i.e., \$1,519,467) and ROPS 15-16A (i.e., \$42,640) 24,450,462 4,098,025 1,186,245 1,562,107 Cell G-2 consists of \$221,814 of third party 2 Revenue/Income (Actual 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the contirbutions to debt service and \$543,861 of rental income The amount shown in Cell H-2 is County Auditor-Controller during January 2015 \$1,952,627 less than the amount authorized by 765,675 15,617,533 DOF in its letter of 11-14-15. 3 Expenditures for ROPS 14-15B Enforceable Obligations (Actual Cells E-3, G-3, H-3 and H-4 equal \$19,181,243, which ties to the PPA form. 06/30/15) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q 1,861,108 183,135 17,137,000 4 Retention of Available Cash Balance (Actual 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s) 5 ROPS 14-15B RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15B PPA in the No entry required Report of PPA, Column S 6 Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)\$ 24,450,462 3,914,890 90,812 \$ 42,377 ROPS 15-16A Estimate (07/01/15 - 12/31/15) 7 Beginning Available Cash Balance (Actual 07/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)24,450,462 3,914,890 90,812 8 Revenue/Income (Estimate 12/31/15) Cell G-8 equals the sum of \$1,704,000 in RPTTF amounts should tie to the ROPS 15-16A distribution from the condemnation proceeds, \$543,000 of projected rental income and \$216,214 of projected third-County Auditor-Controller during June 2015 party contributions to debt service. Cell H-8 equals the amount of RPTTF received from the 2,463,214 16,185,056 CAC. 9 Expenditures for ROPS 15-16A Enforceable Obligations (Estimate Cell G-9 consists of a \$1,704,000 contribution to repay the 2009 EB-5 Notes, \$232,685 for thrid-12/31/15) party contributions to debt service and \$450,000 2.386.685 16,227,696 for property maintenance (i.e., EO No. 38). 10 Retention of Available Cash Balance (Estimate 12/31/15) Of the amounts shown in Cell E-11, \$713,413 RPTTF amount retained should only include the amounts distributed as respresents a compensating balance deposit securing a loan from Citizen's Business Bank to reserve for future period(s) the San Bernardino Auto Center Assoc., Inc. and \$1,864,145 represents the amount to be distributed to the CAC as the OFA DDR payment during ROPS 15-16A. The beginning balance is unaudited. 11 Ending Estimated Available Cash Balance (7 + 8 - 9 -10) \$ 24,450,462 \$ - \$ 3,914,890 \$ - \$ 167,341 \$

San Bernardino City Recognized Obligation Payment Schedule (ROPS 15-16B) - Report of Prior Period Adjustments
Reported for the ROPS 14-15B (January 1, 2015 through June 30, 2015) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)

