DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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May 17, 2016

Ms. Eileen Dalton, Deputy Director
Alameda County
224 West Winton Avenue, #110
Hayward, CA 94544

Dear Ms. Dalton:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 10, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Alameda County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on February 01, 2016. Finance issued a ROPS determination letter on April 10, 2016. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 20, 2016.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 43 – Gateway signage fabrication in the total outstanding amount of $30,000 is not allowed. Finance continues to deny this item. We previously denied this item because documentation provided did not support the Agency's request. During the meet and confer, the Agency continued to contest this item; however, no new documentation was provided. It is our understanding that in September 2008, the former Redevelopment Agency (RDA) required the developer, pursuant to a Conditions of Approval, to include in the construction project the fabrication and installation of a signage. However, the developer was not able to complete this requirement and instead, paid the RDA $30,000 November 2010 so the Agency could fabricate and install the signage at a later date. The Agency claims the funds were deposited into the former RDA's account and were comingled with redevelopment tax increment funds that were remitted to the Alameda County-Auditor Controller (CAC) during the Due Diligence Review (DDR) process.

  Based on our review, the Conditions of Approval is not an enforceable obligation. The Condition of Approval outlines the RDA's project design modifications and other developer requirements prior to the approval of the completion of the site development; it does not evidence an enforceable obligation pursuant to HSC section 34171 (d). Furthermore, documentation provided did not support that the amount should have been retained by the Agency during the DDR reviews as "legally restricted". Therefore, this

item is not an enforceable obligation of the Agency and the requested amount of $30,000 from Other Funds is not allowed.

Except for the item denied in whole, Finance is not objecting to the remaining items listed on your ROPS 16-17.

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 $5,369,923 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

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.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Nicole Prisakar, Analyst, at (916) 445-3274.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Marita Hawryluk, Assistant Deputy Director, Alameda County
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County

Attachment

Approved RPTTF Distribution For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	$ 2,887,000	$ 2,199,650	$ 5,086,650
Requested Administrative RPTTF	141,637	141,636	$ 283,273
Total Requested RPTTF on ROPS 16-17	$ 3,028,637	$ 2,341,286	**$ 5,369,923**
Total RPTTF authorized	2,887,000	2,199,650	**$ 5,086,650**
Total Administrative RPTTF authorized	141,637	141,636	**$ 283,273**
Total RPTTF approved for distribution	3,028,637	2,341,286	**$ 5,369,923**