



April 14, 2016

Ms. Kymberly Horner, Economic Development Director
City of Oxnard
214 South C Street
Oxnard, CA 93030

Dear Ms. Horner:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Oxnard 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 February 1, 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 No. 1 – CCRP Tax Allocation Refunding Bond 2004 in the amount of \$1,361,471. Per discussion with Agency staff and review of documentation provided, the \$1,361,471 requested for the annual period should be \$235,291 for interest due in March 2017. Therefore, Finance has increased the requested Redevelopment Property Tax Trust Fund (RPTTF) funding from zero to \$235,291 for the January 1, 2017 through June 30, 2017 period (ROPS B period). As a result, the requested \$1,361,471 for the July 1, 2016 through December 31, 2016 period (ROPS A period) is not eligible for RPTTF funding.
- Item No. 4 – Property maintenance costs in the total amount of \$25,500 is partially allowed. The Scope of Services listed in the First Amendment to Agreement for Consulting Services between the Agency and Alert Management Company includes cleaning services for Heritage Square Hall/Chapel located at 731 South A Street, with compensation of \$415 per month. The Agency's Long-Range Property Management Plan (LRPMP) was approved by Finance on December 31, 2015. Funds requested for this line item include costs related to properties that were approved for governmental use on the LRPMP. These properties should have transferred pursuant to the LRPMP and the costs are no longer the responsibility of the Agency. Therefore, of the requested amount of \$25,500, a \$4,980 is not eligible for RPTTF funding.
- Item No. 5 – Heritage Square HOA Dues in the total outstanding balance of \$8,604 is not allowed. As noted in the bullet above, funds requested for this line item include costs related to properties that were approved for governmental use on the LRPMP and

are no longer an obligation of the Agency. Therefore, the requested amount of \$8,604 is not eligible for RPTTF funding. Additionally, this item has been retired.

- Item No. 17 – HERO Tax Allocation Bond 2006 in the amount of \$776,487. Per discussion with Agency staff and review of documentation provided, the \$776,487 requested for the annual period should be \$238,565 for interest due in March 2017. Therefore, Finance has increased requested RPTTF funding from zero to \$238,565 for the ROPS B period. As a result, the requested \$776,487 for the ROPS A period is not eligible for RPTTF funding.
- Item No. 18 – HERO Tax Allocation Bond 2008 in the total amount of \$708,138. Per discussion with Agency staff and review of documentation provided, the \$708,138 requested for the annual period should be \$238,919 for interest due March 2017. Therefore, Finance has increased requested RPTTF funding from zero to \$238,919 for the ROPS B period. As a result, the requested \$708,138 for the ROPS A period is not eligible for RPTTF funding.
- Item No. 48 – Ormond Beach Tax Allocation Bond 2006 in the amount of \$342,756. Per discussion with Agency staff and review of documentation provided, the \$342,756 requested for the annual period should be \$92,858 due in March 2017. Therefore, Finance has increased requested RPTTF funding from zero to \$92,858 for the ROPS B period. As a result, the requested \$342,756 for the ROPS A period is not eligible for RPTTF funding.
- Item No. 50 – Southwinds Tax Allocation Bond 2006 in the amount of \$194,430. Per discussion with Agency staff and review of documentation provided, the \$194,430 requested for the annual period should be \$53,048 due March 2017. Therefore, Finance has increased requested RPTTF funding from zero to \$53,048 for the ROPS B period. As a result, the requested \$194,430 for the ROPS A period is not eligible for RPTTF funding.
- Item Nos. 87 and 88 – Sponsoring Entity loan repayments in the total outstanding amount of \$2,987,936 is not allowed. The agreements were fully satisfied during the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). Therefore, these items are not enforceable obligations and the total requested amount of \$2,987,936 (\$2,901,416 + \$86,520) is not eligible for RPTTF funding.
- Item No. 89 – CCRP City Advances Property Acquisition loan repayment in the total outstanding amount of \$612,309 is not allowed. The agreement was fully satisfied during the January 1, 2016 through June 30, 2016 period (ROPS 15-16B). Therefore, this item is not an enforceable obligation and the requested amount of \$612,309 is not eligible for RPTTF funding.
- The claimed administrative costs exceed the allowance by \$295,792. HSC section 34171 (b) (3) limits the fiscal year 2016-17 Administrative Cost Allowance (ACA) to three percent of actual distributed RPTTF in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the distributed RPTTF in the preceding fiscal year. As a result, the Agency's maximum ACA is \$280,730 for the fiscal year 2016-17. Although \$576,522 is claimed for administrative cost, only \$280,730 is

available pursuant to the cap. Therefore, \$295,792 of excess administrative cost is not allowed.

