



October 13, 2012

Ms. Laura Weyant, City Manager
City of Firebaugh
1133 P Street
Firebaugh, CA 93622

Dear Ms. Weyant:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Firebaugh Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 29, 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:

- Items No. 12 and 13 – Gateway Project funding totaling \$450,000 bond and Low and Moderate Income Housing Fund funding. HSC section 34163 (b) prohibits a redevelopment agency (RDA) from entering into a contract with any entity after June 27, 2011. The contract related to the Gateway project was signed on February 6, 2012.
- Item No. 15 – Repayment of bond reserves in the amount of \$336,148. RPTTF funding for December payments of tax allocation bonds was previously approved for the July through December 2012 period. Therefore, funding has already been received to the extent that RPTTF was available.
- Item No. 16 – City loan in the amount of \$230,000. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable, unless issued within two years of the RDA's creation date or for issuance of indebtedness to third-party investors or bondholders. Therefore, these items are not enforceable obligations at this time. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods.

Except for items denied in whole or in part as EOs 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/

Agency's maximum approved RPTTF distribution for the reporting period is: \$362,885 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 834,033
Less: Six-month total for items denied	
Item 2*	6,000
Item 3*	2,000
Item 4*	738
Item 9	30,000
Item 10*	15,000
Item 11*	2,200
Item 15	336,148
Item 16	230,000
Total approved RPTTF for enforceable obligations	\$ 211,947
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	150,938
Total RPTTF approved:	\$ 362,885

*Reclassified as 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.

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Please direct inquiries to Nichelle Thomas, Supervisor or Wendy Griffe, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Pio Martin, Finance Director, City of Firebaugh
Mr. George Gomez, Accounting Financial Manager, Fresno County