



October 13, 2012

Mr. Jerry Craig, Program Manager
City of Tustin
300 Centennial Way
Tustin, CA 92780

Dear Mr. Craig:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Tustin 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 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 obligations:

- Item No. 17 – Asset Transfer Obligations in the amount of \$50,000. HSC section 34163 (b) prohibits the Agency from entering into a contract with any entity after June 27, 2011. It is our understanding that no contract has been awarded for this line item. Therefore, the debt obligation is not an enforceable obligation.
- Item Nos. 69, 71 and 72 – Various agreements with the City totaling \$30.2 million. HSC section 34171 (d) (2) states an enforceable obligation does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA. It is our understanding that these agreements are between the Agency and the City. Therefore, these items are not enforceable obligations.
- Item Nos. 62 and 88 – Various agreements totaling \$500,427. HSC section 34163 (c) prohibits the Agency from amending or modifying existing agreements, obligations, or commitments with any entity for any purpose after June 27, 2011. The amendment for Item No. 62 was signed on August 2, 2011. Additionally, the amendment for Item No. 88 was signed on January 1, 2012. Therefore, these items are not enforceable obligations.

Except for items denied in whole or in part as enforceable obligations 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 \$3,803,590 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 7,927,889
Less: Six-month total for items denied	
Item No. 9	30,000
Item No. 17	50,000
Item No. 62	35,604
Item No. 71	2,888,941
Item No. 72	1,172,981
Item No. 88	214,610
Total approved RPTTF for enforceable obligations	\$ 3,535,753
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	267,837
Total RPTTF approved:	\$ 3,803,590

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/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

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.

Please direct inquiries to Nichelle Thomas, Supervisor or Wendy Griffe, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Jeffery Parker, City Manager, City of Tustin
Mr. Frank Davies, Administrative Manager, Orange County