



April 19, 2013

Ms. Sally Traylor, Secretary
City of Westmorland
P.O. Box 669
Westmorland, CA 92281

Dear Ms. Traylor:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Westmorland Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on March 5, 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. 13 – 2013 Loan to Pay Low and Moderate Income Housing Fund (LMIHF) Shortage in the amount of \$36,899. The Agency is requesting this amount from the Redevelopment Property Tax Trust Fund (RPTTF) to repay a loan from the City of Westmorland (City) which was used to pay the County Auditor-Controller a portion of the available balance to be distributed to the affected taxing entities as identified in the Low to Moderate Income Housing Fund (LMIHF) Due Diligence Review. Pursuant to Finance's letter dated December 15, 2012 to the Agency, the request to use future RPTTF was not allowed and that other financing options should be considered. Although HSC Section 34173 (h) states the City that authorized the creation of a redevelopment agency may loan funds to an Agency, the purposes of the loan are limited to administrative costs, enforceable obligations, or project related expenses. The amount of \$36,899 is part of the total \$138,051 LMIHF cash available as of June 30, 2012 to be remitted to the CAC pursuant to HSC section 34179.6 (f). Since the loan agreement does not meet the criteria as defined in HSC section 34173 (h) and the remittance of the LMIHF available balance is not an enforceable obligation to be reported on the ROPS, the item is denied for RPTTF funding on the ROPS.
- Item Nos. 14 and 15 – Pass-through payments in the amount of \$18,437. Pursuant to HSC section 34183 (a) (1), the county auditor-controller will make the required pass-through payments starting with the July through December 2012 ROPS. Therefore, this item is not considered an enforceable obligation and is not eligible for funding on the ROPS from either the administrative cost allowance or RPTTF.

Except for items denied in whole or in part as enforceable obligation(s), Finance is not objecting to the remaining items 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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$93,013 as summarized below:

For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 94,129
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 13	36,899
Item 14	14,017
Total approved RPTTF for enforceable obligations	\$ 43,213
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	49,800
Minus: ROPS II prior period adjustment	-
Total RPTTF approved for distribution:	\$ 93,013

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. The amount of RPTTF approved in the above table includes the prior period adjustment that was self-reported by the Agency. 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. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the above table includes only the prior period adjustment that was self-reported by the Agency.

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

Ms. Traylor
April 19, 2013
Page 3

ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

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. Henry Graham, Chair, City of Westmorland
Ms. Ann McDonald, Property Tax Manager, County of Imperial
California State Controller's Office