



December 18, 2012

Ms. Wendy S. Saunders, Director Economic Development Department
City of Stockton
425 North El Dorado Street
Stockton, CA 95202

Dear Ms. Saunders:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 13, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Stockton Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 29, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 13, 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 7, 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. 1 and 10 – 2003 Housing Certificates of Participation for \$20.9 million Redevelopment Property Tax Trust Fund (RPTTF) funding. Finance is no longer denying the Items. Finance originally denied the Items, as it appeared that the repayment is pledged by lease revenue payments from the City of Stockton (City) to the Agency and that the lease payments were sufficient enough to make the bond payments. Upon review of additional documentation, Finance agrees that the reimbursement agreement was entered into at the time of issuance and solely for the purpose of securing or repaying indebtedness obligations. Therefore, the Items are enforceable obligations and are eligible for RPTTF funding.

In addition, based on further review, Finance is revising the approved Redevelopment Property Tax Trust Fund (RPTTF) amounts for the following items:

Item #	Project Name / Debt Obligation	Requested RPTTF Amount	Approved RPTTF Amount	Difference
10	Low/Mod Housing Bonds	\$ 98,266	\$ 0	\$ (98,266)
11	Low/Mod Housing Bonds	186,706	420,066	233,360
12	Redevelopment Revenue Bonds	39,307	267,566	228,259
13	Redevelopment Revenue Bonds	216,186	507,543	291,357
14	Redevelopment Revenue Bonds	68,786	0	(68,786)
15	Redevelopment Revenue Bonds	68,786	267,566	198,780
16	Redevelopment Revenue Bonds	78,613	0	(78,613)
17	Redevelopment Revenue Bonds	226,013	698,824	472,811
		\$982,263	\$2,161,565	\$1,178,902

The Agency's maximum approved RPTTF distribution for the reporting period is: \$5,878,902 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 4,575,000
Less: Six-month total for item(s) denied or reclassified as administrative cost Various Line Item Adjustments	(1,178,902)
Total approved RPTTF for enforceable obligations	\$ 5,753,902
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	125,000
Total RPTTF approved:	\$ 5,878,902

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.

Ms. Wendy Saunders
December 18, 2012
Page 3

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. LaVerna Blanco, Program Manager, City of Stockton
Mr. Adrian Van Houten, Auditor-Controller, County of San Joaquin
Ms. Sandra Chan, Chief Deputy Auditor Controller, County of San Joaquin
Mr. Jeff Woltkamp, Assistant County Auditor Controller, County of San Joaquin
California State Controller's Office