DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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October 30, 2014

Mr. Jeffrey Lambert, Community Development Director
City of San Buenaventura
501 Pol Street # 133
Ventura, CA 93001

Dear Mr. Lambert:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Buenaventura Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 15, 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 request from the Agency, Finance made the following adjustment:

The Agency requested that Finance increase the total Redevelopment Property Tax Trust Fund (RPTTF) request for Item Nos. 1 and 2. The Agency had not requested reserves needed to help cover the bond debt service payments due in August 2015. Specifically, Item No. 1 – 2003 Tax Allocation Bond payment, was increased by $155,000 for a total 6 month request of $258,117 and Item No. 3 – 2008 Tax Allocation Bond payment, was increased by $59,932 for a total 6 month request of $355,298.

HSC section 34177 (b) allows reserves required for indentures, trust indentures, or similar documents governing the issuance of outstanding RDA bonds. The amounts approved for debt service payments on this ROPS are restricted for that purpose and are not authorized to be used for other ROPS items

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

- Item No. 6 – Low and Moderate Income Housing Fund (LMIHF) loan repayment for purposes of the Supplemental Educational Revenue Augmentation Fund (SERAF) in the amount of $1,389,211 is not allowed.

  HSC section 34191.4 (b) (2) (A) allows this repayment to be equal 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 fiscal year 2012-13 base year. According to the County Auditor-Controller's report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year

2012-13 and 2013-14 are $938,277 and $912,686, respectively. Therefore, pursuant to the repayment formula outlined in HSC section 34191.4 (b) (2) (A), the maximum repayment amount authorized for fiscal year 2014-15 is $0.

Further, HSC section 34171 (d) (1) (G) requires the Oversight Board (OB) to approve a repayment schedule for the repayment of the amounts borrowed. No OB approving the repayment schedule has been submitted. Therefore, this line items are not eligible for Other Funds and Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.

- Item No. 8 – CalHFA Loan in the amount of $429,864 is partially allowed. Although, the Agency requested is $429,864, only $214,932 is due during the ROPS 14-15B period. Therefore, the excess $214,932 is not eligible for RPTTF Funding.

- Item No. 16 – Legal Services Agreement in the amount of $36,289 is not allowed. The legal service agreement covers reviewing, commenting, and advising on matters pertaining to affordable housing issues. HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a redevelopment agency (RDA), all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. This transfer of "duties and obligations" necessarily includes the transfer of statutory obligations. Since the City of San Buenaventura assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor. Therefore, the request for $2,000 for this item is not eligible for RPTTF funding.

- Items Nos. 20, 21, 22, and 23 – Affordable Housing Monitoring costs totaling $633,000 are not allowed. Agency requested housing administrative costs totaling $22,832, or $5,708 for each of the four Items, are not enforceable obligations.
  HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a redevelopment agency (RDA), all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. This transfer of "duties and obligations" necessarily includes the transfer of statutory obligations. Since the City of San Buenaventura assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor. Therefore, these items are not eligible for RPTTF funding.

Review of ROPS 14-15B included review of Agency's Oversight Board (OB) Resolution 2014-007, approving asset management costs related to the Long-Range Property Management Plan (LRPMP) and OB Resolution 2014-008, approving legal services agreement in connection with the Agency's LRPMP. Finance approves the OB resolutions. The Agency requested and was approved funds associated with the OB actions by listing Item No. 25 on ROPS 14-15B.

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 the items denied in whole or in part, 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 $1,003,597 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		934,916
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations on ROPS	**$**	**1,059,916**
RPTTF adjustment to non-administrative obligations		
Item No. 1		155,000
Item No. 2		59,932
Total RPTTF adjustments	**$**	**214,932**
Total RPTTF requested for non-administrative obligations		**1,149,848**
Denied Items		
Item No. 6		(31,487)
Item No. 8		(214,932)
Item No. 16		(2,000)
Item No. 20		(5,708)
Item No. 21		(5,708)
Item No. 22		(5,708)
Item No. 23		(5,708)
		(271,251)
Total RPTTF authorized for non-administrative obligations	**$**	**878,597**
Total RPTTF requested for administrative obligations		**125,000**
Total RPTTF authorized for administrative obligations	**$**	**125,000**
Total RPTTF authorized for obligations	**$**	**1,003,597**
ROPS 13-14B prior period adjustment		0
Total RPTTF approved for distribution	**$**	**1,003,597**

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), 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 Chikako Takagi-Galamba at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Dori Boyer, Management Technician, City of San Buenaventura
Ms. Rhoda Farrell, Fiscal Manager, Ventura County
California State Controller's Office