								R	eported for the	ROPS 14-15B (Janu	ary 1, 2015 through (Rep	June 30, 2015) Per port Amounts in Wh	iod Pursuant to Health ar ole Dollars)	d Safety Code (HS	C) section 34186 (	(a)								
ROPS 14-15B Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual expenditures for the ROPS 14-15B (January through June 2015) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16B (January through June 2016) period adjustments self-reported by SAs are subject to audit by the CAC. Note that the Admin amounts do not need to be listed at the line item level and may be entered as a lump sum.																								
А В	С	D	E	F	G	н	-	J	к	L	M N	o	P Q	R	s	т	U	v	w	x	Y	z	AA	AB
			Non-RPTTF	Expenditures	3				'		RPTTF Expe	enditures		<u>'</u>				1	R	RPTTF Expenditur	res			
	David.	Proceeds	B	· Balance	Other F	············			Non-Admin				Admin		Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 15-16B Requested RPTTF)			Non-Admin CAC			Admin CAC		Net CAC Non- Admin and Admin PPA (Amount Used to Offset ROPS 15-16B Requested RPTTF)	
	Bond	Proceeds	Reserve	Balance	Other F	unas		Available	Non-Admin			Available	Admin	Difference	Requested RFTTF)			Non-Admin CAC			Admin CAC		Requested KFTTF)	
Project Name / Item # Debt Obligation	Authorized	Actual \$	Authorized	Actual	Authorized \$ 1,501,742 \$	Actual 2,044,243	Authorized \$ 18,533,618	RPTTF (ROPS 14-15B distributed + all other available as of 01/1/15) \$ 16,580,982	Authorized / Available \$ 16,580,982	(If K is the d	fference less than L, ifference is zero) Authorized		Authorized / Available Actua	(If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)	SA Comments	Net Lesser of Authorized / Available	Actual	Difference	Net Lesser of Authorized / Available	Actual	Difference	Net Difference	CAC Comments
3 1998A TABs 4 1998B TABs	-		-		-		1,247,144 558,250	558,250		558,250 \$	-				\$ - \$ -									
6 2002A TABs 7 2002 TABs 8 2005A TABs 9 2005B TABs			-		-		85,425 1,928,888 984,220	85,425 1,928,888 984,008	\$ 1,928,888	1.928.888 \$	263				\$ - \$ 263									
9 2005B TABs 10 2010A RECOVERY ZONE	-		-		116,493	216,132	367,282	984,008 367,282 242,744	\$ 367,282 \$ 242,744	367,312 \$ 242,744 \$	-				\$ - \$ -									
11 2010B TABs 12 1995H Highland Lutheran SR			-		1,452	1,210	236,800 105,486	236,785 105,486	\$ 236,785 \$ 105,486	236,785 \$ 105,728 \$	-				\$ - \$ -									
Housing 13 1995R Casa	-		-		31,170	45,472	67,024	52,722	\$ 52,722	52,722 \$	-				\$ -									
Ramona Sr Housing 14 CMB-Export \$15,000,000 Notes	-		-		-		393,750	393,750			-				\$ -									
15 CMB-Export \$10,000,000 Notes 16 CMB-Export	-		-		-		262,500 210,000	262,500 210,000							\$ -									
\$8,000,000 Notes 17 Cinema Section 108	3 -		-		-		27,853	27,853			-				\$ -									
Bonds 18 Arden-Guthrie Sec. 108 Bonds	-		-		-		-		\$ -	\$	-				\$ -									
19 Hillwood-DDA TI Reimbursement 20 BP CA - Site	-		-		-		95,129	95,129	\$ 95,129	95,129 \$	-				\$ -									
Remediation 24 SB County Transitional	-		-		-		-		\$ -	\$	-				\$ -									
Assistance Department (TAD) Leased Building																								
28 2006 TABs 30 PERS - Unfunded	:		-		-		2,126,559	2,126,559	\$ 2,126,559 \$ -	2,126,559 \$	-				\$ - \$ -									
Pension Liability 31 Retireee Health Benefit	-		-		-		27,500	18,900	\$ 18,900	18,900 \$	-				\$ -									
32 Successor Agency Admin. 33 Litigation - Carousel	-		-		-		-		s -	\$	- 556,0	09 556,009	54	66,009	\$ -									
Mall (Placo)  34 Litigation - Peart v.			-		_		-		s -	S					\$ -									
City of San Bernardino 36 Litigation - Glen Aire									e						•									
MHP Corp 38 Long Term Property	, -		-		1,250,000	1,495,667	-		s -	\$	-				\$ -									
Maintenance 41 Auto Plaza - Reade Board	г -		-		-		-		\$ -	\$	-				\$ -									
82 HSC 34171 (d)(1)(A) Reserve 84 Securities Servicing	-		-		-		71,089	44,124	\$ - \$ 44,124	44,124 \$	-				\$ -									
85 Unfunded Prior- Year Pass-Through Payment Obligations	-		-		-		-	,,==	\$ -	\$	-				\$ -									
87 Carousel Mall Past Due Prop. Tax	-		-		-		-		\$ -	\$	-				\$ -									
88 ACAA Limited Partnership Purchase Money	-		-		-		-		\$ -	\$	-				\$ -									
Note 90 Discounted settlement of lawsuit	-		-		-		-		\$ -	\$	-				\$ -									
to foreclose mechanics lien against former RDA																								
91 Discounted settlement of lawsuit	-		-		-		-		\$ -	\$	-				\$ -									
to foreclose mechanics lien against former RDA																								
property  92 Discounted settlement of lawsuit	-		-		-		-		\$ -	\$	-				\$ -									
to foreclose mechanics lien against former RDA																								
property  93 Discounted settlement of lawsuit	-		-		-		-		s -	\$	-				\$ -									
to foreclose mechanics lien against former RDA property																								
94 Unfunded Prior- Year Pass-Through Payment Obligations	-		-		-		-		\$ -	\$	-				\$ -									
, , , , ,	I			1			L									<u> </u>								

