



April 18, 2014

Ms. Annette Munoz, Finance Director  
City of Guadalupe  
918 Obispo Street  
Guadalupe, CA 93434

Dear Ms. Munoz:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Guadalupe Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on March 6, 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.

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 for the reasons specified:

- Item No. 2 – Royal Theater Note Payable in the amount of \$2,429. The Agency previously requested \$2,429 for this obligation on ROPS III for the period covering January through June 2013. During the ROPS III review, Finance determined the total outstanding obligation for this item in the amount of \$26,456 was payable within the ROPS III period. As determined on ROPS III Meet and Confer determination letter dated December 21, 2012, the Agency's request was increased and authorized for Redevelopment Property Tax Trust Fund (RPTTF) funding in the full total outstanding amount of \$26,456 for this item. Subsequently, the Agency's self-reported ROPS III prior period adjustment worksheet displayed \$26,456 as expended for this item within the ROPS III period. Therefore, this item is no longer an enforceable obligation and is not eligible for funding on ROPS.
- Item Nos. 7, 8, 9, and 16 – Amounts due to the former Low and Moderate Income Housing Fund (LMIHF) totaling \$21,456. HSC section 34171 (d) (1) (G) states amounts borrowed from, or payments owing to the LMIHF are enforceable obligations, provided the Agency's Oversight Board (OB) approves a repayment schedule. Pursuant to HSC section 34179 (e), all actions taken by the OB must be adopted by a resolution. HSC section 34179 (h) states written notice of all OB actions shall be submitted to Finance and that Finance may request a review of such OB actions. Therefore, Finance must approve an OB resolution adopting repayment schedules prior to Item Nos. 7, 8, 9, and 16 becoming enforceable obligations.

The Agency submitted OB Resolution No. 2014-02 to Finance on April 14, 2014. OB Resolution No. 2014-02 approves repayment schedules for four loans from the former LMIHF. Pursuant to HSC section 34179 (h), Finance has five business days from the receipt of the resolution to request a review and 40 days to make a determination if a review is requested. As such, if and when OB Resolution No. 2014-02 is approved by Finance, the Agency may request funding for Item Nos. 7, 8, 9, and 16 on future ROPS. Therefore, the requests to fund payments due to the former LMIHF for the following items are not allowed at this time:

- Item No. 7 – Due to Other Funds (Repayment for 2010 Supplemental Education Revenue Augmentation Fund (SERAF) in the amount of \$5,364
- Item No. 8 – Due to Other Funds (Repayment for 2011 SERAF) in the amount of \$5,464
- Item No. 9 – Due to Other Funds (Housing Deferral Payment) In the amount of \$5,364
- Item No. 16 – Due to Other Funds (Repayment for Lantern Loan Capital Project) in the amount of \$5,364

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. The amount of RPTTF approved in the table below includes the prior period adjustment self-reported by the Agency. 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. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below only includes the prior period adjustment self-reported by the Agency.

Except for items denied in whole or in part as enforceable obligations, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$357,073 as summarized below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	346,363
Total RPTTF requested for administrative obligations	35,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 381,363</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>346,363</b>
<u>Denied Items</u>	
Item No. 2	(2,429)
Item No. 7	(5,364)
Item No. 8	(5,364)
Item No. 9	(5,364)
Item No. 16	(5,364)
	(23,885)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>322,478</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>35,000</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>35,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 357,478</b>
ROPS 13-14A prior period adjustment	(405)
<b>Total RPTTF approved for distribution</b>	<b>\$ 357,073</b>

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to requesting RPTTF for payment of enforceable obligations. During the ROPS 14-15A review, Finance requested financial records to support the cash balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 14-15A review period to properly identify the Agency's cash balances. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 14-15B.

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 Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Juana Merino-Escobar, Administrative Assistant, City of Guadalupe  
Mr. Ed Price, Division Chief Property Tax Division, Santa Barbara County  
California State Controller's Office