



December 18, 2012

Ms. Kymberly Horner, Interim Redevelopment Services Manager
City of Oxnard
214 South C Street
Oxnard, CA 93030

Dear Ms. Horner:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 14, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Oxnard Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 14, 2012. Subsequently, the Agency requested a Meet and Confer session on one of the items denied by Finance. The Meet and Confer session was held on November 1, 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 specific items being disputed.

- Item No. 20 – HERO Wagon Wheel “The Village” Housing in the amount of \$15.3 million. Finance continues to deny the item. Finance denied the item per HSC section 34163 (b) as no contracts were in place prior to June 27, 2011. The Agency contends this is a permitted transfer and did not require the approval of the former Community Development Commission. Further review of the provided documentation indicates otherwise. Per Section 1.6, “Assignments and Transfers,” (c) states, “All Transfers, including Permitted Transfers, shall be evidenced by Developer’s, the assignee’s, and Commission’s execution of an assignment and assumption agreement in form and content acceptable to the Commission whereby the assignee expressly assumes the rights and obligations thereby transferred and to keep and perform all covenants, conditions and provisions of this agreement and the Commission Documents.” The documentation provided indicates the Commission was not a party to the Assumption agreement and did not participate in execution of the agreement. Finance also determined the original payee was a limited liability partnership, which was dissolved as of March 9, 2012. Therefore, this item is not an enforceable obligation as the payee no longer exists.
- Item No. 54 - Laundromat Project in the amount of \$150,000. Finance continues to deny the item. Finance denied the item per HSC section 34163 (b) as no contracts were in

place as of June 27, 2011. The Agency contends the developer of the Laundromat project has filed a claim based on representations set forth in a February 3, 2010 letter from the Executive Director of the former Community Development Commission. While we understand the Agency's position, this item is not an enforceable obligation unless and until a settlement is reached in that claim. Therefore, the item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.

- Items Nos. 66 and 72 – Housing related items in the amount of \$293,480. Finance continues to deny the items. Finance previously denied the items per HSC section 34176 (a) (1). This provision requires the housing entity to be responsible for the housing duties and obligations previously performed by the redevelopment agency. The Agency contends this is an error of fact because the Agency has not received authorization or direction from its Oversight Board to transfer the housing duties and obligations. Per Finance's Housing Asset Transfer Form Letter dated August 31, 2012, the Agency was authorized to transfer the property; therefore, the housing entity is responsible for operations costs and administrative costs. These items are not enforceable obligations of the Agency and not eligible for RPTTF funding.
- Administrative costs claimed for RPTTF exceed the allowance by \$501,473. HSC section 34171 (b) limits the 2012-13 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. As such, the Agency is allocated \$305,207 in administrative costs for fiscal year 2012-13. The Agency was distributed \$125,000 in administrative costs from the Ventura County Auditor-Controller for the ROPS II period. Remaining administrative allowance is \$180,207; therefore, \$501,473 of the claimed administrative costs is denied.

In addition, per Finance's ROPS letter dated October 14, 2012, the following items continue to be denied and were not contested by the Agency:

- Item No. 19 -- HERO RiverPark Owner Participation Agreement in the amount of \$10 million; no funding source identified. This item is a duplicate of Item No. 40 HERO RiverPark MOU. Therefore, it is being denied as an enforceable obligation.
- Item Nos. 45 through 47 – HERO Facade Program totaling \$178,500. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Since there were no contracts between the Agency and a third party prior to June 28, 2011, these items are not enforceable obligations and not eligible for RPTTF funding.
- Item Nos. 75 and 76 – HERO Street Reconstruction and Ormond Beach Street Reconstruction in the amount of \$4.5 million of bond proceeds. These items are based on city council resolutions and financial agreements between City of Oxnard and the Oxnard Community Development Commission. There are no contracts in place. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Since no contracts have been awarded for these potential services, these items are not enforceable obligations.
- Item Nos. 70 and 71 – Oversight Board Legal Services and Audit fees, respectively, totaling \$80,000 were reclassified as administrative expenses.

The Agency's maximum approved RPTTF distribution for the reporting period is \$6,272,297 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 20,889,352
Less: Six-month total for items denied or reclassified as administrative cost	
Item No. 20	14,267,022
Item No. 45	58,500
Item No. 46	60,000
Item No. 47	60,000
Item No. 54	150,000
Item No. 66	20,000
Item No. 70*	25,000
Item No. 71*	30,000
Item No. 72	126,740
Total approved RPTTF for enforceable obligations	<u>\$ 6,092,090</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>180,207</u>
Total RPTTF approved:	\$ 6,272,297
Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 4,081,478
Total RPTTF for the period January through June 2013	6,092,090
Total RPTTF for fiscal year 2012-13:	\$ 10,173,568
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	305,207
Administrative allowance for the period of July through December 2012	125,000
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 180,207

* Reclassified as administrative cost

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.

Ms. Kymberly Horner
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Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a stylized flourish extending to the left.

STEVE SZALAY
Local Government Consultant

cc: Ms. Sandra Bickford, Chief Deputy, Ventura County Auditor Controller
California State Controller's Office