San Bernardino City Recognized Obligation Payment Schedule (ROPS 15-16B) - Report of Prior Period Adjustments
Reported for the ROPS 14-15B (January 1, 2015 through June 30, 2015) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)

(Report Amounts in Whole Dollars)

											.0.01.102(	bundary 1, 20		t Amounts in Who	ole Dollars)	anti and Care	ety code (1100	7 30011011 04 100 (	u,	DODS 14 15D C	AC BBA. To be o	completed by the	CAC upon submittal	of the BORS	15 16P by the CA	to Einange and	
Redevelop	5B Successor Ament Property Ta auditor-controlle	ax Trust Fund	(RPTTF) app	proved for the ROP	justments (PPA) S 15-16B (Janua	a): Pursuant to HSC ary through June 2	C Section 3418 2016) period w	36 (a), SAs are r ill be offset by th	equired to report the ne SA's self-reporte	e differences betw d ROPS 14-15B pr	een their actual a	vailable funding ment. HSC Section	and their actual on 34186 (a) als	expenditures for the co specifies that the	e ROPS 14-15B (Janu prior period adjustmer	uary through Juents self-reporte	une 2015) period. ed by SAs are sul	The amount of bject to audit by		the CAC. Note th	at CACs will nee	d to enter their or	wn formulas at the lin	ne item level p	ursuant to the ma	anner in which they	
A	В	С	D	E	_	G	н			ĸ		м	N	0	<b>D</b>	0	D	s	т	U	v	w	x	Y	z	AA	АВ
					F Expenditures	_					-		RPTTF Expend	_		_				-	•	1	RPTTF Expenditures				
				HOITRI TTI	Experienteres								ti i ii Expelia	itures									LA TTT Experience	<u> </u>			
		Bon	d Proceeds	Reserve	e Balance	Other Fu	unds			Non-Admin					Admin			Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 15-16B Requested RPTTF)			Non-Admin CAC			Admin CAC		Net CAC Non- Admin and Admin PPA (Amount Used to Offset ROPS 15-16B Requested RPTTF)	
									Available					Available			Difference	,									
Item #	Project Name / Debt Obligation					Authorized			RPTTF (ROPS 14-15B distributed + all other available as of 01/1/15)	Authorized /	Actual	Difference If K is less than L, the difference is		RPTTF (ROPS 14-15B distributed + all other available as of 01/1/15)	Net Lesser of Authorized /	Actual	(If total actual exceeds total authorized, the total difference is	Net Difference	SA Comments	Net Lesser of Authorized / Available		Difference	Net Lesser of Authorized /		Difference		
item#	Debt Obligation	Authorized	- \$	Authorized		\$ 1,501,742 \$	Actual 2,044,243	Authorized \$ 18,533,618	\$ 16,580,982	Available \$ 16,580,982		<b>zero)</b>	Authorized \$ 556,009		Available \$ 556,009 \$	556,009	zero)	(M+R) \$ 263	3A Comments	Available	Actual	\$ -	Available	Actual	S -	Net Difference	CAC Comments
