



April 14, 2014

Mr. David Loya, Community Development Deputy Director
City of Arcata
736 F Street
Arcata, CA 95221

Dear Mr. Loya:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Arcata Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 28, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, 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 does not qualify as an enforceable obligation for the reasons specified:

- Item No. 11 (The Agency reported Item No. 14) – ACS Commercial Coach Demolition in the amount of \$14,500. It is our understanding the contract for this item was executed in January 2014. However, HSC section 34163 (b) prohibits the successor agency from entering into a new agreements for redevelopment activities, including demolition. Finance further notes this obligation was previously listed as Item No. 11 and should be listed as Item No. 11 on subsequent ROPS.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment self-reported by the Agency. 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. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below only includes the prior period adjustment self-reported by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$697,312 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	586,812
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 711,812
Total RPTTF requested for non-administrative obligations	586,812
<u>Denied Item</u>	
Item No. 14	(14,500)
	(14,500)
Total RPTTF authorized for non-administrative obligations	\$ 572,312
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 697,312
ROPS 13-14A prior period adjustment	0
Total RPTTF approved for distribution	\$ 697,312

Please refer to the ROPS 14-15A 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, 2014. 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 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.

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.

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Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at
(916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Janet Luzzi, Finance Director, City of Arcata
Mr. Joe Mellett, Auditor-Controller, Humboldt County
California State Controller's Office