DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

December 18, 2012

Mr. Dan Paranick, Interim Executive Director
City of Camarillo
601 Carmen Drive
Camarillo, CA 93011-0248

Dear Mr. Paranick:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 10, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Camarillo Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 27, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 10, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on Friday, November 9, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the items being disputed.

- Items 7 and 8 – Housing Successor Agency Loans in the amount of $1.8 million. Finance continues to deny the items. Finance denied the items as no documentation was provided to support the amounts claimed as enforceable obligations. The Agency contends the items are enforceable obligations because inter-fund loans between the Low and Moderate Income Housing Fund (LMIHF) and a non-housing fund were created in accordance with HSC section 34177 (l) (1) to use available fund balances to make timely payment of March 2012 debt service and the county auditor-controller calculated true-up for the fiscal year. If it is determined these items are not enforceable obligations, the Agency requests that the non-cash asset (receivable) listed on the Housing Asset Transfer form, Exhibit D, which was approved by Finance, be removed. Even if the loans were allowed for repayment, the amounts would be unencumbered and HSC section 34177 (d) requires that all unencumbered balances in the LMIHF be remitted to the county auditor for distribution to the taxing entities. This will be accomplished through the due diligence review process pursuant to HSC section 34179.5 and 34179.6. Therefore, the items are not enforceable obligations and there is no asset to transfer to the housing successor agency.

- Items 14 – Conference Center Drain in the amount of $3.9 million of bond proceeds. Finance continues to deny the item at this time. Finance denied the items as HSC section 34163 (b) prohibits a redevelopment agency (RDA) from entering into a contract

with any entity after June 27, 2011. The Agency contends the item is an enforceable obligation because the tax allocation bonds were issued on December 17, 2009 for $17.49 million. However, there were no contracts in place prior to June 27, 2011. Therefore, the item is not eligible for bond funding at this time. However, successor agencies will be eligible to expend bonds issued prior to January 1, 2011, once a finding of completion is received per 34191.4 (c). Those obligations should be reported on a subsequent ROPS.

- Items 17 – Entertainment Center/Bowling Alley in the amount of $8.9 million of bond proceeds. Finance continues to deny the item at this time. Finance denied the items as HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. The Agency contends the item is an enforceable obligation because the tax allocation housing bonds were issued in 2006. However, there were no contracts in place prior to June 27, 2011. Therefore, the item is not eligible for bond funding at this time. Although the housing successor can follow the process set forth in HSC section 34176 (g) (1), which authorizes the housing successor to designate the use of and commit bond proceeds that remain after the satisfaction of enforceable obligations that have been approved in a ROPS and that are consistent with the bond covenants. The proceeds must have been derived from bonds that were issued for the purposes of affordable housing and issued prior to January 1, 2011. To initiate this process, the housing successor is required to provide notice to the successor agency of any designations of use or commitments of funds that it wishes to make at least 20 days before the deadline for submission of the ROPS to the Oversight Board. These commitments and designations will not be considered valid or binding until they are included in and approved and valid ROPS. However, the housing successor did not provide notice to the Agency of any designations of use or commitments of funds that it wishes to make at least 20 days before the deadline for submission of the ROPS to the Oversight Board. Therefore, the item is not eligible for bond funding at this time. However, successor agencies will be eligible to expend bonds issued prior to January 1, 2011, once a finding of completion is received per 34191.4 (c). Those obligations should be reported on a subsequent ROPS.

- Items 18 – Springville Interchange in the amount of $3 million of bond proceeds. Finance continues to deny the item at this time. Finance denied the items as HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. The Agency contends the item is an enforceable obligation because the tax allocation bonds were issued on December 17, 2009 for $17.49 million. However, the RDA did not have any contracts in place prior to June 27, 2011. Therefore, the item is not eligible for bond funding at this time. However, successor agencies will be eligible to expend bonds issued prior to January 1, 2011, once a finding of completion is received per 34191.4 (c). Those obligations should be reported on a subsequent ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: $1,747,549 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	2,448,547
Less: Six-month total for item(s) denied or reclassified as administrative cost		
Item 7*		0
Item 8		935,000
Total approved RPTTF for enforceable obligations	$	1,513,547
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		234,002
Total RPTTF approved:	$	1,747,549

* No RPTTF funding requested for the reporting period.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. 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 to the successor agency in the RPTTF.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,

Steve Szalay
Local Government Consultant

cc: Mr. Ronnie Campbell, Director of Finance, City of Camarillo
Ms. Sandra Bickford, Chief Deputy, Ventura County Auditor Controller
California State Controller's Office