



May 11, 2012

Suzanne Mallory, Finance Officer
Manteca Successor Agency
1001 W. Center Street, Suite B
Manteca, CA 95337

Dear Ms. Mallory:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Manteca Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 24, 2012 for the period January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January through June 2012 ROPS

- Administrative expenses of \$1,936,015. The HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Therefore, \$1,936,015 of the claimed \$2,648,967 is not allowed. The following items are administrative expenses: Page 1: Item Nos. 6, 7, 22, 27, 28, 29, Page 2: Item No. 34, and Page 3: Item No. 1.

July through December 2012 ROPS

- Administrative expenses of \$568,570. The HSC section 34171 (b) limits the 2011-12 administrative cost allowance to three percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Therefore, \$568,570 of the claimed \$818,570 is not allowed. The following items are administrative expenses: Page 1: Item No. 6 and Page 3: Item No. 1.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

Department of Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO and submit to the following email address:

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Redevelopment_Administration@dof.ca.gov.

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Wendy Griffe, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive style with a small flourish at the beginning.

MARK HILL
Program Budget Manager

cc: Don Smail, Economic Development Manager, City of Manteca
Adrain Van Houten, Auditor Controller, San Joaquin County