



March 22, 2013

Mr. John C. Prescott, Community Developer Director
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Dear Mr. Prescott:

Subject: Other Funds and Accounts Due Diligence Review

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Thousand Oaks Successor Agency (Agency) submitted an oversight board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on January 15, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Pursuant to HSC section 34179.6 (d), Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of OFA available for distribution to the taxing entities. Based on our review of your DDR, the following adjustments were made:

- Legally restricted assets in the amount of \$7,641,148. Our review indicates the Auto Mall parking project was denied as an obligation during the Recognized Obligation Payment Schedule (ROPS III) review for the period January through June 2013. Therefore, the Agency is not allowed to retain \$7,641,148 from the tax increment reserves for the project.
- Balances retained for fiscal year 2012-13 obligations in the amount of \$320,478. Our review indicates balances retained for the following obligations are not allowable:
 - Auto Mall Parking for \$57,852. This item was denied on ROPS III.
 - TO Business Improvement District for \$9,600. No amount was requested for this obligation on ROPS III for spending authority.
 - TOP BID Assessments for \$3,026. The Agency only requested \$1,513 in reserve funds during ROPS III period; therefore, the difference between the requested and approved amount of \$3,026 (\$4,539-\$1,513) is not allowed.
 - Administrative costs for \$250,000. The Agency received RPTTF distribution for ROPS III period in January 2013 which was not included in the June 30, 2012 beginning balance. Therefore, the Agency is not permitted to retain these funds.

If you disagree with Finance's adjusted amount of OFA balances available for distribution to the taxing entities, 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 OFA balance available for distribution to the affected taxing entities is \$14,104,195 (see table below).

OFA Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ 6,142,569
Finance Adjustments	
Legally restricted assets	\$ 7,641,148
Unallowed balances retained	320,478
Total OFA available to be distributed:	\$ 14,104,195

Absent a Meet and Confer request, HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, please provide proof of payment to Finance within five business days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the

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city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Please direct inquiries to Beliz Chappuie, Supervisor or Mindy Patterson, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a date 'Mar 2' written below it.

STEVE SZALAY

Local Government Consultant

cc: Mr. John F. Adams, Finance Director, City of Thousand Oaks
Ms. Sandra Bickford, Chief Deputy, Ventura County Auditor Controller
California State Controller's Office