

May 16, 2014

Ms. Gayla R Chapman, Administrative Services Director
City of Grover Beach
154 South 8th Street
Grover Beach, CA 93433

Dear Ms. Chapman:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 2, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Grover Beach Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to Finance on February 26, 2014, for the period of July through December 2014. Finance issued a ROPS determination letter on April 2, 2014. 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 April 9, 2014.

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 No. 5 – Supplemental Educational Revenue Augmentation Fund (SERAF) in the amount of \$121,285. Finance no longer denies this item. Finance denied this item because pursuant to HSC section 34171 (d) (1) (G), amounts borrowed from, or payments owing to the Low and Moderate Income Housing Fund are enforceable obligations, provided the Agency's Oversight Board approves a repayment schedule. During the Meet and Confer process, the Agency provided an Oversight Board approved payment schedule for the SERAF loan. Therefore, this item is eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding in the amount of \$121,285. The remaining balance on this item should be \$106,283, which the Agency may claim for repayment in ROPS 14-15B.

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.

The Agency's maximum approved RPTTF distribution for the reporting period is \$134,720 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	211,541
Total RPTTF requested for administrative obligations	40,000
Total RPTTF requested for obligations	\$ 251,541
Total RPTTF requested for non-administrative obligations	211,541
Total RPTTF authorized for non-administrative obligations	\$ 211,541
Total RPTTF requested for administrative obligations	40,000
Total RPTTF authorized for administrative obligations	\$ 40,000
Total RPTTF authorized for obligations	\$ 251,541
ROPS 13-14A prior period adjustment	(116,821)
Total RPTTF approved for distribution	\$ 134,720

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

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

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.

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Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Robert Perrault, City Manager, City of Grover Beach
Ms. Barbara Godwin, Property Tax Manager, San Luis Obispo County
California State Controller's Office