



December 17, 2013

Ms. Susie L. Mears, Finance Director  
City of Ojai  
P.O. Box 1570  
Ojai, CA 93024

Dear Ms. Mears:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated October 29, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Ojai Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to Finance on September 26, 2013, for the period of January through June 2014. Finance issued a ROPS determination letter on October 29, 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 4, 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 No. 6 – City loan repayment in the amount of \$386,031. Finance continues to deny this item at this time. During the Meet and Confer process, the Agency contended that Finance's interpretation of HSC section 34191.4 (b) (2) (A) is contrary to the language of the statute because it specifically authorizes repayment to commence in the 2013-14 fiscal year. Finance maintains that although ROPS 13-14A falls within fiscal year 2013-14, the repayment of the city loan is subject to the repayment formula outlined in HSC section 34191.4 (b) (2) (A). The calculation is limited to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the 2012-13 base year. Since the formula does not allow for estimates, the Agency must wait until the ROPS residual pass-through distributions are known for fiscal year 2013-14 before requesting funding for this obligation. Therefore, this item is not eligible for funding at this time.

Furthermore, the Agency stated that a delay of the loan repayment would represent a permanent loss to the City of Ojai because there would not be enough tax increment available over time to fully repay the loan as the tax increment cap will be reached within the next several years for their main redevelopment area. However, it is Finance's expectation that ABx1 26/AB 1484 allows enforceable obligations to be listed on the

ROPS and payable out of available Redevelopment Property Tax Trust Fund (RPTTF) funds until such obligations have been satisfied.

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 from the Redevelopment Property Tax Trust Fund (RPTTF) approved in the below table 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 below table includes only the prior period adjustment that was self-reported by the Agency.

Except for the item denied in whole or in part as an enforceable obligation, 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 \$125,000 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	386,031
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 511,031</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>386,031</b>
<u>Denied Items</u>	
Item No. 6	(386,031)
<b>Total RPTTF approved for non-administrative obligations</b>	<b>-</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF approved for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF approved for obligations</b>	<b>125,000</b>
ROPS III prior period adjustment	-
<b>Total RPTTF approved for distribution</b>	<b>\$ 125,000</b>

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/>.

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: Ms. Corinne Burt, Accounting Specialist I, City of Ojai  
Ms. Sandra Bickford, Chief Deputy, Ventura County Auditor-Controller  
California State Controller's Office