

December 18, 2012

Ms. Angela Freitas, Deputy Director
Stanislaus County Planning Department
1010 10th Street, Suite 3400
Modesto, CA 95354

Dear Ms. Freitas:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated September 28, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the County of Stanislaus Successor Agency (Agency) submitted a ROPS to the California Department of Finance (Finance) on August 15, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on September 28, 2012. Subsequently, the Agency requested a Meet and Confer session for one or more of the items denied by Finance. The Meet and Confer session was held on October 10, 2012.

The Agency requested to Meet and Confer on line items 9 and 10. Finance did not deny the line items because no amounts were requested. However, the Agency requested states the items are enforceable obligations with variable funding needs and requested an adjustment to total approved Redevelopment Property Tax Trust Fund (RPTTF). Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed. Finance has determined that the following line items do not qualify as enforceable obligations:

- Item 9 – 1991 CRLA Agreement totaling \$7.6 million for low and moderate housing. The Agency entered into a settlement agreement to set aside 25 percent of the tax increment for low to moderate income housing purposes, which is five percent more than the required 20 percent set aside. While the Agency acknowledges that the 20 percent set aside is no longer required, the Agency believes the additional 5 percent above the 20 percent set aside is an enforceable obligation. However, the requirement to set aside funds for all low and moderate housing purposes ended with the passing of the redevelopment dissolution legislation. This includes the additional 5 percent. In addition, HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution.
- Item 10 – Public Works Infrastructure Agreement totaling \$26.6 million. The contract between Stanislaus County and the Stanislaus County RDA is a “pay-as-you-go” reimbursement agreement and there are currently no contracts for work. HSC section

34163 (b) prohibits new contracts with any entity after June 27, 2011. In addition, HSC section 34171 (d) (2) states enforceable obligations do not include any agreements, contracts, or arrangements between the city, county, or city and county that created the former redevelopment agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$553,032 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 414,532
Less: Six-month total for item(s) denied or reclassified as administrative cost	0
Total approved RPTTF for enforceable obligations	\$ 414,532
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	138,500
Total RPTTF approved:	\$ 553,032

Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 647,526
Total RPTTF for the period January through June 2013	414,532
Total RPTTF for fiscal year 2012-13:	\$ 1,062,058
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	250,000
Administrative allowance for the period of July through December 2012	111,500
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 138,500

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.

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Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor or Danielle Brandon, Analyst at (916) 445-1546.

Sincerely,



Steve Szalay
Local Government Consultant

cc: Ms. Marianne Rucker, Manager, Stanislaus County
Ms. Lauren Klein, Auditor-Controller, Stanislaus County
California State Controller's Office