DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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November 12, 2015

Ms. Stacey Tamagni, Financial Analyst
City of Folsom
50 Natoma Street
Folsom, CA 95630

Dear Ms. Tamagni:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Folsom Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 1, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item No. 12 – Kikkoman Owner Participation Agreement, total obligation in the amount of $40,000 requested during ROPS 15-16 B ($19,748 from Other Funds and $20,252 from Redevelopment Property Tax Trust Funds (RPTTF)) has been partially reclassified. With the Agency's consent, Finance reclassified $9,000 from RPTTF to Other Funds (from Item No. 27). Therefore, Finance approves Other Funds in the amount of $ $28,748 ($19,748 + $9,000) and RPTTF in the amount of $11,252 ($20,252 - $9,000), for a total of $40,000 for this item.

- Item No. 27 – Annual Property Assessment for the Property and Business Improvement District in the amount of $9,000 is not allowed. The Agency's Long-Range Property Management Plan was approved on November 20, 2013 and the Agency no longer holds title to the properties pertaining to this assessment. Therefore, this line item is not eligible for Other Funds on this ROPS and should be retired. As discussed above, the Other Funds of $9,000 will be used to fund Item No. 12.

- Item No. 36 – Supplemental Educational Revenue Augmentation Fund loan repayment in the amount of $747,241 requested for ROPS 15-16B and total outstanding amount of $2,708,094 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. Further, HSC section 34171 (d) (1) (G) requires the Oversight Board (OB) to approve a repayment schedule for the repayment of the

amounts borrowed. No OB approving the repayment schedule has been submitted. Once the OB approves the loan and loan repayment schedule, and the corresponding OB action is approved by Finance, the Agency may request funding for this item on future ROPS. Therefore, this line item is not eligible for RPTTF funding at this time.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). 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 Agency's self-reported prior period adjustment.

Except for the item denied in whole or in part, or for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 RPTTF distribution for the reporting period is $5,267,302 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution For the period of January through June 2016		
Total RPTTF requested for non-administrative obligations		5,898,543
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations on ROPS 15-16B	$	**6,023,543**
Total RPTTF requested for non-administrative obligations		**5,898,543**
Denied Items		
Item No. 36		(747,241)
Reclassified Item		
Item No. 12		(9,000)
Total RPTTF authorized for non-administrative obligations	$	**5,142,302**
Total RPTTF requested for administrative obligations		**125,000**
Total RPTTF authorized for administrative obligations	$	**125,000**
Total RPTTF authorized for obligations	$	**5,267,302**
ROPS 14-15B prior period adjustment		0
Total RPTTF approved for distribution	$	**5,267,302**

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

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 January 1 through June 30, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was 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 the redevelopment dissolution statutes. 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.

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

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Terri Hemley, Financial Services Manager, City of Folsom
Mr. Ben Lamara, Assistant Auditor-Controller, Sacramento County