



October 19, 2012

Mr. A.J. Wilson, Executive Director
Inland Valley Development Successor Agency
1601 East Third Street, Suite 100
San Bernardino, CA 92408

Dear Mr. Wilson:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Inland Valley Development Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 4, 2012 for the period of January through 2013. Finance has completed its review of your ROPS III, 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 Nos. 21 through 24 – Reserve Requirements in the total amount of \$4,767,985 funded by Redevelopment Property Tax Trust Fund (RPTTF). The underlying agreements for these items did not require a reserve account. Therefore, these line items are not enforceable obligations and not eligible for RPTTF funding.
- Item Nos. 25 through 29, 31 and 37 – Various Construction Contracts in the total amount of \$65,707,000 funded by bond proceeds. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that the contracts for these line items were awarded after June 27, 2011. Therefore, these line items are not an enforceable obligation.
- Item No. 30 – Terminal and Customs Completion Project and Fund Control Agreement in the amount of \$2,692,604 funded by bond proceeds. The Agreement was between Norton Development Company and San Bernardino International Airport Authority, and the funds were to be provided by Citizen Business Bank. As the former Redevelopment Agency is neither a party to the contract nor responsible for the payment of the contract, this line item is not an enforceable obligation.
- Item No. 43 – Kohl's Reimbursement Agreement in the amount of \$36,325 funded by RPTTF. The term for this agreement ends before December 31, 2012. Therefore, no obligations need to be paid for the January through June, 2013 period. This line item is not an enforceable obligation and not eligible for RPTTF funding.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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: \$12,303,764 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 16,405,682
Less: Six-month total for items denied or reclassified as administrative cost	
Item 21	2,420,000
Item 22	1,051,485
Item 23	667,254
Item 24	434,246
Item 43	36,325
Total approved RPTTF for enforceable obligations	\$ 11,796,372
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	507,392
Total RPTTF approved:	\$ 12,303,764

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the 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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Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Gary Silvius, Director of Finance, Inland Valley Department Agency
Ms. Vaness Doyle, Auditor Controller Manager, County of San Bernardino