



April 13, 2013

Mr. Jeff Kay, Administrative Analyst
City of San Leandro
835 East 14th Street
San Leandro, CA 94577

Dear Mr. Kay:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Leandro Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 27, 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 No. 7 - 232 East 14th Street-Senior Housing in the amount of \$433,000. The fixed rate note agreement is between the City of San Leandro and Chase Manhattan Bank. The former redevelopment agency (RDA) is neither a party to the note nor responsible for payment of the note. Therefore, line item is not an enforceable obligation and is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 11 – Lease Guarantee - Friends of the San Leandro Creek in the amount of \$391,233. According to a Lease Guarantee, the City and the former RDA are collectively referred to as Guarantors on a lease agreement entered into on May 30, 2001 between Friends of San Leandro Creek (Tenant) and The Oliver Partnership (Landlord). Our understanding is that the tenant has not defaulted on the lease for the lease amounts to become an obligation of the Agency. Therefore, this item is not eligible for RPTTF funding.
- Item Nos. 40 and 41—Litigation costs totaling \$85,000. These items are considered general administrative costs and have been reclassified. Although this reclassification increased administrative costs to \$242,000, the administrative cost allowance for the fiscal year has not been exceeded.

Except for items denied in whole or in part as enforceable obligation(s), 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: \$5,196,889 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 5,258,534
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 7	73,654
Item 11	18,817
Item 40*	45,000
Item 41*	40,000
Total approved RPTTF for enforceable obligations	\$ 5,081,063
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	242,000
Minus: ROPS II prior period adjustment	(126,174)
Total RPTTF approved for distribution:	\$ 5,196,889

*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.

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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,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a long horizontal flourish extending to the left.

STEVE SZALAY
Local Government Consultant

cc: Ms. Cynthia Battenberg, Business Development Manager, City of San Leandro
Ms. Carol S. Orth, Tax Analysis Division Chief, Alameda County
California State Controller's Office