95	Unfunded Statutory Prior-Year Pass-					-	, , , ,	1,192,547	, .,,.	\$ -		\$ -	,				•	\$ -									
	Through Obligations, Pre-RDA Dissolution	, 1																									
	Reimbursement Agreement for Debt		-	-		-		133,513	133,513	\$ 133,513	133,513	-						\$ -									
	Service on 1999 COPs																										
97 98	1998A TABs 1998B TABs		-	-		-		-		\$ -		5 -						\$ -									
99	1995H Highland ∟utheran SR		-	-		-		-		\$ -		-						\$ -									
100	Housing 1995R Casa Pamona Sr Housing		-	-		-		-		\$ -		-						\$ -									
101	Ramona Sr Housing 2006 TABs 1997A TABs	1	-	-		-		-		\$ - \$		s -						\$ -									
103	1997A TABs 2005B TABs CMB-Export		-			-		-		\$ -		5 -						\$ -									
105	Woolworth Bldg.		-			-				\$ -		\$						\$ -									
106	Litigation - Carousel Mall (Placo)	1	-	-		-		-		\$ -		-						\$ -									
ļ	Long Term Property Maintenance	y	-	-		-		-		\$ -		-						\$ -									
	Neighborhood Housing Services,		-	-		-		-		\$ -		-						\$ -									
1	nc. Unpaid ROPS I									•																	
	2005A TABs nterest ROPS 13-	· ·		-		-				\$ -		-						\$ -									
110	2005B TABs nterest ROPS 13-		-	-		-		-		\$ -		-						\$ -									
444	4A									\$ .								\$ .									
	nterest ROPS 13-									•		,						Ψ -									
112	CMB-Export 610,000,000 Notes		-	-		-		-		\$ -		\$ -						\$ -									
	nterest ROPS 13- 4A																										
1	Unfunded Statutory Prior-Year Pass-		-	-		-		52,172		\$ -		-						\$ -									
1	Through Obligations, Pre-RDA Dissolution	, 1																									
	Unfunded Statutory Prior-Year Pass-		-	-		-		358,105		\$ -		-						\$ -									
	Pre-RDA Dissolution	, 1						50,000	00.055	A 00.055	00.055																
	Third-Party Related itigation Real Property			-		102,627	102,627	50,000	33,055	\$ 33,055 \$ -	33,055	•						9									
117	Security Services Appraisal Services		-	-		102,021	102,027	9,500		*	9,500	\$						\$									
118	Litigation Condemnation	1	-			-		87,000	87,000		87,000							\$ -									
119	ludgment CMB-Export	<u> </u>	-	-		-	183,135	7,500,000		\$ 7,316,865	7,316,865							\$ -									
	S15,000,000 Note																										
120	Payment Continuing	<u> </u>	-	-		-		13,500	13,500	\$ 13,500	13,500	ş -						\$ -									
	Disclosure Services Litigation - Glen Aire MHP Corp		-	-		-		-		\$ -		\$ -						\$ -									
122	Infrastructure -	1	-	-		-		-		\$ -		-						\$ -									
	Vatson OPA									\$ -		5 -						\$ -									
										\$ -		5 -						\$ -									
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San Bernardino City Recognized Obligation Payment Schedule (ROPS 15-16B) - Notes
January 1, 2016 through June 30, 2016

