DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 15, 2015

Mr. Robert J. Bravo, Finance Director
City of Port Hueneme
250 North Ventura Road
Port Hueneme, CA 93041

Dear Mr. Bravo:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Port Hueneme 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 No. 5 – NCEL- Promissory Note #1 in the amount of $1,009,318 is partially allowed. The Agency received a Finding of Completion on May 24, 2013. As such, the Agency may place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Additionally, HSC section 34191.4 (b) (2) (A) specifies 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 2014-15 are $1,990,174 and $3,324,855, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for 2015-16 is $667,341. Of the $667,341, $16,557 was applied to Item No. 8 – Low and Moderate Housing Income Fund Debt. Therefore, of the $1,009,318 requested, $358,534 of excess loan repayment is not eligible for funding on this ROPS. The Agency may be eligible for additional funding beginning ROPS 16-17A.

  Furthermore, 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 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 $2,681,877 and reduced the outstanding loan balance reported on the Agency's 15-16A ROPS Detail Form by $5,966,744. Additionally, Finance is approving loan repayment of $650,784 on the current ROPS. The outstanding loan balance on the subsequent ROPS should also be updated to reflect the loan repayment made during the ROPS 15-16A period.

- Item No. 11 – Misc. Contract Services in the amount of $20,000 is not allowable. The Agency could not provide sufficient documentation to support the amounts claimed. The Agency provided a contract with RSG, Inc. for consulting services related to the Agency's Long-Range Property Management Plan (LRPMP) limited to $10,000 during ROPS 13-14B. However, Agency's LRPMP has been completed and approved by Finance on March 12, 2014 and the previously requested amounts for this item have been fully funded. To the extent the Agency can provide suitable documentation, such as an amended contract, or vendor invoices, to support the request the additional funding, the Agency may be able to obtain Redevelopment Property Tax Trust Funds (RPTTF) on future ROPS.

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 item denied in whole or in part, 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/

The Agency's maximum approved RPTTF distribution for the reporting period is $1,055,624 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution For the period of July through December 2015		
Total RPTTF requested for non-administrative obligations		1,336,412
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations on ROPS	**$**	**1,461,412**
Total RPTTF requested for non-administrative obligations		**1,336,412**
Denied Item		
Item No. 5		(358,534)
Item No. 11		(20,000)
		(378,534)
Total RPTTF authorized for non-administrative obligations	**$**	**957,878**
Total RPTTF requested for administrative obligations		**125,000**
Total RPTTF authorized for administrative obligations	**$**	**125,000**
Total RPTTF authorized for obligations	**$**	**1,082,878**
ROPS 14-15A prior period adjustment		(27,254)
Total RPTTF approved for distribution	**$**	**1,055,624**

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. Carmen Nichols, Assistant City Manager, City of Port Hueneme
Ms. Rhoda Farrell, Property Tax Fiscal Manager, Ventura County
California State Controller's Office