DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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April 3, 2014

Mr. John Prescott, Community Development Director
City of Thousand Oaks
2100 Thousand Oaks Blvd
Thousand Oaks, CA 91362

Dear Mr. Prescott:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Thousand Oaks Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 26, 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 does not qualify as an enforceable obligation for the reasons specified:

Item No. 2 – 2002 Tax Allocation Bond, Series A&B in the amount of $57,500. The Agency requested debt service reserves totaling $57,500 for payments due the following ROPS period, January through June 2015. HSC section 34171 (d) (1) (A) allows successor agencies to hold a reserve for debt service payments when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the *calendar* year. Therefore, the request to fund payments due for the first half of the calendar year is not allowed.

In addition, for Item Nos. 1 and 3, 2005 Tax Allocation Bonds, the Agency requested $2,502,500 of RPTTF during ROPS 13-14B for debt service reserves for debt service payment due during ROPS 14-15A. The use of Reserve Balances should have been included on ROPS 14-15A. With Agency's concurrence, the use of Reserve Balances as a funding source in addition to already requested RPTTF was included for the following items in amounts specified below:

- Item No. 1 – 2005 Housing Tax Allocation Bonds, Series A&B in the amount of $1,710,322. The Agency requested $0 of Reserve Balances; however, Finance had authorized $697,500 in RPTTF to be held as a Reserve Balance during the ROPS 13-14B period. Therefore, the requested Reserve was increased to $697,500 bringing the total requested funding for Item No. 1 to $1,710,322.

- Item No. 3 – 2005 Tax Allocation Bonds, Series A&B in the amount of $4,342,968. The Agency requested $0 of Reserve Balances; however, Finance had authorized

$1,805,000 in RPTTF to be held as a Reserve Balance during the ROPS 13-14B period. Therefore, the requested Reserve was increased to $1,805,000 bringing the total requested funding for Item No. 3 to $4,342,968.

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) funding. 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 displayed available Other Balances totaling $259,927.

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

- Item No. 1 – 2005 Housing Tax Allocation Bonds, Series A & B in the amount of $1,710,322. The Agency requested $1,012,822 of RPTTF and Finances adjustment of $697,500 in Reserve; however, Finance is reclassifying $259,927 from RPTTF to Other Balances. This item is an enforceable obligation for the ROPS 14-15B period. However, the obligation does not require full payment from property tax revenues and the Agency has $259,927 in Other Balances. Therefore, Finance is approving Reserve Balances in the amount of $697,500, RPTTF in the amount of $752,895 and the use of Other Balances in the amount of $259,927, totaling $1,710,322.

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 the item denied in whole or in part as enforceable obligation or for the item that have 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 $3,599,737 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014		
Total RPTTF requested for non-administrative obligations		3,814,098
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations	$	**3,939,098**
Total RPTTF requested for non-administrative obligations		**3,814,098**
Denied Item		
Item No. 2		(57,500)
Total RPTTF for non-administrative obligations		**3,756,598**
Cash Balances - Item reclassified to other funding sources		
Item No. 1		(259,927)
		(259,927)
Total RPTTF authorized for non-administrative obligations	$	**3,496,671**
Total RPTTF requested for administrative obligations		**125,000**
Total RPTTF authorized for administrative obligations	$	**125,000**
Total RPTTF authorized for obligations	$	**3,621,671**
ROPS 13-14A prior period adjustment		(21,934)
Total RPTTF approved for distribution	$	**3,599,737**

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 Beliz Chappuie, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. John F Adams, Finance Director, City of Thousand Oaks
Ms. Sandra Bickford, Chief Deputy, Ventura County
California State Controller's Office