

April 13, 2015

Ms. Rosana Cimolino, Finance Director  
City of Fort Bragg  
416 North Franklin Street  
Fort Bragg, CA 95437

Dear Ms. Cimolino:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Fort Bragg Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 27, 2015 for the period of July 1 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

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

- Item No. 4 – Low and Moderate Income Housing Fund (LMIHF) loan repayment for purposes of the Supplemental Educational Revenue Augmentation Fund (SERAF) in the amount of \$40,547 is not allowed.

HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the Mendocino County Auditor-Controller's report, the amount distributed to the taxing entities for fiscal year 2012-13 and 2014-15 are \$0 and \$0, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for fiscal year 2015-16 is \$0. Therefore, of the \$40,547 requested for LMIHF loan repayment, \$0 is allowed.

- Item No. 11 - Mill Site Specific Plan Legal Expenses in the amount of \$218,859 are not allowed. The Mill Site Specific Project is not an enforceable obligation; therefore, legal expenses related to this project are also not an enforceable obligation and are not eligible for funding on the ROPS.
- Item No. 18 – Agency Administrative cost in the amount of \$250,000 has been decreased to \$125,000. The Agency initially requested the amount of \$250,000 but subsequently requested the amount be reduced to \$125,000 for the six-month period July 1, 2015 through December 31, 2015.

- Item No. 21 – 2004 Bond Refunding, annual debt service payment in the amount of \$206,000. The Agency requests \$206,000 from Redevelopment Property Tax Trust Funds (RPTTF). However, according to the debt service payment schedule; \$148,000 is due this period. Therefore, with the Agency’s consent, Finance decreased the requested funding from RPTTF by \$58,000 (\$206,000 - \$148,000).

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency’s maximum approved RPTTF distribution for the reporting period is \$256,247 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2015</b>	
Total RPTTF requested for non-administrative obligations	277,847
Total RPTTF requested for administrative obligations	250,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 527,847</b>
RPTTF adjustment to administrative obligations	(125,000)
<b>Total RPTTF adjustments</b>	<b>\$ (125,000)</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>277,847</b>
<b>Denied Items</b>	
Item No. 4	(40,547)
Item No. 11	(10,000)
Item No. 21	(58,000)
	(108,547)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 169,300</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 294,300</b>
ROPS 14-15A prior period adjustment	(38,053)
<b>Total RPTTF approved for distribution</b>	<b>\$ 256,247</b>

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2015. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Nichelle Thomas, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Linda Ruffing, City Manager, City of Fort Bragg  
Mr. Lloyd Weer, Auditor-Controller, Mendocino County  
California State Controller's Office