

December 18, 2012

Ms. Teresa Binkley, Finance Director  
City of Taft  
209 East Kern Street  
Taft, CA 93268

Dear Ms. Binkley:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 14, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Taft 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 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 14, 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 items being disputed.

- Items No. 3 – Supplemental Education Revenue Augmentation Fund (SERAF) loan repayment in the amount of \$347,200. Finance continues to deny the item at this time. Finance denied the item as an enforceable obligation as HSC section 34176 (e) (6) (B) states that loan or deferral repayments shall not be made prior to the 2013-14 fiscal year. The Agency contends the item is an enforceable obligation because two loans were created between the City of Taft and the former redevelopment agency (RDA) to fund the required SERAF payment and other expenditures. However, HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the RDA and the former RDA are not enforceable obligations. In addition, HSC section 34191.4 states upon receiving a Finding of Completion and beginning in fiscal year 2013-14, loan repayments for funds borrowed and owed to the Low and Moderate Income Housing Fund for SERAF purposes may be made. Therefore, this item is not an enforceable obligation at this time.

In addition, per Finance's ROPS letter dated October 14, 2012, the following items not disputed by the Agency continue to be denied:

- Item No. 5 through 7 – Although enforceable, the types of services requested totaling \$12,526 are considered general administrative expenses and have been reclassified.

- Item No. 8 – County auditor-controller property administration fees in the amount of \$5,885. The county auditor-controller deducts their administrative fees prior to transferring funds from the RPTTF to the Agency’s Redevelopment Obligation Retirement Fund. Therefore, it is not necessary to request funding for this item.

The Agency’s maximum approved RPTTF distribution for the reporting period is: \$501,726 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	\$ 553,268
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 3	173,600
Item 5*	6,163
Item 6*	4,573
Item 7*	1,790
Item 8	2,942
Total approved RPTTF for enforceable obligations	<u>\$ 364,200</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>137,526</u>
<b>Total RPTTF approved:</b>	<b>\$ 501,726</b>

\*Reclassified as administrative cost

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 Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



Steve Szalay  
Local Government Consultant

cc: Mr. Mike Waiczis, Planning & Community Development Director, City of Taft  
Ms. Ann K. Barnett, Auditor-Controller, Kern County  
California State Controller's Office