



April 14, 2014

Mr. Eric Angstadt, Planning Director
City of Berkeley
2118 Milvia Street, 3rd floor
Berkeley, CA 94704

Dear Mr. Angstadt:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Berkeley Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 28, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, 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. 1 – 2005 Tax Allocation Bond for \$473,494. The Agency requested \$452,500 for payments due January through June 2015 period. HSC section 34171 (d) (1) (A) allows successor agencies to hold a reserve for debt service payments when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year. Review of the bond debt service schedule indicates only \$21,494 is required to make the December 1, 2014 payment. Therefore, \$452,500 (\$473,494 - \$21,494) is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding during this ROPS period.
- Item No. 2 – Savo Island Loan Payable in the amount of \$759,600. Finance continues to deny this item. 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. Therefore, Finance continues to deny this item as an enforceable obligation and it is not eligible for RPTTF funding.
- Item No. 3 – \$1 Million Bond - City Loan in the amount of \$547,553. Finance continues to deny this item because the bond indenture was between the RDA and the City identifying the City as the sole bondholder. HSC section 34171 (d) (2) states that enforceable obligation does not include any agreements, contracts, or arrangements between the city that created the RDA and the former RDA. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.

- Item No. 30 – Purchase Order in the amount of \$5,000. It is our understanding that contracts for these line items have not yet been awarded. Furthermore, the Agency did not submit an Oversight Board Resolution that authorizes the Agency to execute agreements for property maintenance. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding at this time. To the extent the Agency can provide suitable documentation, such as an executed contract, estimated costs, or vendor invoices, the Agency may be able to obtain funding on a future ROPS.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies 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 table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$116,267 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	825,371
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 950,371
Denied Item(s)	
Item No. 1	(452,500)
Item No. 2	(40,600)
Item No. 3	(273,777)
Item No. 30	(5,000)
	(771,877)
Total RPTTF authorized for non-administrative obligations	\$ 53,494
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 178,494
ROPS 13-14A prior period adjustment	(62,227)
Total RPTTF approved for distribution	\$ 116,267

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies 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 section 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: Ms. Danita Hardaway, Associate Management Analyst, City of Berkeley
Ms. Carol S Orth, Tax Analysis, Division Chief, Alameda County
California State Controller's Office