



October 10, 2012

Ms. Lisa Whiteside, Finance Manager  
City of Hughson  
P.O. Box 9  
Hughson, CA 95326

Dear Ms. Whiteside:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Hughson Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 27, 2012 for the period January through June 2013. Finance has completed its review of your ROPS III, which 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, Item 3 – Short Term Loan from the City of Hughson in the amount of \$138,156 is not an enforceable obligation. The Agency received the full amount of funding requested and approved by Finance for the ROPS I and II time periods. HSC section 34173 (h) allows for a city to loan funds to a successor for administrative costs and enforceable obligations, and put the repayment of these loans on the subsequent ROPS. Since full funding was provided, a short term loan from the City was not necessary. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.

Additionally, although enforceable, Item Nos. 4, 5, 7, 8, and 9 are considered administrative costs and have been reclassified.

Except for item(s) denied in whole or in part as enforceable obligation(s) as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$232,484 as summarized below:

<b>Approved RPTTF Distribution Amount</b> <b>For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 370,640
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 3	138,156
Item 4	2,150
Item 5	675
Item 7	3,500
Item 8	3,000
Item 9	7,000
Total approved RPTTF for enforceable obligations	\$ 216,159
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	16,325
<b>Total RPTTF approved:</b>	<b>\$ 232,484</b>

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county-auditor controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the 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.

Please direct inquiries to Robert Scott, Supervisor or Derk Symons, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Mr. Brian Whitemyer, City Manager, City of Hughson  
Ms. Lauren Klein, Auditor-Controller, County of Stanislaus