



April 4, 2014

Ms. Debbie Potter, Manager Housing Development and Programs
City of Alameda
701 Atlantic Street
Alameda, CA 94501

Dear Ms. Potter:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Alameda Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 24, 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 enforceable obligations for the reasons specified:

- Item Nos. 7 through 10 – Series 2003 Tax Allocation Bonds debt service reserves totaling \$833,344. Based upon our review, the bond indentures for the bonds listed above do not require the entire calendar years' debt service to be held in reserve. The debt service reserve requirement shall consist of half of the principal and the next interest payment. Therefore, the debt service reserves requested for the following bonds were adjusted as follows:
 - Item No. 7 – Series 2003 A1 Bonds in the amount of \$105,313
 - Item No. 8 – Series 2003 A2 Bonds in the amount of \$412,173
 - Item No. 9 – Series 2003 B Bonds in the amount of \$30,227
 - Item No. 10 – Series 2003 C Bonds in the amount of \$285,631

Finance notes that pursuant to HSC section 34183 (a) (2) (A), debt service payments have first priority for payment from distributed RPTTF funding. As such, the additional \$2,558,656 approved to be held in reserve for the Series 2003 and 2011 bonds along with the amounts required for the current ROPS period should be transferred upon receipt to the bond trustee. The amounts approved for debt service payments on this ROPS are restricted for that purpose and are not authorized to be used for other ROPS items. Any requests to fund these debt service items again in the 14-15A period will be denied unless insufficient RPTTF was received to satisfy the approved annual debt service payments.

- Item No. 17 – Loan for Supplemental Educational Revenue Augmentation Fund (SERAF) Payment in the amount of \$48,528. Based on our review of the prior period adjustments for the January 1, 2012 through June 30, 2012 (ROPS I), and July 1, 2012 through December 31, 2012 (ROPS II) periods, the Agency identified they made payments totaling \$48,528 to the Alameda Housing Authority for the SERAF loan. Therefore, this amount should be deducted from the total outstanding balance. The item is approved as an enforceable obligations; however, RPTTF funding is approved in the amount of \$349,468 (\$397,996 – \$48,528) not the Agency's requested amount of \$397,996.
- Item No. 54 – Housing Entity Administrative Cost Allowance in the amount of \$75,000. Pursuant to HSC section 34177 (p), the housing entity administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency (RDA) elected to not assume the housing functions and that the housing functions were transferred to a local housing authority in the territorial jurisdiction of the RDA. Pursuant to HSC section 34176 (a) (1), the City of Alameda (City) elected to be the housing entity to the RDA and retained the housing assets by submitting the housing asset transfer form to Finance on August 1, 2012. Therefore, the City is not eligible for the housing entity administrative costs allowance of \$75,000.

Review of ROPS 14-15A included Agency's Oversight Board (OB) Resolution 14-03 approving an agreement between the Agency and the City for the expenditure of Series 2003 A & B bond proceeds for crosswalk improvements and OB Resolution 14-04 approving an agreement to transfer the remaining excess bond proceed from the Series 2003 A & B bonds to the City. Finance approves the expenditure and transfer of the bond proceeds to the City, listed as Item Nos. 52 and 53 on ROPS 14-15A.

Finance also notes the Agency's Cash Balance Form included amounts that were inconsistent with the actual Reserve Balance expenditures reported on the Prior Period Adjustments Form (PPA Form) for the ROPS 13-14A period. Specifically, the Cash Balance Form, Row 3, Column F, reported expenditures for ROPS 13-14A enforceable obligations as \$2,106,538 when the PPA form reported it to be \$2,944,038. Therefore, Finance adjusted the amount on the Cash Balance form to agree the PPA form amounts of \$2,944,038.

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. 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. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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 \$4,513,299 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	5,340,996
Total RPTTF requested for administrative obligations	145,000
Total RPTTF requested for obligations	\$ 5,485,996
Total RPTTF requested for non-administrative obligations	5,340,996
Denied Items	
Item No. 7	(105,313)
Item No. 8	(412,173)
Item No. 9	(30,227)
Item No. 10	(285,631)
Item No. 17	(48,528)
Item No. 54	(75,000)
	(956,872)
Total RPTTF authorized for non-administrative obligations	\$ 4,384,124
Total RPTTF authorized for administrative obligations	\$ 145,000
Total RPTTF authorized for obligations	\$ 4,529,124
ROPS 13-14A prior period adjustment	(15,825)
Total RPTTF approved for distribution	\$ 4,513,299

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),

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

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Fred Marsh, Controller, City of Alameda
Ms. Carol S Orth, Tax Analysis, Division Chief, Alameda County
California State Controller's Office