



October 28, 2013

Mr. William B. Avera, Development Services Director
City of Hollister
375 Fifth Street
Hollister, CA 95023

Dear Mr. Avera:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Hollister Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 19, 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 do not qualify as enforceable obligations for the reasons specified:

- Item Nos. 23 and 24 – Employee Benefit Compensation in the amount of \$174,012 and Post Employee Benefits in the amount of \$100,800. Both of these obligations were previously approved as enforceable obligations during ROPS III Meet and Confer determination letter dated December 18, 2012 to be paid with Reserves. Therefore, these items are not eligible for additional Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 28 – Prospect Villa Apartments Rent Assistance in the amount of \$24,000. The Agency is requesting RPTTF for the January 2012 through June 2012 (ROPS I) period claiming that the item was left off the ROPS I form. Based on our review of enforceable obligations approved on ROPS I, this item was listed as Item No. 45 and was approved for \$25,002 of Low and Moderate Income Housing Fund (LMIHF). Therefore, the item is not eligible for additional RPTTF funding.
- Item No. 32 – July 2012 through December 2012 (ROPS II) funds returned to County Auditor-Controller (CAC) as part of Other Funds and Accounts (OFA) Due Diligence Review (DDR) in the amount of \$1,178,658. The Agency states that they had paid \$1,355,882 to the CAC based on their OFA DDR audit before Finance completed its DDR review. Finance's OFA DDR determination did not identify any amount be remitted to the county for distribution to the taxing entities. The Agency was unable to provide documentation to confirm their payment to the CAC. Furthermore, RPTTF is provided to pay for enforceable obligations. The Agency did not identify any enforceable

obligations that this funding would be used for. Therefore, this item is not eligible for RPTTF funding.

Pursuant to HSC Section 34186 (a), successor agencies were required to report the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. The amount of RPTTF approved in the below table includes the prior period adjustment that was self-reported by the Agency. 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. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the below table includes only the prior period adjustment that was 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 13-14B. This determination applies only to items where funding was requested for the six month period. 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/

The Agency’s maximum approved RPTTF distribution for the reporting period is \$2,043,972 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	\$ 3,431,785
Total RPTTF requested for administrative obligations	\$ 125,000
Total RPTTF requested for obligations	\$ 3,556,785
Total RPTTF requested for non-administrative obligations	\$ 3,431,785
<u>Denied Items</u>	
Item No. 28	24,000
Item No. 23	174,012
Item No. 24	100,800
Item No. 32	1,178,658
	1,477,470
Total approved for non-administrative obligations	\$ 1,954,315
Total RPTTF for administrative obligations	125,000
Total RPTTF approved for obligations	2,079,315
ROPS III prior period adjustment	(35,343)
Total RPTTF approved for distribution	\$ 2,043,972

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_13-14B_Forms_by_Successor_Agency/).

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. 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 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. Mary M. Paxton, Program Manager, City of Hollister
Mr. Joe Paul Gonzalez, Auditor-Controller, County of San Benito
California State Controller's