



November 6, 2015

Mr. Eric Crockett, Assistant Director of Development
City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 91910

Dear Mr. Crockett:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Chula Vista Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 29, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item Nos. 10 through 14 – Low and Moderate Income Housing Fund (LMIHF) Loans for purpose of the Supplemental Educational Revenue Augmentation Fund totaling \$1,422,675 are 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 (CAC) report, the amount distributed to the taxing entities for fiscal year 2012-13 and 2014-15 are \$3,051,547 and \$5,896,898, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for 2014-15 fiscal year is \$1,422,676. The Agency received authorization for this full amount in the ROPS 15-16A period. Therefore, the \$1,422,675 of Redevelopment Property Tax Trust Fund (RPTTF) requested for LMIHF loan repayments is not allowed.

- Item Nos. 16 and 17 – Trustee Administration Fees for the 2006 and 2008 Tax Allocation Bonds in the amounts of \$3,400 and \$1,200, respectively, are not allowed. Based upon a reconciliation of funds received, the Agency has received sufficient RPTTF to cover costs through the ROPS 15-16A period. Additionally, excess funding in the amounts of \$2,002 and \$1,101, respectively, should be applied toward the ROPS 16-17A estimated obligations. Therefore, Item Nos. 16 and 17, totaling \$4,600 (\$3,400 and \$1,200) are not eligible for RPTTF funding on the ROPS.

- Item No. 25 – BF Goodrich Cooperation Agreement in the amount of \$250,000 is not allowed. The Agency's total obligation for this item is \$1,350,000 from 2012 through 2016; however, to date the Agency has received \$1,505,326, an excess of \$155,326 (\$1,505,326 - \$1,350,000). Therefore, the Agency has received funding sufficient enough through the payment due in 2016, and has \$155,326 to be applied to the payment due July 31, 2017, during the ROPS 16-17A period. As such, the RPTTF requested in the amount of \$250,000 is not allowed.
- Item No. 48 – Vector Control in the amount of \$181 in Other Funds and \$124 in RPTTF, totaling \$305, is not allowed. During the review process, the Agency requested to have this item removed from the ROPS 15-16B as funding has been received through the 2015-16 fiscal year. Therefore, this item is not eligible for Other Funds or RPTTF during this ROPS period.

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. As a result of Item No. 48 not being eligible for funding on this ROPS, it was determined the Agency holds \$181 of Other Funds.

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

Item No. 35 – Printing and Binding in the amount of \$181. The Agency requests \$375 of Administrative RPTTF; however, Finance is reclassifying \$181 to Other Funds. This item is an enforceable obligation for the ROPS 15-16B period. However, the Agency has \$181 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$194 and the use of Other Funds in the amount of \$181, totaling \$375.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the CAC. The amount of RPTTF approved in the table on the following page includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

In addition, Finance noted on the Agency's ROPS 14-15B prior period adjustment worksheet, the Agency's expenditures exceeded Finance's authorization for the Item No. 1, Item No. 2, and Item No. 3 funded with bond proceeds in the amounts of \$63,035, \$25,189, and \$25,596 respectively. Per HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds specified on the ROPS up to the amount authorized by Finance. HSC sections 34177 (a) (4) and 34173 (h) (1) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your oversight board and Finance prior to making payments on enforceable obligations.

Except for the items denied in whole or in part or the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items

which are the subject of litigation disputing Finance's previous or related determinations, 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 \$1,160,067 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	2,792,427
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 2,917,427
Total RPTTF requested for non-administrative obligations	2,792,427
<u>Denied Items</u>	
Item No. 10	(458,560)
Item No. 11	(157,931)
Item No. 12	(238,819)
Item No. 13	(357,161)
Item No. 14	(210,204)
Item No. 16	(3,400)
Item No. 17	(1,200)
Item No. 25	(250,000)
Item No. 48	(124)
	(1,677,399)
Total RPTTF authorized for non-administrative obligations	\$ 1,115,028
Total RPTTF requested for administrative obligations	125,000
<u>Reclassified Item</u>	
Item No. 35	(181)
Total RPTTF authorized for administrative obligations	\$ 124,819
Total RPTTF authorized for obligations	\$ 1,239,847
ROPS 14-15B prior period adjustment	(79,780)
Total RPTTF approved for distribution	\$ 1,160,067

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

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

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. David Bilby, Director of Finance/Treasurer, City of Chula Vista
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County