	Carradary 1, 2010 time agr. Carra CC, 2010
Item #	Notes/Comments
itCili #	ROPS DETAIL FORM
3	None.
3	The 1998B TABs will be subsumed by the 2015 Refunding TABs slated to close during ROPS 15-16A, but after ROPS 15-15B is filed with DOF. The amount of debt service indicated will be contributed to the 2015 Refunding TABs debt service. Notwithstanding the foregoing, it is possible that the 2015 Refunding TABs may close
4	at a later time.
	The 2002A TABs will be subsumed by the 2015 Refunding TABs slated to close during ROPS 15-16A, but after ROPS 15-15B is filed with DOF. The amount of debt
	service indicated will be contributed to the 2015 Refunding TABs debt service. In addition, to ensure that adequate RPTTF is available to make the principal reduction payment during the second half of 2016 and consistent with the Indenture, the debt service amount indicated on ROPS 15-16B includes the principal reduction
6	payment. Notwithstanding the foregoing, it is possible that the 2015 Refunding TABs may close at a later time.
	The 2002 TABs will be subsumed by the 2015 Refunding TABs slated to close during ROPS 15-16A, but after ROPS 15-15B is filed with DOF. The amount of debt
	service indicated will be contributed to the 2015 Refunding TABs debt service. Notwithstanding the foregoing, it is possible that the 2015 Refunding TABs may close
7	at a later time.
0	To ensure that adequate RPTTF is available to make the principal reduction payment on the 2005A TABs during the second half of 2016 and consistent with the
0	Indenture, the debt service amount indicated on ROPS 15-16B includes the principal reduction payment.  To ensure that adequate RPTTF is available to make the principal reduction payment on the 2005B TABs during the second half of 2016 and consistent with the
9	Indenture, the debt service amount indicated on ROPS 15-16B includes the principal reduction payment.
	None.
	None.
	For the 1995H Bonds, the owner's contribution is equal to the estimated amount applicable during the current ROPS cycle.
	For the 1995R Bonds, the owner's contribution is equal to the estimated amount applicable during the current ROPS cycle.
14	None. The 2011 EB 5 Nation will be surboursed by the 2015 Befored by allowed to close during BOBS 45 450, but often BOBS 45 45D is filed with BOF. The amount of
15	The 2011 EB-5 Notes will be subsumed by the 2015 Refunding TABs slated to close during ROPS 15-16A, but after ROPS 15-15B is filed with DOF. The amount of debt service indicated will be contributed to the 2015 Refunding TABs debt service.
10	The 2010 EB-5 Notes will be subsumed by the 2015 Refunding TABs slated to close during ROPS 15-16A, but after ROPS 15-15B is filed with DOF. The amount of
16	debt service indicated will be contributed to the 2015 Refunding TABs debt service.
17	None.
	The Arden-Guthrie Section 108 (CDBG) Loan has an RDA stand-by guaranty that may only be called upon if the CDBG funds during any year are insufficient to make
18	debt service. Since CDBG revenue is projected to be sufficient during ROPS 15-16B, no current payment is needed from RPTTF
	The payments for all tax sharing agreements are conditioned upon the recipient meeting certain prerequisites with respect to the payment of current property taxes. To
	the extent that such preconditions are projected to be accomplished during a ROPS cycle, a current payment allocation will be requested. If it is projected that the
19	necessary prerequisites will not be accomplished during a ROPS cycle, then payments pursuant to the obligating agreement will be deferred to a future ROPS cycle.
	The payments for all tax sharing agreements are conditioned upon the recipient meeting certain prerequisites with respect to the payment of current property taxes. To
20	the extent that such preconditions are projected to be accomplished during a ROPS cycle, a current payment allocation will be requested. If it is projected that the necessary prerequisites will not be accomplished during a ROPS cycle, then payments pursuant to the obligating agreement will be deferred to a future ROPS cycle.
20	riecessary prerequisites will not be accomplished during a NOF3 cycle, their payments pursuant to the obligating agreement will be deferred to a ruture NOF3 cycle.
	The payments for all tax sharing agreements are conditioned upon the recipient meeting certain prerequisites with respect to the payment of current property taxes. To
	the extent that such preconditions are projected to be accomplished during a ROPS cycle, a current payment allocation will be requested. If it is projected that the
24	necessary prerequisites will not be accomplished during a ROPS cycle, then payments pursuant to the obligating agreement will be deferred to a future ROPS cycle.
	The 2006 TABs will be subsumed by the 2015 Refunding TABs slate to close during ROPS 15-16A, but after ROPS 15-15B is filed with DOF. The amount of debt
20	service indicated will be contributed to the 2015 Refunding TABs debt service. Notwithstanding the foregoing, it is possible that the 2015 Refunding TABs may close at
28	a later time.  Pursuant to Cal PERS letter invoice dated October 2014, Cal PERS is now billing annually for unfunded pension obligations. The annual payments will be placed on
30	the "B" cycle ROPS.
	None.
	The amount of this EO is equal to 3% of the sum of the amounts indicated in column "N".
38	None.