- 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 (I) (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. 52 – Downtown Lease Guarantee Payment in the amount of \$1,332,000 has been partially reclassified. The Agency requests \$1,332,000 of RPTTF; however, Finance is reclassifying \$69,155 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 \$69,155 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$1,262,845 and the use of Other Funds in the amount of \$69,155, totaling \$1,332,000 for the ROPS 16-17 period.

Except for the items denied in whole or in part or the items that have been adjusted, 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/

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,628,234 as summarized in the Approved RPTTF Distribution Table on Page 5-6 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the 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 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 future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

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

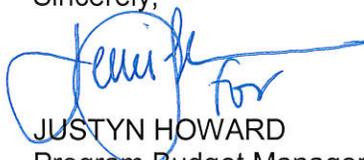
<http://www.dof.ca.gov/redevelopment/ROPS>

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 Cindie Lor, Supervisor, or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Justyn Howard', with a long horizontal flourish extending to the right.

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Christine Williams, Controller, City of Oxnard
Ms. Rhoda Farrell, Property Tax Fiscal Manager, Ventura County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 9,452,208	\$ 1,102,881	\$ 10,555,089
Requested Administrative RPTTF	<u>293,261</u>	<u>283,261</u>	<u>576,522</u>
Total RPTTF requested for obligations on ROPS 16-17	9,745,469	1,386,142	\$ 11,131,611
Adjustment to Agency Requested RPTTF			
Item No. 1	0	235,291	235,291
Item No. 17	0	238,565	238,565
Item No. 18	0	238,919	238,919
Item No. 48	0	92,858	92,858
Item No. 50	0	53,048	53,048
Total RPTTF adjustments	0	858,681	\$ 858,681
Total RPTTF requested	9,452,208	1,961,562	11,413,770
Denied Items			
Item No. 1	(1,361,471)	0	(1,361,471)
Item No. 4	(2,490)	(2,490)	(4,980)
Item No. 5	(4,302)	(4,302)	(8,604)
Item No. 17	(776,487)	0	(776,487)
Item No. 18	(708,138)	0	(708,138)
Item No. 48	(342,756)	0	(342,756)
Item No. 50	(194,430)	0	(194,430)
Item No. 87	(2,901,416)	0	(2,901,416)
Item No. 88	(86,520)	0	(86,520)
Item No. 89	<u>(612,309)</u>	<u>0</u>	<u>(612,309)</u>
	(6,990,319)	(6,792)	(6,997,111)
Reclassified Item			
Item No. 52	<u>(69,155)</u>	<u>0</u>	<u>(69,155)</u>
Total RPTTF authorized	2,392,734	1,954,770	\$ 4,347,504
Total Administrative RPTTF requested	293,261	283,261	576,522
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	<u>(12,531)</u>	<u>(283,261)</u>	<u>(295,792)</u>
Total Administrative RPTTF authorized	280,730	0	\$ 280,730
Total RPTTF approved for distribution	2,673,464	1,954,770	\$ 4,628,234

Administrative Cost Allowance Cap Calculation	
Actual RPTTF distributed for fiscal year 2015-16	\$ 12,902,151
Less sponsoring entity loan and Administrative RPTTF	<u>3,544,483</u>
Actual RPTTF distributed for 2015-16 after adjustment	9,357,668
Administrative Cap for 2016-17 per HSC section 34171 (b)	280,730
ROPS 16-17 Administrative RPTTF after Finance adjustments	<u>576,522</u>
Administrative Cost Allowance in excess of the cap	\$ (295,792)