

November 14, 2014

Ms. Kim Namba, Administrative Services Manager
Santa Cruz County
979 17th Avenue
Santa Cruz, CA 95062

Dear Ms. Namba:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Santa Cruz County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on October 2, 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 our review, we are approving all of the items listed on your ROPS 14-15B at this time. However, Finance notes the following:

- Item Nos. 17 through 25 – Reserve Balances for September 2015 Debt Service Obligations Authorized for Redevelopment Property Tax Trust Fund (RPTTF) Funding totaling \$5,534,699. Finance notes that pursuant to HSC section 34183 (a) (2) (A), debt service payments have first priority for payment from distributed RPTTF funding. As such, the \$5,534,699 requested to be held in reserve balances should be transferred upon receipt to the bond trustee. The amount of ROPS 14-15B RPTTF approved for Reserve Balances for September 2015 debt service payments is restricted for such purpose and is not authorized to be used for other ROPS items. Any debt service requests in the ROPS 15-16A that were previously funded as Reserve Balances in ROPS 14-15B will be denied unless insufficient RPTTF was received to satisfy the requested Reserve Balances.

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. 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. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

The Agency's maximum approved RPTTF distribution for the reporting period is \$12,528,728 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	12,164,320
Total RPTTF requested for administrative obligations	364,425
Total RPTTF requested for obligations on ROPS	\$ 12,528,745
Total RPTTF authorized for non-administrative obligations	12,164,320
Total RPTTF authorized for administrative obligations	364,425
Total RPTTF authorized for obligations	\$ 12,528,745
ROPS 13-14B prior period adjustment	(17)
Total RPTTF approved for distribution	\$ 12,528,728

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.

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Please direct inquiries to Wendy Griffe, Supervisor or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Carol Kelly, Assistant CAO, Santa Cruz County
Ms. Mary Jo Walker, Auditor-Controller, County of Santa Cruz
California State Controller's Office