



May 30, 2012

Hannah Chung, Finance Director  
City of Tehachapi  
115 S. Robinson Street  
Tehachapi, CA 93561

Dear Ms. Chung:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Tehachapi Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for period of the January to June 2012 and May 14, 2012 for the period of July to December 2012 period. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

In addition to items disallowed in Finance's letter dated April 27, 2012 related to your January through June 2012 ROPS, the following does not qualify as an enforceable obligation (EO). HSC section 34171 (d) lists EO characteristics.

- Item 9, page 1, LMIHF Loan – Successor Agency Fund Shortage totaling \$181,326. The loan documentation provided shows the loan was made after June 27, 2011 for incurring obligations. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract or incurring obligations with any entity after June 27, 2011.

Except for items disallowed in whole or in part as enforceable obligations noted above and in Finance's letter dated April 27, 2012, Finance is approving the remaining items listed in your ROPS. 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](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.

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Please direct any inquiries to Evelyn Suess, Supervisor or Brian Dunham, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive, flowing style.

MARK HILL  
Program Budget Manager

cc: Mr. Jason D. Claude, City Manager, City of Tehachapi  
Ms. Ann K. Barnett, Auditor-Controller, Kern County