



May 30, 2012

Donna Kunz, Economic Development Director  
Economic and Community Development Department  
1600 Truxtun Avenue, Suite 300  
Bakersfield, CA 93301

Dear Ms. Kunz:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Bakersfield Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 21, 2012 for the periods January to June 2012 and July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

Except for items disallowed in whole or in part as enforceable obligations noted below, Finance is approving the remaining items listed in your ROPS for both periods. This letter supersedes Finance's letter dated May 27, 2012 wherein we disallowed certain items in your January to June 2012 ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January to June 2012

- Various items as shown below in the amount of \$3.3 million. Per HSC section 34171 (d) (2), these items are not enforceable obligations because the City of Bakersfield (City) took out the loans, not the City of Bakersfield Redevelopment Agency (RDA). Furthermore, the City pledged the tax increment revenues as a payment source, not the RDA.

Page	Line	Description	Amount
1	10	HUD Section 108 Loan: Fire Station	\$ 2,236,512
3	15	HUD Section 108 Loan: Baker Street	1,081,625
		Total	\$ 3,318,137

- Various items as shown below in the amount of \$4.3 million. Per HSC section 34171 (d) (2), these items are not enforceable obligations because the City took out bridge loans from the City's equipment and/or self-insurance fund.

Page	Line	Description	Amount
2	17	Interagency Loan/Fund 521: Courtyard	\$ 1,410,274
2	18	Interagency Loan/Fund 511: Chelsea	1,035,500
3	5	Interagency Loan/Fund 511: 19 <sup>th</sup> Street	1,860,131
		Total	\$ 4,305,905

July to December 2012

- Various items as shown below in the amount of \$2.9 million. Per HSC section 34171 (d) (2), these items are not enforceable obligations because the City took out the loans, not the RDA. Furthermore, the City pledged the tax increment revenues as a payment source, not the RDA.

Page	Line	Description	Amount
1	2	HUD Section 108 Loan: Fire Station	\$ 1,954,423
1	9	HUD Section 108 Loan: Baker Street	919,625
		Total	\$ 2,874,048

- Various items as shown below in the amount of \$2.7 million. Per HSC section 34171 (d) (2), these items are not enforceable obligations because the City took out bridge loans from the City's equipment fund and/or self-insurance fund.

Page	Line	Description	Amount
1	5	Interagency Loan/Fund 521: Courtyard	\$ 896,274
1	6	Interagency Loan/Fund 511: Chelsea	604,200
1	13	Interagency Loan/Fund 511: 19 <sup>th</sup> Street	1,160,131
		Total	\$ 2,660,605

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at [http://www.dof.ca.gov/assembly\\_bills\\_26-27/view.php](http://www.dof.ca.gov/assembly_bills_26-27/view.php) for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL  
Program Budget Manager

cc: Ms. Ann K. Barnett, Auditor-Controller, County of Kern