



May 25, 2012

Donna Apar, Accountant
City of Chula Vista
Finance Department – Comptroller Division
276 Fourth Avenue
Chula Vista, CA 91910

Dear Ms. Apar:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Chula Vista Successor Agency (Agency) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 13, 2012 for the period of January to June 2012, on May 11, 2012 for the period of July to December 2012, and on May 22, 2012 revised ROPS for both periods. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

This letter supersedes Finance's letter dated April 27, 2012. The Agency removed items previously questioned from its revised ROPS except as follows:

January through June ROPS

- Items 6, 32 to 34, 43 to 46, and 60, totaling \$1.5 million. Pursuant to HSC section 34163 (b), no valid contracts were provided to show that the Agency has established EOs.
- Although the Agency reduced its administrative expenses on the revised ROPS, \$8,551 of the claimed \$258,551 in administrative costs is not an EO. HSC section 34171 (b) limits 2011-12 administrative costs to five percent of property tax allocated or \$250,000, whichever is greater. Five percent of the property tax allocated on the revised ROPS is \$93,043. Items 28 and 52 to 58 were considered administrative costs.

July to December 2012 ROPS

- Item 6, in the amount of \$1.3 million. Pursuant to HSC section 34163 (b), no valid contract was provided to show that the Agency has established EOs.

Except for items disallowed in whole or in part as EOs noted above, Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPPTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a

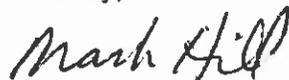
future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. 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 in the RPTTF.

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, San Diego County