



December 17, 2013

Mr. Dan Paranick, Interim Executive Director
City of Camarillo
601 Carmen Drive
Camarillo, CA 93010

Dear Mr. Paranick:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 8, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Camarillo Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to Finance on September 27, 2013, for the period of January through June 2014. Finance issued a ROPS determination letter on November 8, 2013. 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 22, 2013.

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 Nos. 17, 18, and 26 – Bond funded projects in the amount of \$12,023,347. Finance no longer denies Item No. 18 and continues to deny Item Nos. 17 and 26 at this time. A Finding of Completion was issued on August 7, 2013, and the Agency can now utilize proceeds, derived from bonds issued prior to December 31, 2010, in a manner consistent with the original bond covenants. However, Finance initially denied the items as the Agency requested 100 percent of the total obligation for each of the projects listed and was unable to provide a schedule of estimates for the next six months to support the amounts claimed. HSC section 34177 (l) (3) states that the Recognized Obligation Payment Schedule shall be forward looking to the next six months.

For Item No. 18, the Agency provided additional information showing the use of the funds for the Springville Interchange is consistent with the bond covenants. For Item Nos. 17 and 26, the Agency stated that the Agency would develop an expenditure plan and an agreement with the City to implement the planned projects, which would be approved by the Oversight Board and placed on the next ROPS for review and approval. Therefore, Item No. 18 is eligible for bond funds and Item Nos. 17 and 26 are not eligible for bond funds on this ROPS.

- Item No. 25 – City loan for Capital Projects in the amount of \$11,950,459 to be funded with bond proceeds. Finance no longer denies this item. The Agency received a Finding of Completion on August 7, 2013. As such, the Agency may place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Additionally, the Agency is eligible to expend bonds issued prior to January 1, 2011, in a manner consistent with the bond covenants pursuant to HSC section 34191.4 (c). During the Meet and Confer process, the Agency provided a letter from their bond counsel stating that “All capital projects which were the subject of the Loan were determined to be part of approved redevelopment activities and of benefit to the redevelopment project area, and, therefore, the Loan repayment was an appropriate and eligible use of Bond Proceeds.” Therefore, this item is eligible for bond funding.

Pursuant to HSC section 34186 (a), successor agencies were required to report the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment that was self-reported by the Agency. HSC section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below includes only the prior period adjustment that was self-reported by the Agency.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14B. The Agency’s maximum approved RPTTF distribution for the reporting period is \$2,873,258 as summarized below:

| Approved RPTTF Distribution Amount For the period of January through June 2014 | |
|---|---------------------|
| Total RPTTF requested for non-administrative obligations | 2,723,798 |
| Total RPTTF requested for administrative obligations | 150,000 |
| Total Requested RPTTF | \$ 2,873,798 |
| | |
| Total RPTTF approved for non-administrative obligations | 2,723,798 |
| Total RPTTF approved for administrative obligations | 150,000 |
| Total RPTTF approved for obligations | \$ 2,873,798 |
| ROPS III prior period adjustment | (540) |
| Total RPTTF approved for distribution | \$ 2,873,258 |

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency’s fund balances. If it is determined the Agency possesses fund balances that are available to pay approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14B_Forms_by_Successor_Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where 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 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 denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 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.

To the extent proceeds from bonds issued after December 31, 2010, exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Ronnie Campbell, Director of Finance, City of Camarillo
Ms. Sandra Bickford, Chief Deputy, Ventura County
California State Controller's Office