



April 20, 2012

Mr. Charlie Adams, Finance and Administrative Services Director
City of Albany
Administration and Finance
1000 San Pablo Avenue
Albany, CA 94706

Dear Mr. Adams:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Albany Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 9, 2012 for the periods of January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- Items 1 through 5 on page 2 for the January through June 2012 period are cash advances and loans totaling \$1,536,203. Pursuant to HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA. It is our understanding that the loans and advances were not issued within the first two years of the RDA's establishment date of 1977.
- Items 1 through 5 on page 3 for the July through December 2012 period are cash advances and loans totaling \$1,536,203. Pursuant to HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA. It is our understanding that the loans and advances were not issued within the first two years of the RDA's establishment date of 1977.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

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

Sincerely,

A handwritten signature in cursive script that reads "Mark Hill".

MARK HILL
Program Budget Manager

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