

May 16, 2014

Ms. Susie L Mears, Finance Director
City of Ojai
P.O. Box 1570
Ojai, CA 93024

Dear Ms. Mears:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 14, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Ojai Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15BA to Finance on March 3, 2014, for the period of July through December 2014. Finance issued a ROPS determination letter on April 14, 2014. Subsequently, the Agency requested a Meet and Confer session on one or more of the items on the ROPS. The Meet and Confer session was scheduled for April 23, 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.

- During our initial review we noted the total outstanding balance for Item No. 6 – Finance continues to maintain the Loan from the City General Fund is overstated. The total outstanding balance for Item No. 6 includes accrued interest calculated at varying LAIF rates over the years since 1981. However, HSC section 34191.4 requires the recalculation of the accumulated interest at a rate not to exceed the interest rate earned by funds deposited in the LAIF at the time the Oversight Board finds that the loan was for legitimate redevelopment purposes and is deemed and enforceable obligation. Therefore, the Agency should recalculate the interest using the LAIF interest rate at the time the Agency's Oversight Board made the finding the loan was for legitimate redevelopment purposes and reflect the reduction to the loan's total outstanding balance in subsequent ROPS submittals.

Since the amount requested for ROPS 14-15A does not exceed the maximum authorized amount per the repayment formula outlined in HSC section 34191.4 (b) (2) (A), Finance is approving the amount requested. However, the approved amount of \$353,680 should only be applied to repayment of principal for Item No. 6.

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (d). However, Finance notes the oversight board has approved an amount that appears excessive, given the number and nature of the other obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the

taxing entities. Therefore, Finance encourages the oversight board to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

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 Redevelopment Property Tax Trust Fund (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.

Based on our review, we are approving all of the items listed on your ROPS 14-15A at this time. The Agency's maximum approved RPTTF distribution for the reporting period is \$503,083 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	379,680
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 504,680
Total RPTTF authorized for non-administrative obligations	379,680
Total RPTTF authorized for administrative obligations	125,000
Total RPTTF authorized for obligations	\$ 504,680
ROPS 13-14A prior period adjustment	(1,597)
Total RPTTF approved for distribution	\$ 503,083

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.

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: Ms. Corinne Burt, Accounting Specialist I, City of Ojai
Ms. Sandra Bickford, Chief Deputy, Ventura County
California State Controller's Office