



December 18, 2012

Mr. John Meyer, Redevelopment Director  
City of Vista  
200 Civic Center Drive  
Vista, CA 92084

Dear Mr. Meyer:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated November 7, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Vista Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 15, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on November 7, 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 30, 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 Nos. 12, 14, and 18 – Development and Disposition Agreements related to the North County Square, the Walmart, and the Lowe's, respectively, totaling \$4 million. Finance no longer objects to these items. Finance previously denied these items because the documents provided showed sales tax revenues as the source to make these obligation repayments. The Agency states this is not the case. Further review of the documents provided show the agreements are between the former redevelopment agency (RDA) and third parties with sales tax as a means of measurement. RDAs do not receive sales tax revenues and, therefore, cannot pledge sales tax revenues. These items are enforceable obligations and eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item 43 – Contract for Professional Services. Finance reclassified this item as administrative costs. Per HSC section 34177 (n) successor agencies are required to cause a post audit of the financial transactions and records of the successor agency to be made at least annually by a certified public accountant. Because this audit is mandated by HSC, it is an enforceable obligation eligible for RPTTF funding and will not count towards the administrative cost cap.
- Item 61 is for a "City Bridge Loan" in the amount of \$1.97 million. Finance no longer objects to this item. HSC section 34173 (h) allows for a city to loan funds to a successor agency for administrative costs and enforceable obligations and to include repayment of

the loan on the subsequent ROPS. The Agency is requesting to repay the City for a \$1.97 million loan needed to make bond debt service payments in the ROPS II period. Loan documents provided during the meet and confer process indicate the July 25, 2012 loan was made "for application to enforceable obligations listed on the Agency's Second ROPS". Per Section 4 of the loan agreement, "The Agency shall use the loan only for payment of enforceable obligations set forth on the Agency's Second ROPS which are bond payment dates of September 1, 2012." The Agency also submitted documentation during the meet and confer to support that the loan was approved by the Oversight Board and funds were received and used to make bond payments in accordance with the loan agreement.

In addition, per Finance's ROPS letter dated October 1, 2012, the following items continue to be denied and were not contested by the Agency:

- Item No. 34 and 35 in the amount of \$9.8 million are agreements between the City of Vista and the former Redevelopment Agency. HSC section 34171 (d) (2) states that agreements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods. Until then these items are not eligible for RPTTF money.
- Item No. 39 is for a note payable in the amount of \$922,606. However, the note repayment is not due until September 2013. HSC section 34177 (l) (3) states that the ROPS shall be forward looking to the next six months. Although this is an enforceable obligation, the amount requested is for an annual payment due in a future ROPS period. This item should be resubmitted for that period.
- Item No. 44 is for county property tax administrative fees in the amount of \$10,000. HSC section 34182 (e) allows the county auditor-controller to deduct from the Redevelopment Property Tax Trust Fund for their administration costs prior to distributing property tax increment funds. Therefore, these costs are not allowed to be claimed on the ROPS.
- Item 62 is for "Use and Commitment of Unencumbered Housing Bond Proceeds Agreement" in the amount of \$7.5 million. It is our understanding that contracts have not been awarded for these services. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Upon receiving a Finding of Completion from Finance, this item may become enforceable pursuant to HSC section 34191.4 (c). Until then, this item is not an enforceable obligations and not authorized for payment.

The Agency's maximum approved RPTTF distribution for the reporting period is: \$6,207,502 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 6,373,423
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 34	41,910
Item 35	146,388
Item 39	115,326
Item 44	3,500
Total approved RPTTF for enforceable obligations	\$ 6,066,299
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	191,203
<b>Total RPTTF approved:</b>	<b>\$ 6,257,502</b>

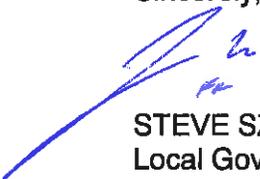
Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account 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. Jeff Zinner, Redevelopment and Housing Manager, City of Vista  
Mr. Juan Perez, Senior Auditor and Controller Manager, County of San Diego  
California State Controller's Office