



November 15, 2013

Mr. John Jansons, Community Investment Director  
City of Hemet  
455 East Florida Avenue  
Hemet, CA 92543

Dear Mr. Jansons:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Hemet Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on October 01, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, 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. 7- Loan from City of Hemet to fund Due Diligence Review (DDR) in the amount of \$25,000. The Loan Agreement dated August 14, 2012 between the City of Hemet and the Agency was for a temporary loan to the Agency in an amount not to exceed \$25,000. Our review noted that the Agency had received the requested funding during ROPS III and 13-14A. Therefore, the item is not eligible for additional Redevelopment Property Tax Trust Fund (RPTTF) funding.

In order to ensure consistency for this and future ROPS reviews, Finance has made corrections on the ROPS form that was submitted by the Agency. Specifically, Finance made the following changes that were agreed upon by the Agency:

- Item No. 6 – Affordable Housing Monitoring Costs in the amount of \$49,786. The item was denied on prior ROPS and the Agency deleted it from ROPS 13-14B. Finance has added it back as Item No. 6. The Agency can retire the item in the future if no expenditures are expected. However, it still needs to be listed on the future ROPS.
- Item No. 7 – Loan from City of Hemet to fund Due Diligence Review in the amount of \$25,000. This item was listed as Item No. 6 on ROPS 13-14B. However, it was Item No. 7 previously. Therefore, Finance has changed it back to Item No. 7.
- Item No. 9 – Cost to prepare Long Range Property Management Plan (LRPMP). The Item was omitted on ROPS 13-14B; however, reported on prior ROPS. Therefore, Finance has added it back on the ROPS as Item No. 9. The Agency can retire the item

in the future if no expenditures are expected. However, it still needs to be listed on the future ROPS.

- Item No. 10 – Property Tax Administration Fee in the amount of \$3,060,000. The item was Item No. 10 previous ROPS. However, it was listed as No. 7 on ROPS 13-14B. Therefore, Finance has changed it back to Item No. 10.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. HSC Section 34186 (a) also specifies that the 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.

Except for the item denied in whole or in part as an enforceable obligation, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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 \$332,523 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	345,487
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 470,487</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>345,487</b>
<u>Denied Items</u>	
Item No. 7	(25,000)
<b>Total RPTTF approved for non-administrative obligations</b>	<b>320,487</b>
<b>Total RPTTF approved for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF approved for obligations</b>	<b>445,487</b>
ROPS III prior period adjustment	(112,964)
<b>Total RPTTF approved for distribution</b>	<b>\$ 332,523</b>

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14B%20Forms%20by%20Successor%20Agency/).

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only 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 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 Anna Kyumba, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Rita Conrad, Director of Administrative Services, City of Hemet  
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County  
California State Controller's Office