



November 21, 2014

Ms. Tina Rodriguez, Successor Agency Administrator
City of Santa Monica
1901 Main Street, Suite B
Santa Monica, CA 90405

Dear Ms. Rodriguez:

Subject: Request for Final and Conclusive Determinations

On April 26, 2013, the California Department of Finance (Finance) received the City of Santa Monica Successor Agency's (Agency) request for final and conclusive determinations on the follow items as listed on the January 1, 2014 through June 30, 2014 Recognized Obligation Payment Schedule (ROPS):

- Item No. 5 – 2011 Earthquake RDA Bonds (Reserve)
- Item No. 6 – 2002 Ocean Park Bond (Reserve)
- Item No. 7 – 2002 Ocean Park Bond - Plan Limit Special Fund (Reserve)
- Item No. 8 – 2002 Ocean Park Bond - Plan Limit Special Fund
- Item No. 12 – Wells Fargo Term Loan
- Item No. 13 – Bank of America Term Loan
- Item No. 24 – Arizona & 4th Notes

Finance has completed its review of your request, which may have included obtaining clarification on items provided or additional supporting documentation. Pursuant to Health and Safety Code (HSC) section 34177.5 (i), Finance has made the following determinations:

Item Nos. 5, 6, 12, and 13

We are pleased to inform you:

- (i) Finance's approval of Item Nos. 5, 6, 12, and 13 as enforceable obligations is final and conclusive; and
- (ii) Finance's review of Item Nos. 5, 6, 12, and 13 in future ROPS will be limited to confirming the scheduled payments are required by the obligation.

Item Nos. 7, 8, and 24

Based on our review, a Final and Conclusive determination for Item Item Nos. 7, 8, and 24 is not approved. Pursuant to HSC section 34177.5 (i), the Agency can petition Finance to make a Final and Conclusive determination if the enforceable obligation provides for an irrevocable commitment of property tax revenue and where such revenues are expected to occur over time.

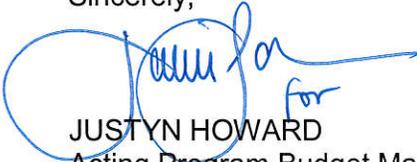
Specifically, a Final and Conclusive determination is not applicable for the following reasons:

- Item Nos. 7 and 8 – It is our understanding that the obligations have been fully funded and no longer require future funding. Further, based on the Agency's ROPS14-15B for the period January 1 to June 30, 2015, which was approved October 31, 2014, the Agency was authorized to use the funds collected from these two line items to defease its 2002 Ocean Park Bond (Item No. 4). Therefore, a Final and Conclusive determination is not required.
- Item No. 24 – The Arizona & 4th Notes is an obligation secured by lease payments provided by the City of Santa Monica (City) per a lease agreement between the former Santa Monica Redevelopment Agency (RDA) and the City dated October 29, 2010. While this project is an enforceable obligation, Arizona & 4th Notes do not require an irrevocable commitment of property tax revenue and is not eligible for a Final and Conclusive determination pursuant to HSC section 34177.5 (i).

Further, it is our understanding that according to a Reimbursement Agreement dated June 23, 2010, between the RDA and the City, the Agency will reimburse the City for the City's lease payments pursuant to the Arizona & 4th Notes. Therefore, if the Agency is seeking a Final and Conclusive for this project, the Agency should list the Reimbursement Agreement on a future ROPS, and then submit a Final and Conclusive request for the new ROPS item.

Please direct inquiries to Cindie Lor, Supervisor or Hugo Lopez, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Sarah Johnson, Principal Administrative Analyst, City of Santa Monica
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office