



December 18, 2012

Mr. Michael Amabile, Chair  
Los Banos Designated Local Authority  
1521 S. 6th Street  
Los Banos, CA 93635

Dear Mr. Amabile:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 5, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Los Banos Designated Local Authority (Authority) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 24, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 5, 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 October 31, 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 No. 11 – L & L District Reimbursement, in the amount of \$39,250. Finance no longer objects to the item. Finance denied the item as no contract was provided to establish the item as an enforceable obligation. The Agency provided documentation during the meet and confer process supporting these are ongoing assessments on former redevelopment agency (RDA) property. This is a cost incurred to maintain assets prior to disposition as per HSC section 34171 (b). Therefore, the item is an enforceable obligation.

In addition, per Finance's ROPS letter dated October 5, 2012, the following items continue to be denied and were not contested by the Agency:

- Item Nos. 2 and 3 – 2004 and 2006 Tax Allocation Notes Series A (TAN) in the amount of \$1.6 million. The Authority erroneously claimed excess payments of \$654,130 for the 2004 TAN and \$972,074 for the 2006 TAN. Therefore, \$1.6 million out of the claimed \$2.5 million for the 6-month period is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 4 – Weed Abatement in the amount of \$10,200. No contract was available for the services provided. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011.

The Authority's maximum approved RPTTF distribution for the reporting period is \$1,413,734 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 2,979,638
Less: Six-month total for items denied	
Item 2	\$ 654,130
Item 3	\$ 972,074
Item 4	5,100
Total approved RPTTF for enforceable obligations	\$ 1,348,334
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	65,400
<b>Total RPTTF approved:</b>	<b>\$ 1,413,734</b>

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. Mark Persico, Senior Consultant, Kosmont Company  
Ms. Sylvia Sanchez, Supervising Accountant, Merced County  
California State Controller's Office