San Bernardino City Recognized Obligation Payment Schedule (ROPS 15-16B) - Notes
January 1, 2016 through June 30, 2016

	January 1, 2016 through June 30, 2016
Item #	Notes/Comments
	The Auto Plaza Reader Board Loan Guaranty may only be called on if the San Bernardino Auto Center Association, Inc. fails to make a debt service payment to
	Citizens Business Bank (CBB). No such payment failure is anticipated during ROPS 15-16B. If a default occurs, the Successor Agency has a collateral loan account
	(Certificate of Deposit Account No. 2459956614) with CBB that will be used satisfy the default. The amount on deposit in the collateral loan account is \$714,413 as is
41	reported as part of the Successor Agency retained balances under Column E on the Cash Balance Report.
	Payment for the DSRF shortfalls was previously deferred until certain PPAs were applied by the Successor Agency to past ROPS. Since those PPAs have now been
82	fully applied, the Successor Agency is now eligible to fund these obligations with RPTTF.
	Trustee fees for Successor Agency TABs. This EO includes approximately a \$20,000 carry-forward for fees due during ROPS 15-16A that were in excess of the
84	requested authorization.
	DOF denied this item in the past based in part on its belief that some the unpaid property taxes on the Carousel Mall were incurred after the property was transferred
	from the RDA to the SBEDC. However, the item represents only taxes incurred before the RDA acquired the Carousel Mall through a foreclosure process. These
	taxes became an obligation of the RDA when it acquired the Carousel Mall by foreclosure in February 2011. These obligations became an obligation of the Successor
87	Agency when, as directed by DOF, the Successor Agency recovered the Carousel Mall site from the SBEDC on December 17, 2014.
88	This EO may be resolvable on the LRPMP. If so, then it may be removed from future ROPS.
	This item consists of unfunded Prior-Year Pass-Through Payment Obligations that were approved by DOF for ROPS 14-15B. Due to an RPTTF shortfall, funding for
95	this EO needed to be diverted to debt service.
	The \$424,795 requested for EO # 96 includes the ROPS 15-16B reimbursement of \$123,063 and \$301,732 that must be carried-forward from ROPS 15-16A to ROPS
	15-16B. The carry-forward amount could not be paid during ROPS 15-16A due to an RPTTF shortfall during ROPS 15-16A the required the reprioritization of RPTTF
96	to fund debt service on the 2009 Notes.
	This item consists of unfunded Prior-Year Pass-Through Payment Obligations that were approved by DOF for ROPS 14-15B. Due to an RPTTF shortfall, funding for
113	this EO needed to be diverted to debt service.
	This item consists of unfunded Prior-Year Pass-Through Payment Obligations that were approved by DOF for ROPS 14-15B. Due to an RPTTF shortfall, funding for
	this EO needed to be diverted to debt service.
	None.
	None.
	None.
123	None.
	As directed by DOF, on December 17, 2014, the Successor Agency recovered the Carousel Mall site from the SBEDC. The former Tire Battery and Accessories (TBA)
	portion of the Site requires a Phase II Soil Remediation Plan. The budget for this plan is based on an engineer's estimate of the costs for soil sampling and for
404	preparing the plan. A qualified consultant will be selected subsequent to sufficient funding availability. Due to the probability of a funding shortfall, this EO will be
124	continued to a future ROPS.
	The 2015 Refunding TABs will refinance the 1998B, 2002, 2002A and 2006 TABs and the 2010 and 2011 Notes. The 2015 Refunding TABS were approved by DOF
	on 7-24-15. The 2015 Refunding TABs are anticipated to close by the end of 2015, but after the ROPS 15-16B is filed with DOF. The debt service shown on the
405	ROPS Detail form for the refunded obligations will be used for the debt service due for the 2015 Refunding TABs. Notwithstanding the foregoing, it is possible that the
125	2015 Refunding TABs may close at a later time.  The 2015 Refunding TABs will refine the 4000R 2000 2000A and 2000 TABs and the 2010 and 2014 Nation. The 2015 Refunding TABS were approved by DOF.
	The 2015 Refunding TABs will refinance the 1998B, 2002, 2002A and 2006 TABs and the 2010 and 2011 Notes. The 2015 Refunding TABs were approved by DOF
	on 7-24-15. The 2015 Refunding TABs are anticipated to close by the end of 2015, but after the ROPS 15-16B is filed with DOF. The debt service shown on the
126	ROPS Detail form for the refunded obligations will be used for the debt service due for the 2015 Refunding TABs. Notwithstanding the foregoing, it is possible that the 2015 Refunding TABs may close at a later time.
120	This EO is for the principal repayment portion of the 2010 EB-5 Notes. The full amount is requested in the event that the ROPS 16-17A cycle has insufficient funds to
	payoff the notes. The 2010 EB-5 Notes will be subsumed by the 2015 Refunding TABs slated to close during ROPS 15-16A, but after ROPS 15-15B is filed with DOF.
	The amount of debt service indicated will be contributed to the 2015 Refunding TABs debt service. Notwithstanding the foregoing, it is possible that the 2015
127	Refunding TABs may close at a later time.
127	Refunding TADS may close at a later time.
	EO # 128 is the calculated maximum tax liability due to the U.S. Internal Revenue Service ("IRS") resulting from the 1998B TABs, which were "Advanced Refunded"
	three times instead of the two such advanced refundings that were allowable for that bond issue. The amount indicated is the maximum calculated penalty pursuant to
	the IRS Voluntary Closing Agreement Program. This matter has been reviewed by DOF Counsel (i.e., Shelly Renner, Esq.). Further the Successor Agency intends to
	negotiate with the IRS to reduce the penalty. The payment of the penalty will be funded from the \$5,020,382 of 2002 TABs Indenture-Required Trust Account, which is
	included within Cell C-1 of the Cash Balances Form. The \$1,520,382 difference between the \$3,500,000 that may be required for the tax penalty and the \$5,020,382
128	held in the 2002 TABs Indenture-Required Trust Account will be contributed to the 2015 Refunding TABs and allocated to the refunding of the 2002 Bonds.
120	The in the 2002 17 20 internation required trader to could will be contained to the 2012 internating of the 2002 boiles.

