DEPARTMENT OF FINANCE

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December 17, 2015

Mr. Ron Ahlers, Finance Director
City of Moorpark
799 Moorpark Avenue
Moorpark, CA 93021

Dear Mr. Ahlers:

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated October 27, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Moorpark Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on September 16, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on October 27, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on November 10, 2015.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 6 – Bond Arbitrage Fee in the amount of $10,000 requested for ROPS 15-16B and the total outstanding amount of $230,000 was not allowed. Finance continues to deny this item. Finance initially denied this item because the agreement is between the City of Moorpark (City) and Bond Logistix, LLC, and the former Redevelopment Agency (RDA) is not a party to nor mentioned in the agreement. During the Meet and Confer process, the Agency contended that these costs are pursuant to the bond documents and federal tax rules, which require arbitrage rebate calculations and related reports to be made periodically. However, as previously stated, the agreement provided is between the City and a third party, neither the former RDA nor the Agency is a party to the agreement, and the City is responsible for payment on this agreement. Therefore, the item is not an enforceable obligation of the Agency and the requested $10,000 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding. To the extent the Agency enters into an agreement for arbitrage rebate services for which the Agency is responsible for payment, this item may be reconsidered on a subsequent ROPS.

- Item No. 22 – Audit of Successor Agency in the amount of $10,000 requested for ROPS 15-16B and the total outstanding balance of $230,000 was not allowed. Finance continues to deny this item. Finance initially denied this item because it was our understanding the obligation had been funded in full. During the Meet and Confer process, the Agency contended that the amount requested in ROPS 15-16A has not been expended. However, based on further review, the agreement provided is between

the City and a third party, neither the former RDA nor the Agency is a party to the agreement, and the City is responsible for payment on this agreement. Therefore, the line item is not an enforceable obligation and the requested $10,000 is not eligible for RPTTF funding on this ROPS. To the extent the Agency enters into an agreement for audit services pursuant to HSC section 34177 (n) for which the Agency is responsible for payment, this item may be reconsidered on a subsequent ROPS.

- 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. In addition, Finance noted the following on the Agency's ROPS 15-16B prior period adjustment worksheet for the following items:

    - Other Funds totaling $21,307 – Item No. 4, $1,684; Item No. 5, $3,950; Item No. 22, $1,500; Item No. 23, $988; and Item No. 33, $3,263. During the Meet and Confer process, the Agency contended that Finance had approved the use of RPTTF funding for these items, but the Agency instead expended Other Funds that became available during the ROPS 14-15B period. However, 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 section 34177 (a) (4) provides a mechanism to allow a successor agency to make payments from sources other than those approved on the ROPS with prior approval of the oversight board. In subsequent ROPS, the Agency should ensure proper approval is received from the oversight board and approved by Finance prior to making payments on enforceable obligations from sources other than those approved on the ROPS.

In addition, per Finance's letter dated October 27, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 34 – Tax Assessment Payment in the amount of $10,000 requested for ROPS 15-16B and the total outstanding amount of $230,000 is not allowed. Finance approved the Agency's Long-Range Property Management Plan (LRPMP) on February 12, 2015. The tax assessment invoice provided identifies the City as the property owner, and the parcel was not listed on the Agency's approved LRPMP. Therefore, the item is not an enforceable obligation of the Agency and the requested $10,000 is not eligible for RPTTF.

- Item No. 37 – Unfunded Prior Year Pass-Through Payment in the amount of $224,208 is reclassified to Reserve Balances. The Agency confirmed that it had received funding for this item in the period of June through December 30, 2015 (ROPS 15-16A) and the funds will be expended during the current ROPS period. Seeing as funding has been received by the Agency and no additional funding is needed at this time, Finance is changing the funding source from RPTTF to Reserve Balance in the amount of $224,208.

Except for the items denied or reclassified in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. The Agency's maximum approved RPTTF distribution for the reporting period is $1,560,164 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		1,992,294
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations on ROPS 15-16B	**$**	**2,117,294**
Total RPTTF requested for non-administrative obligations		**1,992,294**
Denied Items		
Item No. 6		(10,000)
Item No. 22		(10,000)
Item No. 34		(10,000)
		(30,000)
Reclassified Item		
Item No. 37		(224,208)
		(224,208)
Total RPTTF authorized for non-administrative obligations	**$**	**1,738,086**
Total RPTTF authorized for administrative obligations	**$**	**125,000**
Total RPTTF authorized for obligations	**$**	**1,863,086**
ROPS 14-15B prior period adjustment		(302,922)
Total RPTTF approved for distribution	**$**	**1,560,164**

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

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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Irmina Lumbad, Budget & Finance Manager, City of Moorpark
Ms. Rhoda Farrell, Property Tax Fiscal Manager, Ventura County