



April 13, 2013

Ms. Daphne Hodgson, Deputy City Manager
City of Seaside
440 Harcourt Ave.
Seaside, CA 93955

Dear Ms. Hodgson:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Seaside Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 27, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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. 2 – 2003 Tax Allocation Bonds in the amount of \$17,564,906. The Agency identified the debt service payment for this period as \$2,112,025, but later requested the amount be adjusted to reflect \$1,761,012, the actual debt service payment as outlined in the debt service payment schedule. Therefore, Finance is adjusting this line item by \$351,013 for Redevelopment Property Tax Trust Fund (RPTTF) funding, as requested by the Agency.
- Item Nos. 8 and 9 – West Broadway Urban Village project costs totaling \$3,795,000. The Agency requested \$10,000 RPTTF funding for Item 8 and \$25,000 to use bond proceeds for Item 9. It is our understanding that contracts for these line items have not yet been awarded. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Therefore, these items are not enforceable obligations and are not eligible for funding.

Pursuant to HSC section 34191.4 (c), your request to use bond proceeds for these obligations, in the amount of \$795,000, may be allowable once the Agency receives a Finding of Completion from Finance.

- Item Nos. 23 and 24 – Supplemental Educational Revenue Augmentation Fund loans totaling \$4,790,218 are not enforceable obligations at this time. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable, unless issued within two years of the RDA's creation date or for issuance of indebtedness to third-party investors or

bondholders. These loans/agreements were issued after the first two years of the former RDA's creation and are not associated with the issuance of debt. Therefore, these items are not enforceable obligations and not eligible for RPTTF.

Upon receiving a Finding of Completion from Finance and after the oversight board makes a finding the loan was for legitimate redevelopment purposes, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods.

- Administrative costs funded by RPTTF exceed the allowance by \$13,105. HSC section 34171 (b) limits administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Three percent of the property tax allocated is \$75,333. Therefore, \$13,105 of the claimed \$263,105 is not an enforceable obligation. The following items were considered administrative expenses and therefore have been reclassified:
 - Item No. 14 – Legal Services
 - Item No. 15 – Legal Services
 - Item No. 17 – Consultant Services
 - Item No. 18 – Contract Services
 - Item No. 19 – Legal Advertising

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, 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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$2,336,621 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 4,064,165
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 2	351,013
Item 8	10,000
Item 14*	13,750
Item 15*	13,750
Item 17*	20,000
Item 18*	14,025
Item 19*	1,125
Item 23	993,094
Item 24	136,307
Total approved RPTTF for enforceable obligations	\$ 2,511,101
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	250,000
Minus: ROPS II prior period adjustment	(424,480)
Total RPTTF approved for distribution:	\$ 2,336,621

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. The amount of RPTTF approved in the above table includes the prior period adjustment that was self-reported by the Agency. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the above table includes only the prior period adjustment that was self-reported by the Agency.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of 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.

Ms. Hodgson
April 13, 2013
Page 4

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina-Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Lisa Brinton, Redevelopment Project Manager, City of Seaside
Ms. Julie Aguero, Auditor Controller Analyst II, County of Monterey
California State Controller's Office