DEPARTMENT OF FINANCE

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April 15, 2013

Ms. Debra Auker, Administrative Services Director
City of Emeryville
1333 Park Avenue
Emeryville, CA 94608

Dear Ms. Auker:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Emeryville Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on March 1, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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 do not qualify as enforceable obligations:

- Item Nos. 25 and 30 – Statutory Monitoring Requirements in the amount of $2,978,117. HSC section 34176 (a) (1) states that if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a Redevelopment Agency (RDA) all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the Housing Successor Entity (HSE) assumed the housing functions, the monitoring costs of housing assets are the responsibility of the HSE. Therefore, these items are not enforceable obligations and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

- Item No. 71 – Supplemental ERAF loan in the amount of $9,592,732. HSC section 34176 (e) (6) (B) specifies loan or deferral repayments to the Low and Moderate Income Housing Fund shall not be made prior to the 2013-14 fiscal year. While ROPS 13-14A falls within fiscal year 2013-14, the repayment of this loan is subject to the repayment formula outlined in HSC section 34191.4 (b) (2) (A). HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the 2012-13 base year. Since the formula does not allow for estimates, the Agency must wait until the ROPS residual pass-through distributions are known for fiscal year 2013-14 before requesting funding for this obligation. Therefore, this item is not and enforceable obligations and not eligible for RPTTF funding at this time.

- Item No. 79 – Amtrak Lease in the amount of $1,036,861. The RDA satisfied its lease obligations relating to this agreement on May 1, 2011 and made the final payment.

Therefore, this item is no longer an enforceable obligation and should be retired. Therefore, item is not eligible for RPTTF funding.

- Item No. 80 – Amtrak Station Property Taxes in the amount of $13,439. Documents submitted by the Agency demonstrate that the Wareham Development Corporation is responsible up to $15,000 per year for property taxes and the RDA is responsible for taxes in excess of $15,000 per year. The 2013-14 property taxes totaled $30,380. Therefore, of the $28,819 requested, $15,380 ($30,380-$15,000) is approved as an enforceable obligation. However, the difference of $13,439 is not eligible for RPTTF funding.

- Item No. 94 – Participation Agreement in the amount of $50,000 of other funding. According to the information provided by the Agency, the agreement with the participant has been terminated by the Agency. Since this eliminates any circumstances under which the Agency would be obligated to return the $50,000 deposit, the Agency's request to reduce the obligation to zero and retire the item is approved.

- Item No. 98 – Emeryville Center of Community Life Funding Agreement in the amount of $21.2 million. It is our understanding that contracts for this line item was awarded after June 27, 2011. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. Pursuant to HSC section 34191.4 (c), Agency's request to use bond funds for these obligations may be allowable once the Agency receives a Finding of Completion from Finance. Therefore, item is not an enforceable obligation at this time and not eligible for bond proceeds funding.

- Item No. 4 – Contract for Services in the amount of $50,000. This item is considered general administrative costs and has been reclassified. Although this reclassification increased administrative costs to $50,000, the administrative cost allowance has not been exceeded.

Furthermore, the following funding source changes have been made:

- Pursuant to HSC section 34179.6 (f), the unencumbered Other Funds and Account balances, as determined in the Due Diligence Review by Finance, were required to be remitted to the affecting taxing entities. Therefore, the funding source for Item Nos. 39, 41, 43, 50, 51 and 76 have been changed from "Other" to RPTTF funding.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is $16,393,098 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	$ 24,827,796
Plus: Funding source change to RPTTF	
Item 39	200,000
Item 41	550,000
Item 43	30,000
Item 50	40,000
Item 51	1,000,000
Item 76	96,664
Adjusted total RPTTF funding requested for obligations	26,744,460
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 4*	50,000
Item 25	29,618
Item 30	22,497
Item 71	9,592,732
Item 79	164,942
Item 80	13,439
Total approved RPTTF for enforceable obligations	$ 16,871,232
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	394,453
Minus: ROPS II prior period adjustment	(872,587)
Total RPTTF approved for distribution:	**$ 16,393,098**

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the 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 above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/.

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. 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 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 34171 (d), 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,

STEVE SZALAY
Local Government Consultant

cc: Mr. Michael Biddle, City Attorney, City of Emeryville
Ms. Carol S. Orth, Tax Analysis, Division Chief, County of Alameda
California State Controller's Office