DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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April 15, 2016

Mr. Casey Brooksher, Senior Financial Analyst
City of Hesperia
9700 Seventh Avenue
Hesperia, CA 92345

Dear Mr. Brooksher:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Hesperia Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on February 1, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 8 – Hesperia Public Financing Authority (HPFA) 2007 Series B, Project Area 2 debt service payment. It is our understanding the Agency incorrectly requested $56,613 for the final bond payment. Based on review of the debt service schedule, the correct payment due for the July 1 to December 31 period (ROPS A period) should be $58,226. Therefore, Finance has increased funding from Bond Proceeds by $1,613, for a total of $58,226.

  In addition, a portion of the payment is being reclassified from Bond Proceeds to Reserve Balances because Finance approved $32,101 in Redevelopment Property Tax Trust Funds (RPTTF) during ROPS 15-16B for payment due during ROPS 16-17A. Therefore, Finance approves Bond Proceeds funding in the amount of $26,125 and Reserve Balances in the amount of $32,101, totaling $58,226 for this item.

- Item No. 15 – HPFA 2007 Series A, Reserve Account funding request has been adjusted. The Agency originally requested $56,763 in Bond Proceeds funding for the ROPS A period. However, during our review, we noted the Agency erred in requesting funding for this item; the amount requested should have been $150. As a result, and with the Agency's concurrence, Finance has reduced funding for this item by $56,613 to $150, and approves Bond Proceeds funding in the amount of $150 for this item for both the ROPS A and the January 1, 2017 through June 30 period (ROPS B period), for a total of $300 for this item.

Except for the items denied in whole or in part or the items that have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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/

In the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. Be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is $12,150,423 as summarized in the Approved RPTTF Distribution Table on page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the ROPS B period based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

http://www.dof.ca.gov/redevelopment/ROPS

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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 Agency in the RPTTF.

Please direct inquiries to Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,

for

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Anne Duke, Deputy Finance Director, City of Hesperia
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

## Attachment

| Approved RPTTF Distribution<br>For the period of July 2016 through June 2017 | | | |
|---|---|---|---|
| | ROPS A Period | ROPS B Period | Total |
| Requested RPTTF (excluding administrative obligations) | $ 6,007,476 | $ 6,142,947 | **$ 12,150,423** |
| Requested Administrative RPTTF | 0 | 0 | **0** |
| **Total RPTTF requested for obligations on ROPS 16-17** | 6,007,476 | 6,142,947 | **$ 12,150,423** |
| | | | |
| Total RPTTF authorized | 6,007,476 | 6,142,947 | **$ 12,150,423** |
| Total Administrative RPTTF authorized | 0 | 0 | 0 |
| **Total RPTTF approved for distribution** | 6,007,476 | 6,142,947 | **$ 12,150,423** |