



May 31, 2012

Debbie Potter, Development Manager  
City of Alameda  
701 Atlantic Avenue  
Alameda, CA 94501

Dear Ms. Potter:

Subject: Revised Recognized Obligation Payment Schedule Approval Letter.

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Alameda Successor Agency (Agency) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 23, 2012 for the period of January to June 2012 and on May 11, 2012 for the period of 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.

After reviewing additional information provided by the Agency, Finance determined some items meet characteristics of enforceable obligations (EO) and therefore this letter supersedes Finance's approval letter dated May 25, 2012.

January to June 2012 ROPS

Except for items disallowed in whole or in part as EOs noted below, Finance is approving the remaining items listed in your ROPS.

- Valid contracts have not been executed prior to June 28, 2011 to establish the following items as EOs:
  - Page 2, item 35, in the amount of \$2.1 million
  - Page 2, items 38, and 40 to 43 in the amount of \$306.3 million.
  - Page 3, item 1, in the amount of \$1.9 million
- Page 2, items 39a and 39b and page 3, item 5, and in the amount of \$48.6 million. According to the Agency, the City is obligated to allocate a portion of the RDA's 20 percent set-aside funds to the school district for various capital projects. However, no projects were in progress and no contracts were provided. Further, the requirement to set aside 20 percent funds ended with the passing of the redevelopment dissolution legislation.
- Page 1, items 12 and 13, in the amount of \$5.5. Loan agreements between the City and former redevelopment agency (RDA), regardless of the funding source, that are not entered into within the first two years of the RDA's creation date are not EOs.
- Page 2, item 32 in the amount of \$3.6 million. Pursuant to HSC section 34163(b), the RDA was prohibited from entering into a contract with any entity after June 28, 2011.
- Administrative costs questioned is revised as follows:

- Administrative expenses in the amount of \$50,022. HSC section 34171 (b) limits administrative expenses to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated is \$422,289. Therefore, \$50,022 of the claimed \$472,312 is not an EO. Item 25, on page 2, and item 1 on page 4 were considered administrative expenses.

#### July to December 2012 ROPS

Except for items disallowed in whole or in part as EOs noted below, Finance is approving the remaining items listed in your ROPS.

- HSC section 34163(b) prohibits an RDA from entering into a contract with any entity after June 27, 2011. Valid contracts have not been executed prior to June 28, 2011 to establish the following items as EOs:
  - Page 2, items 25, and 27 to 30 in the amount of \$305.9 million
  - Page 3, item 1, in the amount of \$1.9 million
  - Page 2, item 24, in the amount of \$2.1 million
- Page 2, items 26a and 26b and page 3, item 4, and in the amount of \$47.9 million. No projects were in progress and no contracts were provided. Further, the requirement to set aside 20 percent funds ended with the passing of the redevelopment dissolution legislation. Because there no longer are such funds allocated to the RDA, there is no payment obligation. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities.
- Page 1, items 10 and 11, in the amount of \$5.4 million. Pursuant to HSC section 34171 (d) (2) loan agreements, contracts, or arrangements between the city and the RDA are not enforceable unless the agreements were entered into within the first two years of the date of the creation of the RDA. The loans were not issued within the first two years of the RDA's establishment date of 1982.
- Page 2, item 22, in the amount of \$3.2 million. Pursuant to HSC section 34163(b), the RDA was prohibited from entering into a contract with any entity after June 28, 2011.

This 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 future 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](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.

Ms. Debbie Potter  
May 31, 2012  
Page 2

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 Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive, slightly slanted style.

MARK HILL  
Program Budget Manager

cc: Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County Auditor/Controller