



November 1, 2012

Mr. Robert J. Bravo, Finance Director  
City of Port Hueneme  
250 North Ventura Road  
Port Hueneme, CA 93401

Dear Mr. Bravo:

**Subject: Recognized Obligation Payment Schedule Approval Letter**

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Port Hueneme Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 18, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item No. 4 – Central Community Promissory Note #7 in the amount of \$1.5 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency and the former redevelopment agency are not enforceable obligations. Therefore, this line item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 8 – LMIHF debt in the amount of \$2.2 million. HSC section 34163 (c) (4) prohibits a redevelopment agency (RDA) from making any future deposits to the Low and Moderate Income Housing Fund.
- Administrative costs claimed for RPTTF exceed the allowance by \$51,940. 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.

Amount administrative cost allowance for fiscal year 2012-13	\$250,000
Administrative costs claimed for July through December 2012	164,970
Administrative costs claimed for January through June 2013	136,970
Overage	\$ 51,940

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,778,953 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 1,886,475
Less: Six-month total for items denied or reclassified as administrative cost	
Item 4	192,552
Item 8*	0
Total approved RPTTF for enforceable obligations	\$ 1,693,923
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	85,030
<b>Total RPTTF approved:</b>	<b>\$ 1,778,953</b>

\*No RPTTF funding requested for the reporting period

<b>Administrative Cost Calculation</b>	
Total RPTTF for the period July through December 2012	\$ 1,009,775
Total RPTTF for the period January through June 2013	1,693,923
<b>Total RPTTF for fiscal year 2012-13:</b>	<b>\$ 2,703,698</b>
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	250,000
Administrative allowance for the period of July through December 2012	164,970
<b>Allowable RPTTF distribution for administrative cost for ROPS III:</b>	<b>\$ 85,030</b>

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.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

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.

Mr. Robert Bravo  
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Please direct inquiries to Beliz Chappuie, Supervisor or Mindy Patterson, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a long horizontal stroke extending to the left.

STEVE SZALAY  
Local Government Consultant

cc: Mr. David Norman, City Manager, City of Port Hueneme  
Ms. Sandra Bickford, Chief Deputy, County of Ventura Auditor Controller