DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. ▪ GOVERNOR
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November 8, 2013

Mr. Marc Roberts, Executive Director of the LSA
City of Livermore
1052 South Livermore Avenue
Livermore, CA 94551

Dear Mr. Roberts:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Livermore Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 27, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, 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 for the reasons specified:

- Item No. 10 – Advance from Fund 581 in the amount of $1,561,803 to repay the Supplemental Education Revenue Augmentation Fund loan. HSC section 34176 (e) (6) (B) specifies loan or deferral repayments shall not be made prior to fiscal year 2013-14. While ROPS 13-14B technically falls within fiscal year 2013-14, the repayment of these loaned amounts is subject to the repayment formula outlined in HSC section 34176 (e) (6) (B).

  HSC section 34176 (e) (6) (B) allows maximum repayment amount in each fiscal year to be equal to one-half of the increase between the ROPS residual amount distributed to the taxing entities in that fiscal year and the ROPS residual amount 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 eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.

- Administrative costs claimed for RPTTF exceed the allowance by $54,000. HSC section 34171 (b) limits the 2013-14 administrative expenses to three percent of property tax allocated to the Agency or $250,000, whichever is greater.

Allowable administrative cost amount for fiscal year 2013-14	$250,000
Administrative costs distributed for July through December 2013	$179,000
Administrative costs claimed for January through June 2014	$125,000
Overage	$ 54,000

Based upon a review of the Fund Balances form, the following adjustments were made:

- Bonds Issued on or before December 31, 2010 – The balance should be $4,048,754. Supporting documentation provided during the Other Funds and Accounts Due Diligence Review reported bond reserves in the amount of $2,493,161 in addition to $1,555,593 in unspent bond proceeds. Therefore, the balance was increased by $2,492,161.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 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 below table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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 RPTTF distribution for the reporting period is $292,112 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014		
Total RPTTF requested for non-administrative obligations		1,007,173
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations	**$**	**1,132,173**
Total RPTTF requested for non-administrative obligations		**1,007,173**
Denied Items		
Item No. 10		(269,217)
Total RPTTF approved for non-administrative obligations		**737,956**
Total RPTTF allowable for administrative obligations (see Admin Cost Cap table below)		**71,000**
Total RPTTF approved for obligations		**808,956**
ROPS III prior period adjustment		(516,844)
Total RPTTF approved for distribution	**$**	**292,112**

Administrative Cost Cap Calculation	
Total RPTTF for 13-14A (July through December 2013)	1,661,681
Total RPTTF for 13-14B (January through June 2014)	737,956
Less approved unfunded obligations from prior periods	-
Total RPTTF for fiscal year 2013-14	**2,399,637**
Allowable administrative cost for fiscal year 2013-14 (Greater of 3% or $250,000)	250,000
Administrative allowance for 13-14A (July through December 2013)	179,000
Allowable RPTTF distribution for administrative cost for ROPS 13-14B	**71,000**

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

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

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. 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 HSC section 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,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Erik Peterson, Accountant, City of Livermore
Ms. Carol S Orth, Tax Analysis, Division Chief, Alameda County
California State Controller's Office