DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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May 25, 2012

Chuck Dantuono, Director of Administrative Services
City Treasurer
City of Highland
27215 Base Line
Highland, CA 92346

Dear Mr. Dantuono:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Highland Successor Agency (Agency) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 11, 2012 for the period January to June 2012 and May 15, 2012 for the period July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items. Based on our review, we are approving all of the items listed on your ROPS at this time. This letter supersedes Finance's letter dated April 23, 2012 wherein we questioned certain line items. After further review of additional documents provided by the Agency, we are no longer questioning those line items.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Evelyn Suess, Supervisor or Mindy Patterson, Lead Analyst at (916) 322-2985.

Sincerely,

Mark Hill

MARK HILL
Program Budget Manager

cc: on following page
cc: Mr. Larry Walker, Auditor Controller, County of San Bernardino
Ms. Vanessa Doyle, Property Tax Manager, Auditor Controller, County of San Bernardino
Ms. Linda Santillano, Supervising Accountant, Auditor Controller, County of San Bernardino
Ms. Franz Zyss, Accountant III, Auditor Controller, County of San Bernardino