



May 27, 2012

Collen O'Donoghue, Assistant Finance Director
City of Costa Mesa
77 Fair Drive, 1st floor
Costa Mesa, CA 92626

Dear Ms. O'Donoghue:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Costa Mesa Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 4, 2012 for period January to June 2012 and on May 22, 2012 for July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

Finance is approving the items listed in both ROPS except for page 1, line 5 on the January to June ROPS shown as Rental Revenue Agreement for \$90,600. This line is not an enforceable obligation as defined by HSC section 34171 (d) because this line is a revenue source.

This letter supersedes prior letters from our office and is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Robert Scott, Supervisor or Kylie Le, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Bobby Young, Costa Mesa Finance Director, City of Costa Mesa
Ms. Muriel Ullman, Neighbor Improvement Manager, City of Costa Mesa
Mr. Frank Davies, Administrative Manager, Orange County

Costa Mesa ROPS approval except for letter.docx

Email Addresses of Addressee and ccs:

Colleen O'Donoghue, CPA, Assistant Finance Director
colleen.odonoghue@costamesaca.gov

Bobby Young, Costa Mesa Finance Director
bobby.young@costamesaca.gov

Muriel Ullman, Neighbor Improvement Manager
muriel.ullman@costamesaca.gov

Frank Davies, Administrative Manager
frank.davies@ac.ocgov.com