



March 18, 2016

Ms. Jane M. McPherson, Financial Services Director  
City of Oceanside  
300 North Coast Highway  
Oceanside, CA 92054

Dear Ms. McPherson:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Oceanside Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 28, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item Nos. 28, 29, and 60 – Lot 23 Parking Structure project oversight and construction costs funded with \$2,300,000 in Bond Proceeds. The Agency received a Finding of Completion on May 15, 2013 and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. Our approval is specifically limited to the use of excess pre-2011 bond proceeds pursuant to HSC section 34191.4 (c) (1). Therefore, we have changed the Obligation types from Project Management Costs (Item Nos. 28 and 29) and Improvement/Infrastructure (Item No. 23) to “Bond Funded Project – Pre-2011”. Such approval, however, should not be construed as approval of the project/agreement itself as an enforceable obligation.
- Item Nos. 67 and 68 – 2015 Tax Allocation Bonds (TAB) debt service totaling \$3,306,378 is partially approved. HSC section 34171 (d) (1) (A) allows successor agencies to hold a reserve for debt service payments when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year. As such, the Agency requested reserves during the ROPS 15-16B in the following amounts:
  - Item No. 67 – 2015 TAB series A in the amount of \$900,000
  - Item No. 68 – 2015 TAB series B in the amount of \$458,260

The Agency received these reserves but did not request to expend them in the ROPS 16-17 period. Therefore, the Agency's requested Redevelopment Property Tax Trust

Fund (RPTTF) will be reduced by \$1,358,260 (\$900,000 + 458,260) and reserve funding will be increased by corresponding amounts.

Except for the items denied in part, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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/)

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Other Funds and in the amount specified below:

Item No. 67 – 2015 TAB Series A in the amount of \$87,888. The Agency requested \$436,525 from RPTTF; however, Finance is reclassifying \$87,888 to Other Funds. This item is an enforceable obligation for the ROPS 16-17 period. However, the obligation does not require payment from property tax revenues and the Agency has \$87,888 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$348,637 and the use of \$87,888 from Other Funds, totaling \$436,525 for this obligation.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,679,033 as summarized in the Approved RPTTF Distribution table on page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF for ROPS 15-16A and ROPS 15-16B.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

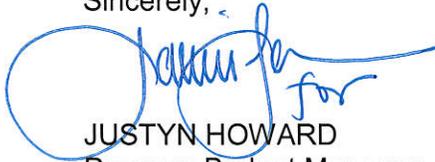
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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 Jared Smith, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 3,306,378	\$ 568,803	\$ 3,875,181
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>3,431,378</b>	<b>693,803</b>	<b>\$ 4,125,181</b>
<b>Total RPTTF Requested</b>	<b>3,306,378</b>	<b>568,803</b>	<b>3,875,181</b>
<u>Denied Items</u>			
Item No. 67	(900,000)	0	(900,000)
Item No. 68	(458,260)	0	(458,260)
	(1,358,260)	0	(1,358,260)
<u>Reclassified Item</u>			
Item No. 68	0	(87,888)	(87,888)
	0	(87,888)	(87,888)
<b>Total RPTTF authorized</b>	<b>1,948,118</b>	<b>480,915</b>	<b>\$ 2,429,033</b>
<b>Total Administrative RPTTF requested</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
Total Administrative RPTTF after Finance adjustments	125,000	125,000	250,000
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>2,073,118</b>	<b>605,915</b>	<b>\$ 2,679,033</b>