



November 14, 2013

Ms. Kymberly Horner, Interim Redevelopment Services Manager
City of Oxnard
214 South C Street
Oxnard, CA 93030

Dear Ms. Horner:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Oxnard Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 30, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations for the reasons specified:

- Item No. 12 – McGrath Wheel Chair Lift in the amount of \$85,000. The contract to install a wheel chair lift is for an amount not to exceed \$81,131. Furthermore, the Agency reported actual expenditures of \$14,467 for this item during the January through June 2013 ROPS (ROPS III) period. Therefore, the remaining balance of \$66,664 is eligible for funding (\$81,131-\$14,467) and \$18,336 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 20 – HERO Wagon Wheel “The Village” Housing in the amount of \$990,000. The Owner Participation Agreement (OPA) between the Agency and the developer of the Wagon Wheel Village project calls for a maximum loan amount of \$15,267,022 from the Agency. The Agency reported actual expenditures of \$14,267,022 of RPTTF during ROPS III for this obligation and received an additional \$990,000 RPTTF during ROPS 13-14A for this line item. Since the total approved is \$15,257,022 only \$10,000 remaining amount per the OPA is approved. Therefore, \$980,000 is not eligible for RPTTF funding.
- Item No. 69 – Oversight Board Legal Counsel in the amount of \$30,000. This item is considered general administrative expense and has been reclassified.
- Claimed administrative costs for the RPTTF exceed the allowance by \$60,856. HSC section 34171 (b) limits the 2013-14 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater.

Allowable administrative cost amount for fiscal year 2013-14	\$453,396
Administrative costs distributed for July through December 2013	\$250,000
Administrative costs claimed for January through June 2014	\$264,552
Overage	\$ 60,856

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. The PPA submitted 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 the items denied in whole or in part as enforceable obligations or for the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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 maximum approved RPTTF distribution for the reporting period is \$7,185,277 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	8,009,917
Total RPTTF requested for administrative obligations	234,552
Total RPTTF requested for obligations	\$ 8,244,469
Total RPTTF requested for non-administrative obligations	8,009,917
<u>Denied Items</u>	
Item No. 12	(18,336)
Item No. 20	(980,000)
Total Denied Items	(998,336)
<u>Reclassified Items</u>	
Item No. 69	(30,000)
Total RPTTF approved for non-administrative obligations	6,981,581
Total RPTTF requested for administrative obligations	234,552
<u>Reclassified Items</u>	
Item No. 69	30,000
Total RPTTF for administrative obligations	264,552
Total RPTTF allowable for administrative obligations (see Admin Cost Cap table below)	203,696
Total RPTTF approved for obligations	7,185,277
ROPS III prior period adjustment	-
Total RPTTF approved for distribution	\$ 7,185,277

Administrative Cost Cap Calculation	
Total RPTTF for 13-14A (July through December 2013)	8,141,632
Total RPTTF for 13-14B (January through June 2014)	6,981,582
Total RPTTF for fiscal year 2013-14	15,123,214
Allowable administrative cost for fiscal year 2013-14 (Greater of 3% or \$250,000)	453,696
Administrative allowance for 13-14A (July through December 2013)	250,000
Allowable RPTTF distribution for administrative cost for ROPS 13-14B	203,696

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%2013-14B%20Forms%20by%20Successor%20Agency/).

Absent a Meet and Confer, 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 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.

Ms. Kymberly Horner
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Please direct inquiries to Beliz Chappuie, Supervisor or Anna Kyumba, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Howard', with a long horizontal stroke extending to the left.

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. James Cameron, Chief Finance Officer, City of Oxnard
Ms. Sandra Bickford, Chief Deputy, Ventura County
California State Controller's Office