	San Bernardino City Recognized Obligation Payment Schedule (ROPS 15-16B) - Notes  January 1, 2016 through June 30, 2016
H #	
129	Notes/Comments  EO # 129 is for an overdue payment to RDA Solar, LLC pursuant to that certain Solar Power Purchase Agreement with the former RDA dated 11-25-09 related to the purchase and sale of solar power. The power is used for the Successor Agency's property located at 201 N. "E" Street. It is anticipated that payments for this obligation will continue throughout the term of the agreement and will run with the land.
	PRIOR PERIOD ADJUSTMENT FORM
Cell M-8	The Successor Agency did not actually have an RPTTF surplus during ROPS 14-15B as all of the RPTTF and the full amount of the applied PPA were actually used. The \$263 indicated is the result a locked-in Excel formula flaw that creates anomolies of this type when a Successor Agency does not receive enough RPTTF and under-spends on one or more enforceable obligations. The Successor Agency requests that DOF waive the \$263 apparent, yet false positive in Cell M-8.
	CASH BALANCES FORM
Cell E-1	The amount indicated in this cell is unaudited. The Sucessor Agency's financial statements for the periods ending 6-30-13 and 6-30-14 are in process. Therefore, the balances indicated are subject to change.
Cell G-1	The amount indicated in this cell is unaudited. The Sucessor Agency's financial statements for the periods ending 6-30-13 and 6-30-14 are in process. Therefore, the balances indicated are subject to change.
Cell I-10	The compensating balance deposit securing a loan from Citizen's Business Bank to the San Bernardino Auto Center Assoc., Inc. will be audited during ROPS 15-16A. It is anticipated that some of the \$713,413 on deposit will become available to pay the OFA DDR disbursement.

