

December 17, 2013

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

Dear Mr. Prescott:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated October 31, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Thousand Oaks Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to Finance on September 25, 2013, for the period of January through June 2014. Finance issued a ROPS determination letter on October 31, 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 21, 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. 28 - Thousand Oaks Auto Mall Street Parking Modification Project in the amount of \$7,641,148 in Reserve Balances. Finance continues to deny this item. Finance denied this item as HSC section 34178 (a) states that a successor agency or an oversight board shall not exercise the powers granted by this subdivision to restore funding for an enforceable obligation that was deleted or reduced by the Finance pursuant to subdivision (h) of Section 34179 unless it reflects the decisions made during the meet and confer process with Finance or pursuant to a court order. This item was also denied during Finance Other Funds and Accounts (OFA) Due Diligence Review (OFA) Meet and Confer determination letter dated April 26, 2013.
- Item Nos. 29 and 30 – Projects funded with \$14,324,127 in unspent bond proceeds. Finance no longer denies these items. The Agency received a Finding of Completion on November 22, 2013 and provided an agreement between the Agency and the City of Thousand Oaks to expend the excess bond proceeds. Therefore, the Agency's request to expend bonds issued prior to December 31, 2010 pursuant to HSC section 34191.4 (c) is approved.
- Finance initially determined that administrative costs claimed for Redevelopment Property Tax Trust Fund (RPTTF) funding exceeded the allowance by \$37,507. HSC

section 34171 (b) limits the 2013-14 administrative expenses to 3 percent of property tax allocated to the Agency or \$250,000, whichever is greater.

Allowable administrative cost amount for fiscal year 2013-14	\$258,638
Administrative costs distributed for July through December 2013	153,645
Administrative costs claimed for January through June 2014	142,500
Overage	\$37,507

The Agency contended that Finance had increased the administrative cost cap during the ROPS III period by \$25,000 to include the legal counsel fees, which is a separate enforceable obligation solely for the Agency's Oversight Board. In the ROPS III period, Finance had reclassified \$25,000 of legal counsel fees as an administrative cost, which increased the requested administrative amount to \$275,000. This was within the allowed administrative cost cap of 3 percent ($\$290,612 = 3\% \times (\$5,936,992 \text{ [ROPS II distribution]} + \$3,750,083 \text{ [ROPS III approved]})$) since no funds were received from the RPTTF for administrative costs during the ROPS II period.

Furthermore, legal counsel fees are not a separate enforceable obligation since they do not fall into any of the following categories that are specifically excluded from the administrative cap as defined by HSC section 34171 (b):

- o Any litigation expenses related to assets or obligations.
- o Settlements and judgments.
- o The costs of maintaining assets prior to disposition.
- o Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs.

Therefore, Finance maintains the determination that the requested administrative costs have exceeded the allowance by \$37,507.

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 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 from the RPTTF approved in the below table 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, 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 \$3,937,014 as summarized on the following page:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	3,868,793
Total RPTTF requested for administrative obligations	142,500
Total RPTTF requested for obligations	\$ 4,011,293
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Total RPTTF approved for non-administrative obligations	3,868,793
Total RPTTF allowable for administrative obligations (see Admin Cost Cap table below)	104,993
Total RPTTF approved for obligations	3,973,786
ROPS III prior period adjustment	(36,772)
Total RPTTF approved for distribution	\$ 3,937,014
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Administrative Cost Cap Calculation	
Total RPTTF for 13-14A (July through December 2013)	4,752,479
Total RPTTF for 13-14B (January through June 2014)	3,868,793
Less approved unfunded obligations from prior periods	-
Total RPTTF for fiscal year 2013-14	8,621,272
Allowable administrative cost for fiscal year 2013-14 (Greater of 3% or \$250,000)	258,638
Administrative allowance for 13-14A (July through December 2013)	153,645
Allowable RPTTF distribution for administrative cost for ROPS 13-14B	104,993

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.

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