DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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October 26, 2012

Ms. Vanessa Martinez, Assistant Finance Director
City of Adelanto
11600 Air Expressway
Adelanto, CA 92301

Dear Ms. Martinez:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177(m), Cit of Adelanto Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 12, 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 No. 8 – Note Payable to the City of Adelanto in the amount of $2.5 million, no funding source identified. HSC section 34171(d)(2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable unless the note was issued within two years of the agency's creation date or for issuance of indebtedness to third party investors or bondholders. The note agreement is dated September 28, 2011, for payment or reimbursement of administrative expenses and the RDA was created in 1976. Therefore, this item is not an enforceable obligation.

- Item No. 22 – ROPS July through December 2012 in the amount of $1.3 million. Unfunded obligations from prior periods are not allowed to be carried forward. HSC 34177 (l) (3) states that ROPS shall be forward looking. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.

Although Item Nos. 10 and 12 were reclassified as an administrative cost, the administrative cost allowance has not been exceeded.

Except for items denied in whole or in part as enforceable obligations 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 $1,694,489 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	2,916,421
Less: Six-month total for items denied or reclassified as administrative cost		
Item No. 10*		6,000
Item No. 12*		12,000
Item No. 22		1,346,932
Total approved RPTTF for enforceable obligations	$	1,551,489
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		143,000
Total RPTTF approved:	$	1,694,489

*Reclassified as an administrative cost

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 Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Onyx Jones, Interim Finance Director, City of Adelanto
Ms. Vanessa Doyle, Auditor Controller Manager, San Bernardino County