



October 28, 2015

Mr. Brad Wilkie, Management Services Director
City of Lompoc
100 Civic Center
PO Box 8001
Lompoc, CA 93438-8001

Dear Mr. Wilkie:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Lompoc 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 21, 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. 1 and 2 – 2004 and 2010 Bonds funded from Redevelopment Property Tax Trust Fund (RPTTF) funding totaling \$1,250,499 are approved. However, Finance notes the Agency's RPTTF request includes \$325,965 and \$386,784 to be used for ROPS 16-17 debt service for the 2004 and 2010 Bonds, respectively.

Pursuant to HSC section 34183 (a) (2) (A), debt service obligations have first priority for payment from distributed RPTTF funding. As such, the \$712,749 (\$325,965 + \$386,784) of RPTTF authorized to be held in reserve, along with the amounts required for the current ROPS period, should be transferred upon receipt to the bond trustee(s). The RPTTF approved for debt service obligations are restricted for that purpose and are not authorized to be used for other ROPS items. Any requests to fund the \$712,749 again from RPTTF will not be approved unless insufficient RPTTF was received to satisfy the approved debt service.

- Item No. 3 – Energy Efficiency Capital Lease in the amount of \$2,834 and the total outstanding obligation of \$68,007 is not allowed. The agreements provided for Item No. 3 are between the City of Lompoc and third parties. The former City of Lompoc Redevelopment Agency is neither a party to the agreements or obligated for payment under the agreements. Therefore, Item No. 3 is not an enforceable obligation and not eligible for RPTTF funding.

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 county auditor-controller (CAC). 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 Agency's self-reported prior period adjustment.

Finance notes on the Agency's ROPS 14-15B prior period adjustment worksheet, expenditures exceeded Finance's authorization for Item No. 8 – Personnel Costs funded with Other Funds in the amount of \$9,536. 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 denied item, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,343,803 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	1,253,333
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 1,378,333
Total RPTTF requested for non-administrative obligations	1,253,333
Denied Item	
Item No. 3	(2,834)
Total RPTTF authorized for non-administrative obligations	\$ 1,250,499
Total RPTTF requested for administrative obligations	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 1,375,499
ROPS 14-15B prior period adjustment	(31,696)
Total RPTTF approved for distribution	\$ 1,343,803

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 Jonathan Cox, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Christie Alarcon, Community Development Program Manager, City of Lompoc
Mr. Ed Price, Division Chief Property Tax Division, Santa Barbara County