DEPARTMENT OF FINANCE

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915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

October 12, 2012

Mr. Steve Lantsberger, Economic Development Director
City of Hesperia
9700 Seventh Ave
Hesperia, CA 92345

Dear Mr. Lantsberger:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177(m), the City of Hesperia Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 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. 25 – Contract for Litigation for $125,000. Use of the Low and Moderate Income Housing Fund (LMIHF) is restricted to encumbered balances. The litigation contract does not specifically address using LMIHF as the sole funding source nor does the contract call for services only for the former RDA.

- HSC 34163(b) prohibits new or amended contracts after June 27, 2011. It is our understanding there are no contracts for the following items:

    - Item No. 26 – Escrow Title in the amount of $50,000 LMIHF funding.
    - Item No. 28 – Inclusionary Housing for $5.7 million LMIHF funding.
    - Item No. 46 – J&R Owner Participation Agreement in the amount of $175,000; no funding source identified.
    - Item No. 49 Excess Housing Indebtedness Obligations for $8 million; no funding source identified.
    - Item No. 50 – Inclusionary Housing Obligations in the amount of $3.9 million other funding sources.

- Item No. 36 – Monitoring Services in the amount of $681,000 LMIHF funding. HSC section 34176(a)(1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a redevelopment agency, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the Hesperia Housing Authority assumed all the housing functions, this item shall be the obligation of Hesperia Housing Authority.

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 $5,966,596 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	5,891,596
Less: Six-month total for item(s) denied or reclassified as administrative cost		0
Total approved RPTTF for enforceable obligations	$	5,891,596
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		75,000
Total RPTTF approved:	$	5,966,596

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. Anne M Duke, Deputy Finance Director
Ms. Linda Santillano, Supervising Accountant, County of San Bernardino