DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 21, 2012

Rene M. Visé, Administrative Services Director
City of Santa Maria
110 E. Cook Street
Santa Maria, CA 93454

Dear Mr. Visé:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Santa Maria Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 8, 2012 for the January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the Redevelopment Property Tax Trust Fund (RPTTF) should not be used to fund the following:

- Form A, Item No. 1 listed on both ROPS is a Lease Revenue Bond in the amount of $2.6 million. Section 34183 (2)(B) states RPTTF can fund revenue bonds, but only to the extent the revenues pledged for them are insufficient to make the payments and only where the agency's tax increment revenues were also pledged for the repayment of the bonds. This line item did not have tax increments pledged and therefore, must be paid with other funding sources.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO and submit to the following email address:

Redevelopment_Administration@dof.ca.gov

Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,

Mark Hill

MARK HILL
Program Budget Manager

cc: Mr. Ed Price, Division Chief Property Tax Division, Santa Barbara