



April 10, 2013

Mr. Odi Ortiz, Assistant City Manager/Finance Director  
City of Livingston  
1416 "C" Street  
Livingston, CA 95334

Dear Mr. Ortiz:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Livingston Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 26, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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. 10 – Reimbursement Agreement in the amount of \$511,193. This item was previously denied by Finance during the ROPS III review included in a letter to the Agency dated October 20, 2012. The Agency requested to Meet and Confer regarding the decision. The letter from Finance dated December 18, 2012 continued to deny the Reimbursement Agreement as an enforceable obligation. Specifically this letter stated the following:

HSC section 34171 (d) (1) (B) states that loans of money borrowed by the redevelopment agency (RDA) for a lawful purpose need to have a repayment schedule or loan terms. A Cooperation Agreement between the RDA and the City of Livingston (City) was provided, but does not detail an amount, loan terms, or a repayment schedule. While the Agency has demonstrated that repayments have been occurring and an advance was made in the first two years of the RDA's creation, there is no fixed repayment schedule or terms. Therefore, this line item is currently not an enforceable obligation and is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods

Finance has not issued a Finding of Completion to the Agency, therefore this item remains denied and is not eligible for RPTTF funding at this time.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining item listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, 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/](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: \$92,662 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 340,795
Minus: Six-month total for item denied or reclassified as administrative cost Item 10	340,795
Total approved RPTTF for enforceable obligations	\$ -
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	92,850
Minus: ROPS II prior period adjustment	(188)
<b>Total RPTTF approved for distribution:</b>	<b>\$ 92,662</b>

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC’s audit of the Agency’s self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/>.

This is Finance’s final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance’s review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of 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.

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To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Mr. Jose Antonio Ramirez, City Manager, City of Livingston  
Ms. Sylvia Sanchez, Supervising Accountant, County of Merced  
California State Controller's Office