



April 12, 2016

Ms. Debbie Potter, Community Development Director  
City of Alameda  
2263 Santa Clara Avenue #120  
Alameda, CA 94501

Dear Ms. Potter:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Alameda Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 27, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determination:

Item No. 36 – Guyton Judgment and Settlement Agreement in the total outstanding amount of \$37,500,000 is not allowed. The Judgment and Settlement Agreement, in which the former redevelopment agency (RDA) was not a party to, involves development of affordable housing in the City of Alameda (City) and states that 20 percent of the tax increment will be used to fund that construction until the number of low-income housing units required by the City's 1995 Regional Housing Needs Allocation have been met. The requirement to set aside 20 percent of RDA tax increment for low and moderate-income housing purposes ended with the passage of the redevelopment dissolution legislation. Thus, settlements awarding a percentage of tax increment to be set aside are not considered enforceable obligations. Pursuant to Dissolution Law, tax increment is no longer payable to the former RDA. Furthermore, the Agency did not provide any information indicating the amounts requested to be set aside were related to an enforceable obligation existing prior to June 27, 2011. Therefore, this item is not an enforceable obligation, and the requested amount of \$1,475,000 for the ROPS 16-17 period is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

Except for the item denied in whole, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. Be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$9,603,535 as summarized in the Approved RPTTF Distribution table on page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

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

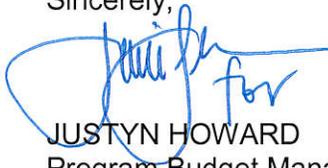
Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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 Agency in the RPTTF.

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Please direct inquiries to Cindie Lor, Supervisor, or Anna Kyumba, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Elena Adair, Finance Director, City of Alameda  
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County

**Attachment**

| <b>Approved RPTTF Distribution</b>                         |                      |                      |                      |
|--|----------------------|----------------------|----------------------|
| <b>For the period of July 2016 through June 2017</b>       |                      |                      |                      |
|  | <u>ROPS A Period</u> | <u>ROPS B Period</u> | <u>Total</u>         |
| Requested RPTTF (excluding administrative obligations)     | \$ 4,708,147         | \$ 6,203,618         | \$ 10,911,765        |
| Requested Administrative RPTTF                             | 83,385               | 83,385               | 166,770              |
| <b>Total RPTTF requested for obligations on ROPS 16-17</b> | <b>4,791,532</b>     | <b>6,287,003</b>     | <b>\$ 11,078,535</b> |
| <b>Total RPTTF requested</b>                               | <b>4,708,147</b>     | <b>6,203,618</b>     | <b>10,911,765</b>    |
| <u>Denied Item</u>   |                      |                      |                      |
| Item No. 36  | (725,000)            | (750,000)            | (1,475,000)          |
| <b>Total RPTTF authorized</b>                              | <b>3,983,147</b>     | <b>5,453,618</b>     | <b>\$ 9,436,765</b>  |
| <b>Total Administrative RPTTF authorized</b>               | <b>83,385</b>        | <b>83,385</b>        | <b>\$ 166,770</b>    |
| <b>Total RPTTF approved for distribution</b>               | <b>4,066,532</b>     | <b>5,537,003</b>     | <b>\$ 9,603,535</b>  |