DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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April 2, 2014

Mr. Eric Crockett, Assistant Director of Development
City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 91910

Dear Mr. Crockett:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Chula Vista Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 25, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 14 15A at this time.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that amounted to $53,082 in available Other Funds.

Therefore, the funding source for the following item has been reclassified to Other Funds in the amount specified below:

> Item No. 25 – BF Goodrich Cooperation Agreement in the amount of $53,082. The Agency requests $250,000 of RPTTF; however, Finance is reclassifying $53,082 to Other Funds. This item is an enforceable obligation for the ROPS 14-15A period. Therefore, Finance is approving RPTTF in the amount of $196,918 and the use of Other Fund Balances in the amount of $53,082, totaling $250,000.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

In addition, HSC section 34177 (a) (3) states that only those payments listed in the ROPS may be made by the Agency, from the funds specified in the ROPS. HSC does not permit the Agency to make payments that exceed the amounts approved by Finance. On the Prior Period Adjustment worksheet, we note that the Agency's expenditures have exceeded the Finance authorization for Bond expenditures as Finance approved $0 unencumbered bonds proceeds to be expended during the ROPS 13-14A period. Therefore, Finance is increasing the Agency's authorization for the ROPS 14-15A period to ensure that authorization is consistent with expenditures for the approved obligations. This is for informational purposes and will not affect your ROPS 14-15A spending authority. Bond proceed funding will be increased by an amount of $158,165 for Item No. 49 – Third Avenue Streetscape Improvement.

HSC sections 34177 (a) (4) and 34173 (h) provide alternative mechanisms when Agency payments exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is achieved prior to making payments on enforceable obligations.

Except for the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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 RPTTF distribution for the reporting period is $5,078,617 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014		
Total RPTTF requested for non-administrative obligations		5,079,480
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations	**$**	**5,204,480**
Total RPTTF for non-administrative obligations		**5,079,480**
Cash Balances - Item reclassified to Other Funds		
Item No. 25		(53,082)
Total RPTTF authorized for non-administrative obligations	**$**	**5,026,398**
Total RPTTF requested for administrative obligations		**125,000**
Total RPTTF authorized for administrative obligations	**$**	**125,000**
Total RPTTF authorized for obligations	**$**	**5,151,398**
ROPS 13-14A prior period adjustment		(72,781)
Total RPTTF approved for distribution	**$**	**5,078,617**

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. 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 section 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 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 Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Phillip Davis, Assistant Director of Finance, City of Chula Vista
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County
California State Controller's Office