



April 13, 2018

Mr. Rod Yahnke, Economic Development Manager
 City of Hesperia
 9700 Seventh Avenue
 Hesperia, CA 92345

Dear Mr. Yahnke:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Hesperia Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19) to the California Department of Finance (Finance) on January 25, 2018. Finance has completed its review of the ROPS 18-19.

Based on a sample of line items reviewed and application of the law, Finance made the following determination:

- Item Nos. 1, 2, 4, 7, 9, and 11 – Hesperia Public Financing Authority (HPFA), the funding source for debt service payments totaling \$11,683,753, is partially reclassified. The Agency requested \$600 in Bond Proceeds, \$200,001 in Other Funds, \$2,000,000 in Reserve Balances, and \$9,483,152 in Redevelopment Property Tax Trust Fund (RPTTF). However, the Agency requested, and Finance approved, RPTTF in the amount of \$2,500,000 during ROPS 17-18; the previously approved RPTTF balances are now considered Reserve Balances. During our review of these items for ROPS 18-19, Finance notes the Agency did not request to fully spend these Reserve Balances; the Agency only requested \$2,000,000 of the \$2,500,000 available. Therefore, with the Agency's concurrence, Finance is reclassifying \$500,000 from RPTTF to Reserve Balances and approves the amounts and funding sources as listed in the table below, totaling \$11,683,753 for these items:

Item No.	Project Name/ Debt Obligation	Reclassified from RPTTF to Reserves	Final Approved Amounts				
			Bond Proceeds	Other Funds	Reserves	RPTTF	Total
1	HPFA 2005 Series A - Project Area 1	\$102,900	\$150	\$ 37,210	\$ 475,000	\$1,718,145	\$ 2,230,505
2	HPFA 2005 Series A - Project Area 2	8,793	50	4,121	50,000	192,854	247,025
4	HPFA 2007 Series A - Project Area 1	209,813	150	91,519	1,125,000	4,176,479	5,393,148
7	HPFA 2007 Series A - Project Area 2	25,607	50	7,439	100,000	272,761	380,250
9	HPFA 2007 Series A - Housing	107,405	100	51,760	625,000	930,530	1,607,390
11	HPFA 2007 Series B - Housing	45,482	100	7,952	125,000	1,692,383	1,825,435
Total		\$500,000	\$600	\$200,001	\$2,500,000	\$8,983,152	\$11,683,753

Finance reminds the Agency that, pursuant to HSC section 34183 (a) (2) (A), debt service payments have first priority for payment from distributed RPTTF funding. As such, any amounts requested to be held in reserve along with the amounts required for the current ROPS period must be transferred upon receipt to the bond trustees.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 18-19. If the Agency disagrees with our determination with respect to any items on the ROPS 18-19, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

<http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/>

The Agency's maximum approved RPTTF distribution for the reporting period is \$11,537,652 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2018 through December 31, 2018 period (ROPS A period) and one distribution for the January 1, 2019 through June 30, 2019 period (ROPS B period) based on Finance's approved amounts. Since this determination is for the entire ROPS 18-19 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Pursuant to HSC section 34186 (c), beginning October 1, 2018, the Agency will be required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2016 through June 30, 2017 period (ROPS 16-17) to the County Auditor-Controller for review. The Agency will report actual payments for ROPS 16-17 on ROPS 19-20. A prior period adjustment may be applied to the Agency's ROPS 19-20 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF from the ROPS 16-17 period.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 18-19. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 18-19 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 18-19 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

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Please direct inquiries to Nichelle Jackson, Supervisor, or Veronica Zalvidea, Lead Analyst, at (916) 322-2985.

Sincerely,

A handwritten signature in blue ink, appearing to read "Erika Li for". The signature is stylized and includes a horizontal line extending to the right.

ERIKA LI
Program Budget Manager

cc: Ms. Anne Duke, Deputy Finance Director, City of Hesperia
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

Attachment

Approved RPTTF Distribution			
For the period of July 2018 through June 2019			
	ROPS A Period	ROPS B Period	ROPS 18-19 Total
RPTTF Requested	\$ 6,102,751	\$ 5,889,901	\$ 11,992,652
Administrative RPTTF Requested	22,500	22,500	45,000
Total RPTTF Requested	6,125,251	5,912,401	12,037,652
RPTTF Requested	6,102,751	5,889,901	11,992,652
<u>Adjustments</u>			
Item No. 1	(102,900)	0	(102,900)
Item No. 2	(8,793)	0	(8,793)
Item No. 4	(209,813)	0	(209,813)
Item No. 7	(25,607)	0	(25,607)
Item No. 9	(107,405)	0	(107,405)
Item No. 11	(45,482)	0	(45,482)
	(500,000)	0	(500,000)
RPTTF Authorized	5,602,751	5,889,901	11,492,652
Administrative RPTTF Authorized	22,500	22,500	45,000
Total RPTTF Approved for Distribution	\$ 5,625,251	\$ 5,912,401	\$ 11,537,652