



December 18, 2012

Mr. Errin Briggs, Program Manager  
County of Santa Barbara  
123 East Anapamu  
Santa Barbara, CA 93101

Dear Mr. Briggs:

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 County of Santa Barbara 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 November 21, 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 item being disputed.

- Item 3 – The El Embarcadero Phase II Construction Project in the amount of \$238,000 bond proceeds. Finance continues to deny this item at this time. HSC section 34163 (b) prohibits the Agency from entering into a contract with any entity after June 27, 2011. The construction contract was signed in 2012, which is after June 27, 2011. Additionally, the contract let is between the County and a third party. The RDA is not a party to the contract and is not responsible for payments. We do note that upon receiving a Finding of Completion from Finance, this items may become enforceable pursuant to HSC section 34191.4 (c), as the Agency will be allowed to utilized excess bond proceeds that were issued prior to January 1, 2011 on the purpose for which they were issued.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$467,641 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 342,641
Less: Six-month total for item(s) denied or reclassified as administrative cost	0
Total approved RPTTF for enforceable obligations	\$ 342,641
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	125,000
<b>Total RPTTF approved:</b>	<b>\$ 467,641</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.

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 Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Mr. Mark Paul, Deputy Director of Finance and Administration, Santa Barbara County  
Mr. Robert W. Geis, CPA, Auditor-Controller, Santa Barbara County  
California State Controller's Office