



May 27, 2012

Jack Castro, Finance Director
City of Huron
36311 Lassen Avenue
P O Box 339
Huron, CA 93234

Dear Mr. Castro:

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 27, 2012 for period of the January to June 2012 and on May 18, 2012 for the period of 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 the items disallowed below, Finance is approving the remaining items listed in your ROPS for July through December 2012.

Finance is approving both ROPS except for items disallowed as enforcement obligations in Finance letter dated May 10, 2012 for the January to June 2012 ROPS. For the July to December 2012 ROPS, the following is disallowed as an enforceable obligation:

Page 1, line 1, labeled as Revenue Bonds for \$4.6 million. Section 34183 (2)(B) states RPTTF can fund revenue bonds, but only to the extent the revenues pledged is insufficient to make payments and only where the agency's tax increment revenues were also pledged for the repayment of the bonds. This line item did not have tax increment revenue pledged. Therefore, the line is disallowed as an enforceable obligation from RPTTF and instead is allowed as an obligation from other funds.

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.

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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
Program Budget Manager

cc: Mr. George Gomez, Accounting Financial Manager, Fresno County
Ms. Robin Cook, Senior Accountant, Fresno County