DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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May 25, 2012

Steve Lantsberger, Deputy Director of Economic Development
City of Hesperia
9700 Seventh Ave
Hesperia, CA 92345

Dear Mr. Lantsberger:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Hesperia Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for period January to June 2012 and on May 11, 2012 for the period 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.

Finance reviewed the January through June ROPS and disallowed items in a letter dated April 26, 2012. After reviewing additional documentation Finance has determined additional items that do not qualify as enforceable obligations:

> Form A, line 1 through 9 on the January through June 2012 ROPS totaling $7.7 million are not enforceable obligations. These are duplicate bond payments due in September also included on the July through December ROPS, Form A, line items 1, 3, 5, 7, 9, 11, 13, 15, and 17.

Except for items disallowed as enforceable obligations noted above and in Finance's letter dated April 26, 2012, Finance is approving the remaining items listed in your ROPS for both periods. 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 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 Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,

Mark Hill

MARK HILL
Program Budget Manager

cc: Mr. Larry Walker, Auditor Controller, San Bernardino County
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County
Ms. Linda Santillano, Supervising Accountant, San Bernardino County
Mr. Franz Zyss, Accountant III, San Bernardino County