



November 19, 2014

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 14-15B) to the California Department of Finance (Finance) on October 6, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 6 – CCRP Homeowner Property Dues in the amount of \$43,000. This annual obligation was fully funded during the July through December ROPS period (ROPS 14-15A). Therefore, the item is not eligible for additional Redevelopment Property Tax Trust Funds (RPTTF).
- Item No. 12 – McGrath Wheel Chair Lift in the amount of \$71,000 is partially allowed. The total contract amount is for \$86,804. Prior to ROPS 14-15B period the Agency had already expended an amount of \$19,018 for the repairs leaving a balance of \$67,786. While this agreement is an enforceable obligation, the total outstanding obligation amount reported on this ROPS period does not agree with the \$86,804 cap listed in the supporting documents. Therefore, \$3,214 (\$71,000 - \$67,786) is not eligible for RPPTF funding.
- Item No. 91 – Unfunded Prior Year Pass-Through Obligations in the amount of \$56,670. This obligation of past due pass-through payments to the Ventura County Community College District is still under investigation by the Agency in order to determine its validity. The Agency has yet to provide sufficient documentation showing that they are required to repay this amount. To the extent the Agency can provide suitable documentation which shows that the Agency is responsible to repay this amount, the Agency may be able to obtain RPTTF on a future ROPS.
- The following line items have expired contracts or agreements with third parties and are not eligible for funding. The Agency was not able to provide OB resolutions, bid

documents, draft or executed contracts to support the requested funding. To the extent the Agency can provide suitable documentation which shows that the obligations have been renewed or extended with Oversight Board (OB) approval, the Agency may be able to obtain RPTTF on future ROPS.

- Item Nos. 3 and 4 – Downtown Buildings property maintenance costs in the amount of \$62,400.
 - Item No. 5 – Heritage Square HOA dues in the amount of \$42,995.
 - Item Nos. 10, 15, 44, 49, 51 – Project Management costs totaling \$348,950.
 - Item No. 13 – Heritage Square Facility Rental Program in the amount of \$7,000.
 - Item Nos. 38, 39, 55, 59, 61 – Contract and services totaling \$319,542.
 - Item No. 54 – Bond Counsel costs in the amount of \$10,000.
 - Item No. 63 – Trustee Services in the amount of \$198,400.
 - Item No. 64 – Arbitrage compliance costs in the amount of \$116,000.
 - Item No. 67 – Housing Asset List Compliance review in the amount of \$40,000.
 - Item No. 82 – CCRP County Property Tax in the amount of \$6,000.
 - Item No. 85 – RiverPark Mortgage Reimbursement Legal Counsel cost in the amount of \$75,000.
- Item Nos. 62, 68, 83, 84, 92 – Various obligations totaling \$60,000. Finance accepts the Agency's request to remove these items from ROPS 14-15B.
 - Claimed administrative costs exceed the allowance by \$17,496. HSC section 34171 (b) limits fiscal year 14-15 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$292,907 in administrative expenses. The Riverside Auditor-Controller's Office distributed \$250,000, thus leaving a balance of \$42,907 available for the January through June 2015 period (only for ROPS B series). Although \$60,403 is claimed for administrative cost, only \$42,907 is available pursuant to the cap. Therefore, \$17,496 of excess administrative cost is not allowed.

Additionally, Finance requested documentation for Item Nos. 73, 74 and 75 for various bond funded projects totaling \$9,865,315. The Agency received a Finding of Completion on June 4, 2013 and is allowed to expend pre-2011 bond proceeds consistent with the bond covenant. However, it is unclear whether the Agency has entered into a bond funding agreement with the City of Oxnard (City), who is listed as a payee. The transfer of the bond proceeds may take place once a Bond Proceeds Funding Agreement is in place between the Agency and the City and is approved by the Oversight Board and Finance.

Review of ROPS 14-15B included Agency's OB Resolution No. 46 approving the retention of R.A. Atmore & Sons for weed abatement and lot clearing services on properties owned by the Agency. Finance approves the agreement, listed as Item No 58 on ROPS 14-15B.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available Other funds totaling \$88,785.

Therefore, the funding source for the following item has been reclassified to Other Funds and in the amount specified below:

- Item No. 24 – HERO River Park. The Agency requests \$292,989 of RPTTF; however, Finance is reclassifying \$88,785 to Other Funds. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require payment from property tax revenues and the Agency has \$88,785 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of \$204,204 and the use of Other Funds in the amount of \$88,785, totaling \$292,989.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. The amount of RPTTF approved in the table below reflects the prior period adjustment self-reported by the Agency.

HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency.

Except for items denied in whole or items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, 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 \$3,883,410 as summarized in the Approved RPTTF Distribution Table below:

Approved RPTTF Distribution	
For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	5,923,181
Total RPTTF requested for administrative obligations	60,403
Total RPTTF requested for obligations on ROPS	\$ 5,983,584
Total RPTTF requested for non-administrative obligations	5,923,181
Denied Items	
Item No. 3	(7,200)
Item No. 4	(24,000)
Item No. 5	(21,497)
Item No. 6	(43,000)
Item No. 10	(27,580)
Item No. 12	(3,214)
Item No. 13	(7,000)
Item No. 15	(29,675)
Item No. 38	(10,000)
Item No. 39	(7,521)
Item No. 44	(105,780)
Item No. 49	(6,045)
Item No. 51	(5,420)
Item No. 54	(5,000)
Item No. 55	(75,000)
Item No. 59	(45,000)
Item No. 61	(16,840)
Item No. 62	(10,000)
Item No. 63	(9,750)
Item No. 64	(6,000)
Item No. 67	(20,000)
Item No. 68	(25,000)
Item No. 82	(6,000)
Item No. 85	(10,000)
Item No. 91	(56,670)
	(583,192)
Total RPTTF for non-administrative obligations	5,339,989
Cash Balances - Item reclassified to other funding sources	
Item No. 24	(88,785)
	(88,785)
Total RPTTF authorized for non-administrative obligations	\$ 5,251,204
Total RPTTF requested for administrative obligations	60,403
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(17,496)
Total RPTTF authorized for administrative obligations	\$ 42,907
Total RPTTF authorized for obligations	\$ 5,294,111
ROPS 13-14B prior period adjustment	(1,410,701)
Total RPTTF approved for distribution	\$ 3,883,410

Administrative Cost Cap Calculation	
Total RPTTF for 14-15A (July through December 2014)	4,423,588
Total RPTTF for 14-15B (January through June 2015)	5,339,989
Total RPTTF for fiscal year 2014-2015	9,763,577
Allowable administrative cost for fiscal year 2014-15 (Greater of 3% or \$250,000)	292,907
Administrative allowance for 14-15A (July through December 2014)	250,000
Allowable RPTTF distribution for administrative cost for ROPS 14-15B	42,907
Total RPTTF administrative obligations after Finance adjustments	60,403
Administrative costs in excess of the cap	\$ (17,496)

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. During the ROPS 14-15B review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was able to support the amounts reported except the beginning RPTTF balance of (\$2,109,648). Therefore, as noted above, Finance has reclassified the available Other Funds of \$88,785 that were supported by the Agency's records. Finance will continue to work with the Agency after the ROPS 14-15B review period to resolve any remaining issues as described above. If it is determined the Agency possesses additional cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16A.

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

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, 2015. This determination only applies 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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),

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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 Beliz Chappuie, Supervisor or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Mr. James Cameron, Chief Finance Officer, City of Oxnard
Ms. Rhoda Farrell, Fiscal Manager Property Tax Division, Ventura County
California State Controller's Office