



April 17, 2015

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 15-16A) to the California Department of Finance (Finance) on March 3, 2015 for the period of July 1 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, 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 Nos. 1, 17, 18, 48, and 50 – Bond debt service payments in the amount of \$3,384,962 are reclassified to Reserve Balances. Agency requested and was authorized Redevelopment Property Tax Trust Fund (RPTTF) for debt service reserves for these items on the January through June 2015 ROPS (ROPS 14-15B) for the March, 2015 and September, 2015 debt service payments of both principal and interest. Therefore, Finance is changing the funding source from RPTTF to Reserve Balance in the total amount of \$3,384,962.
- Item No. 55 – Agency Legal Counsel in the amount of \$75,000. HSC section 34171 (b) allows litigation expenses related to assets or obligations to be funded with property tax outside the administrative cap. However, this item relates to general legal representation and not specifically to bringing or contesting a legal action in court. Therefore, this item is considered an administrative cost and has been reclassified.
- Item No. 87 – The total outstanding balance for the CCRP City Advances Long Term Loan is overstated. Pursuant to HSC section 34191.4 (b) (2), the recalculation of the accumulated interest from loan origination is not to exceed the interest rate earned by funds deposited in the Local Agency Investment Fund (LAIF). The total outstanding balance for Item No. 87 includes miscalculated interest. The Agency used the LAIF rate in effect at the time the interest was calculated. However, the accumulated interest on the loan should be recalculated using the LAIF interest rate at the time when the Agency's Oversight Board makes a finding the loan was for legitimate redevelopment purposes.

Finance has recalculated the total outstanding loan balance to be approximately \$2,494,646, and therefore has reduced the outstanding loan balance reported on the Agency's ROPS Detail Form by \$3,712,432. Therefore, of the \$4,848,755 requested, \$2,354,109 is not allowed. The remaining loan balance of \$2,494,646 is approved and Agency should retire this item on the next ROPS.

- Item No. 88 – The total outstanding balance for the Downtown City Advance Long Term Loan is overstated. Pursuant to HSC section 34191.4 (b) (2), the recalculation of the accumulated interest from loan origination is not to exceed the interest rate earned by funds deposited in the LAIF. The total outstanding balance for Item No. 88 includes miscalculated interest. The Agency used the LAIF rate in effect at the time the interest was calculated. However, the accumulated interest on the loan should be recalculated using the LAIF interest rate at the time when the Agency's Oversight Board makes a finding the loan was for legitimate redevelopment purposes.

Finance has recalculated the total outstanding loan balance to be approximately \$310,877, and therefore has reduced the outstanding loan balance reported on the Agency's ROPS Detail Form by \$36,969. Since the amount requested for ROPS 15-16A does not exceed the repayment formula outlined in HSC section 34191.4 (b) (2) (A), Finance is approving the amount requested.

- Item 93 – Long-Range Property Management Plan Professional Services totaling \$50,000 is not an obligation of the Agency. It is our understanding the agreement entered into on September 30, 2014 is between the City of Oxnard (City) and Kosmont and Associates, Inc., and the Agency is not a party to the contract. The Agency also provided an Assignment and Assumption Agreement (Agreement) dated March 3, 2015 between the City and the Agency. However, the Agency could not demonstrate that the Agreement was approved by the Agency's Oversight Board and submitted to Finance pursuant to HSC 34179 (h) and 34180. Therefore, this line item is not enforceable obligation and is not eligible for RPTTF on this ROPS.
- Item No. 95 – Reimbursement Agreement in the amount of \$283,400 is partially approved. The Agency is requesting amounts for several items denied during ROPS 14-15B period. However, only the amounts of \$7,200 and \$7,833 requested for Alert Property Management Company for the 14-15B period are eligible for funding. The remaining items listed on the Reimbursement Agreement for the following amounts are not allowed:
  - HDL Coren & Cone, Professional Services, in the amount of \$30,000 has been requested in Item No.38.
  - Gary Plum, Professional Services in the amount of \$71,124 has been requested in Item No. 90.
  - Kane, Ballmer & Berkman, Litigation Services in the amount of \$75,000 was approved by Meet and Confer during ROPS 14-15B period.
  - Thyssen Krupp, Maintenance Services, in the amount of \$9,000 has been requested in Item No. 12.
  - Kosmont and Associates, Consulting Services, in the amount of \$50,000 has been requested in Item No. 93.

- Item No. 97 – Shortfall from ROPS III in the amount of \$3,764,978 is not approved. Although the Agency did not receive distribution equal to the Finance approved amounts for ROPS III period, the Agency was not able to provide documentation to demonstrate which items on the ROPS remained unfunded. To the extent the Agency can provide suitable documentation to support the requested funding, the Agency may be able to obtain RPTTF on future ROPS.
- Claimed administrative costs exceed the allowance by \$267,374. HSC section 34171 (b) limits the fiscal year administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. Although \$500,066 is claimed for administrative cost, only \$307,692 is available pursuant to the cap. Therefore, \$267,374 of excess administrative cost is not allowed.

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 \$16,604.

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

- Item No. 2 – CCRP Assessment District Payment in the amount of \$16,604. The Agency requests \$20,000 of RPTTF; however, Finance is reclassifying \$16,604 to Reserve Balances. This item is an enforceable obligation for the ROPS 15-16A period. However, the obligation does not require payment from property tax revenues and the Agency has \$16,604 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$3,396 and the use of Other Funds in the amount of \$16,604, totaling \$20,000.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 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. 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 or items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,430,725 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2015</b>	
Total RPTTF requested for non-administrative obligations	16,668,858
Total RPTTF requested for administrative obligations	500,066
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 17,168,924</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>16,668,858</b>
<u>Denied Items</u>	
Item No. 93	(25,000)
Item No. 95	(268,367)
Item No. 87	(2,354,109)
Item No. 97	(3,764,978)
	(6,412,454)
<u>Reclassified Item</u>	
Item No. 1	(1,363,269)
Item No. 17	(773,224)
Item No. 18	(708,138)
Item No. 48	(344,296)
Item No. 50	(196,035)
Item No. 55	(75,000)
	(3,459,962)
<u>Cash Balances - Item reclassified to Other Funds</u>	
Item No. 2	(16,604)
	(16,604)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 6,779,838</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>500,066</b>
<u>Reclassified Items</u>	
Item No. 55	75,000
	75,000
Administrative costs in excess of the cap (see Admin Cost Cap table below)	267,374
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 307,692</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 7,087,530</b>
ROPS 14-15A prior period adjustment	(1,656,805)
<b>Total RPTTF approved for distribution</b>	<b>\$ 5,430,725</b>

<b>Administrative Cost Cap Calculation</b>	
Total RPTTF for non-administrative obligations	10,256,404
Percent allowed pursuant to HSC section 34171 (b)	3%
<b>Total RPTTF allowable for administrative obligations</b>	<b>307,692</b>
Total RPTTF administrative obligations after Finance adjustments	575,066
<b>Administrative costs in excess of the cap</b>	<b>\$ (267,374)</b>

Please refer to the ROPS 15-16A 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 July 1 through December 31, 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 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 Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Tamara Reese, Administrative Secretary, City of Oxnard  
Ms. Rhoda Farrell, Property Tax Fiscal Manager, Ventura County  
California State Controller's Office