



May 30, 2012

Katherine Hess, Community Development Administrator
City of Davis
23 Russell Boulevard, Suite 2
Davis, CA 95616

Dear Ms. Hess:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Davis Successor Agency (Agency) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 13, 2012 for period January to June 2012 (ROPS I) and on May 15, 2012 for the period July to December 2012 (ROPS II). Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

On April 24, 2012, Finance sent a letter notifying the Agency that certain items in ROPS I would be denied as enforceable obligations (EO). In response, the Agency submitted a letter dated May 15, 2012, documents, and a revised ROPS I. As a result, Finance agreed to accept some items previously denied as EOs.

Except for the excess administration cost allowance disallowed below, Finance is approving the items listed in revised ROPS I dated May 15, 2012 and ROPS II.

Administrative costs disallowed in ROPS I of \$9,000 out of \$259,870 claimed. HSC section 34171 (b) limits administrative costs to five percent of property tax allocated or \$250,000, whichever is greater. Five percent of the property tax allocated on the revised ROPS is \$250,870. Item 6, on page 1 was considered administrative costs.

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 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. Katherine Hess
May 25, 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 Robert Scott, 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: Ms. Kelly Fletcher, Budget Manager, City of Davis
Ms. Stacey Winton, Administrative Analyst II, City of Davis
Mr. Howard Newens, Auditor-Controller, Yolo County