



November 5, 2015

Mr. Brad Raulston, Executive Director
National City
1243 National City Boulevard
National City, CA 91950

Dear Mr. Raulston:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the National City 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 24, 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 No. 102 – Kimball House Maintenance Agreement in the amount of \$5,000 is not allowed. The agreement between the Agency and the National City Historical Society (Society) allows the Society to request \$5,000 upon each anniversary of the signing of the agreement, August 19, 2008. The ROPS 15-16B period covers payments occurring from January 1 through June 30, 2016; therefore, this payment falls outside of the time period and should be requested in the following ROPS period. Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.
- Item No. 105 – Power for Temporary Aquatic Center in the amount of \$3,000 is not approved. During the ROPS 15-16B review period, the Agency indicated the contract expired and no costs were anticipated in the future for this item. Therefore, as the Agency does not have an active contract or anticipate any costs, this item is not eligible for funding with RPTTF.
- Item Nos. 146 – Contract for Legal Services in the amount of \$75,000 is partially approved. The Agency has a contract with Opper & Varco, LLP for legal services in an amount not to exceed \$130,000. However, the Agency has already spent \$69,900 of the available contract in prior periods. The amount requested of \$75,000 for the ROPS 15-16B in addition to the amount paid of \$69,900 equals \$144,900, which exceeds the contract maximum amount. The difference of \$14,900 (\$144,900 - \$130,000) is not allowed.
- Item Nos. 167 – Contract for Legal Services in the amount of \$50,000 is partially approved. The Agency has a contract with Meyers Nave Riback Silver & Wilson for

legal services in an amount not to exceed \$50,000. However, the Agency has already spent \$19,945 of the available contract. Therefore, only \$30,055 remains eligible for payment. As a result, \$19,945 (\$50,000 - \$30,055) is not allowed.

- Item No. 170 – Housing Entity Administrative Cost Allowance in the amount of \$300,000 requested for ROPS 15-16B and total outstanding amount of \$750,000 is not allowed. Pursuant to HSC section 34171 (p), the housing successor administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency elected to not assume the housing functions. Because the housing successor to the former redevelopment agency of the City is the City-formed Housing Authority and the Authority operates under the control of the City, the Authority is considered the City under Dissolution Law pursuant to HSC section 34167.10.
- Item No. 177 – Demolish Fire-Damage Building in the amount of \$240,000 is denied. Pursuant to HSC section 34177.3, the successor agency shall lack the authority to, and shall not, create new enforceable obligations, including demolition, except in compliance with an enforceable obligation, as defined by subdivision (d) of Section 34171, that existed prior to June 28, 2011. As this obligation did not exist before June 28, 2011, this item is not available for 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). The amount of RPTTF approved in the table on the next page includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole, 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 \$5,839,598 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	7,231,034
Total RPTTF requested for administrative obligations	220,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 7,451,034
Total RPTTF requested for non-administrative obligations	7,231,034
Denied Items	
Item No. 102	(5,000)
Item No. 105	(3,000)
Item No. 146	(14,900)
Item No. 167	(19,945)
Item No. 170	(300,000)
Item No. 177	(240,000)
	(582,845)
Total RPTTF authorized for non-administrative obligations	\$ 6,648,189
Total RPTTF requested for administrative obligations	220,000
Total RPTTF authorized for administrative obligations	\$ 220,000
Total RPTTF authorized for obligations	\$ 6,868,189
ROPS 14-15B prior period adjustment	(1,028,591)
Total RPTTF approved for distribution	\$ 5,839,598

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.

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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 Jared Smith, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Denise Davis, Executive Secretary, National City
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County