



October 15, 2012

Mr. Jeff Rein, Deputy Chief Administrative Officer
Lake County
255 North Forbes Street
Lakeport, CA 95453

Dear Mr. Rein:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Lake County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 31, 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. 2, 3, and 5 totaling \$20,732 and related to low and moderate income housing operating costs. HSC section 34176 (a) (1) states that if county or city elects to retain the authority to perform housing functions previously performed by a redevelopment agency, all rights, powers, duties, obligations, and housing assets shall transfer to the city. On July 30, 2012, the Lake County Housing Authority (Authority) filed a Housing Assets List accepting responsibility for a senior housing apartment, loan and grant receivables, and deferrals transferred from the former redevelopment agency. Since the County of Lake assumed the housing functions, the operating costs associated with these functions are the responsibility of the housing successor. Further, the Authority did not list encumbrances for relocation or tenant monitoring services on the Housing Assets List. Therefore, the \$20,732 is not a valid encumbrance that was transferred to the Authority.
- Item No. 4 – Grant Match in the amount of \$224,444. This item is to provide a match to a State Grant for the Safe Routes to School. No documentation was provided to show support that current expenditure contracts are in place to complete construction. According to the Caltrans project status, no state funds have been expended on this project. Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) money at this time.
- Item No. 7 through 11 – County Notes Payables between the County and Agency totaling \$2.3 million. 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 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is: \$10,000 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 245,176
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 2	2,512
Item 3	15,720
Item 4	224,444
Item 5	2,500
Item 7	0
Item 8	0
Item 9	0
Item 10	0
Item 11	0
Total approved RPTTF for enforceable obligations	\$ 0
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	10,000
Total RPTTF approved:	\$ 10,000

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 Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: On the following page

- Mr. Matt Perry, Chief Administrative Officer, Lake County
- Ms. Cathy Saderlund, Auditor-Controller, Lake County
- Ms. Liz Martinez, Accountant II, Lake County