



December 18, 2012

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

Dear Ms. Whiteside:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 10, 2012. 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 of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 10, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 16, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed.

Item 3 – Short Term Loan from the City of Hughson in the amount of \$138,156. Finance continues to deny this item. In the event that the Agency does not receive sufficient Redevelopment Property Tax Trust Fund (RPTTF) funding in a given ROPS period the City is authorized to loan funds to the Agency to pay for approved enforceable obligations per HSC section 34173 (h). However, documentation provided during the Meet and Confer process indicates this loan was made in order to pay for the July 12, 2012 true-up payment demand. As such, it is not an enforceable obligation and is not eligible for RPTTF funding on this ROPS.

In addition, per Finance's ROPS letter dated October 10, 2012, Item Nos. 4, 5, 7, 8, and 9, although enforceable, are considered administrative costs and continued to be reclassified as administrative costs.

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

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
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	<u>\$ 216,159</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>16,325</u>
Total RPTTF approved:	\$ 232,484

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.

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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, 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
California State Controller's Office