DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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October 10, 2012

Mr. Lewis A. Humphries, Finance Director
City of Newman
938 Fresno Street
Newman, CA 95360

Dear Mr. Humphries:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Newman 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 of January through June 2013. Finance has completed its review of your ROPS III, which may have 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, the following do not qualify as enforceable obligations:

- Item 2 – ABX4-36 SERAF payments for $274,904. HSC section 34191.4 (b) (2) (A) states that loan repayments shall not be made prior to the 2013-2014 fiscal year. Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

- Item 3 – Borrowed funds from City's cash pool for $371,232. HSC section 34171 (d)(2) states that agreements between the city that created the redevelopment agency (RDA) and the RDA are not enforceable obligations. Therefore, this item is not enforceable and not eligible for RPTTF funding.

- Item No. 11 – Stanislaus County property tax administration collection fees for $23,856. HSC section 34182 (e) allows the county auditor-controller to deduct their administration costs prior to distributing property tax increment from the RPTTF to the successor. Therefore, it is not necessary to place this item on the ROPS III and has been deducted from the administrative funds requested.

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 below:

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: $253,605 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	817,144
Less: Six-month total for item(s) denied or reclassified as administrative cost		
Item 2		274,904
Item 3		371,232
Total approved RPTTF for enforceable obligations	$	171,008
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		82,597
Total RPTTF approved:	$	253,605

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. Michael E. Holland, City Manager, City of Newman
Ms. Lauren Klein, Auditor Controller, County of Stanislaus