

May 26, 2012

Bonnie Lipscomb, Executive Director
Economic Development Department
City of Santa Cruz
337 Locust Street
Santa Cruz, CA 95060

Dear Ms. Lipscomb:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Santa Cruz submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 30, 2012 for period of the January to June 2012 and on May 10, 2012 for the period of July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

Finance is approving the remaining items listed in your ROPS except for the following:

January through June 2012 Period

HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.

- 2011 Bond project Items No. 1 on page 3; No. 4, 5, 8, 20, 27 on page 4; and No. 11, 18, 19, 20, 22, 26, 27 on page 5 - in the amount of \$7,071,262 are for projects that have no signed expenditure contracts.
- 2011 Series C Bond project Items No. 29 on page 4 and No.13 on page 5, – for \$2,931,800 is for amounts that have no signed expenditure contracts.

July through December 2012 Period

HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.

- 2011 Bond project Items No. 3, 4, 7, 8, 9, 10, 13, 15, 17, 19, 20, 23, 24, 25, 26, 31, and 33 on page 4; No. 2, 4, 11, 18, 19, 21, 22, 23, 24, 25, 26, 27 on page 5; and No. 4, 6, 9, and 12 on page 7 - in the amount of \$30,960,740 are for projects that have no signed expenditure contracts.
- 2011 Bond project Items No. 29 on page 4 – for \$122,000 is for amounts that have no signed expenditure contracts.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund 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 Redevelopment Property Tax Trust Fund (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 Robert Scott, Supervisor or Derk Symons, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Kathryn Mintz, Redevelopment Finance Manager, City of Santa Cruz
Ms. Mary Jo Walker, Auditor-Controller, County of Santa Cruz