



October 6, 2012

Ms. Barbara Boswell, Finance Director
City of Lancaster
44933 Fern Ave.
Lancaster, CA 93534

Dear Ms. Boswell:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Lancaster Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 23, 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 obligation(s):

- Item No. 1 through 7 – ERAF loan repayments totaling \$2.1 million. HSC section 34176 (e) (6) (B) states that loan or deferral owed to the Low and Moderate Income Housing Fund shall not be made prior to the 2013-14 fiscal year. Therefore, these line items are not an enforceable obligations and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 86 – City of Lancaster (City) Parking Master Lease in the amount of 6.8 million. The document provided indicates this is an agreement between the City and Costco Wholesale Corporation and the Agency is not a party to the agreement. Therefore, this line item is not an enforceable obligation and not eligible for RPTTF funding.
- Item No. 217 – Housing bond proceeds in the amount of \$10.9 million. It is our understanding that contracts are not in place for this line item. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is also our understanding that the entity assuming the housing functions did not undergo the requirements outlined in HSC section 34175 (g) which allows for the expenditure of housing bond proceeds provided certain processes are followed. Therefore, this line item is not an enforceable obligation and not eligible for bond funding on this ROPS.

Except for item(s) denied in whole or in part as enforceable obligation(s) 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: \$12,195,339 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 15,352,276
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 1	35,635
Item 2	6,269
Item 3	10,028
Item 4	77,899
Item 5	82,906
Item 6	1,882,106
Item 7	702
Item 86	1,459,611
Total approved RPTTF for enforceable obligations	\$ 11,797,120
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	398,219
Total RPTTF approved:	\$ 12,195,339

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 Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.



Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Statsmann, Assistant Finance Director, City of Lancaster
Ms. Burns, Manager, Los Angeles County Department of Auditor-Controller