### **EXHIBIT "B"**

1 2

**5** 

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CORRESPONDENCE FROM BOND COUNSEL WITH RESPECT TO THE TAX PENALTY RELATED TO THE FORMER REDEVELOPMENT AGENCY'S 1998B TAX ALLOCATION BONDS

(See Attachment)



#### Memorandum

To Successor Agency to the Redevelopment Agency of the City of San Bernardino

From Orrick, Herrington & Sutcliffe LLP (Bond Counsel and Special Tax Counsel)

Date September 28, 2015

RE Summary of Liability Relating to IRS Settlement for Tax Violation

Orrick, Herrington & Sutcliffe LLP, as the Successor Agency's Bond and Tax Counsel in connection with its proposed refunding of various series of outstanding bonds, is providing the following as a footnote attachment for Item 128 of the Successor Agency's 15-16B ROPS.

After a detailed review of the San Bernardino Joint Powers Financing Authority's Tax Allocation Refunding Bonds Series 1998 A & B (the "1998 Bonds") it is clear that the Bonds violated one of the requirements for tax exemption. In addition, we have spoken with the Internal Revenue Service, on an anonymous basis, regarding the Bonds' tax violation and regarding the process and the potential settlement payment required to preserve the tax exemption on the Bonds so as to avoid the IRS from pursuing Bondholders to collect the federal tax which needs to be paid in respect of the interest received. The IRS personnel, with whom we spoke, were the head of the tax exempt bond group and the head of the IRS voluntary closing agreement program.

We have also had a detailed discussion with Shelly Renner and Kenny Louie regarding this tax issue and liability and believe they are fully apprised of the relevant facts and circumstances, as well as the need of the Successor Agency to have an identified source of payment for the tax liability. Ms. Renner indicated that it should appear on the 15-16B ROPS.

In terms of the potential settlement payment to the IRS, the amount required has a range of approximately \$1.2 million as a minimum, and as much as \$3.5 million as a maximum. The amounts are based on calculations of so-called "taxpayer exposure" which relates to the amount of income taxes the IRS views as having been lost, or to be lost in the future, as a result of not collecting federal income taxes on the interest paid on the Bonds. The method for calculating taxpayer exposure prescribed in the Internal Revenue Manual would result in a settlement payment at or closer to the high end of the range. The discussion with the IRS focused on attempts to convince the IRS that the amount to be paid should be at or closer to the lower part of



September 28, 2015 Successor Agency to the Redevelopment Agency of the City of San Bernardino Page 2

the range. The IRS personnel did not make any commitment as to how they thought they would be willing to resolve this tax controversy; however, they did commit to discuss the issues internally and would attempt to get back to us as quickly as possible.

As stated above, there is no doubt as to the violation and the need to make a settlement payment to the IRS. The only issue is the amount the IRS will require to settle the matter, in lieu of proceeding directly against Bondholders for the lost federal income taxes. The Successor Agency needs an available source of funds in the amount of the maximum taxpayer exposure of \$3.5 million to make the settlement payment in the 15-16B ROPS period.