



May 17, 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

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 12, 2016. 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 of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 27, 2016. Finance issued a ROPS determination letter on April 12, 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 21, 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. 36 – Guyton Judgment and Settlement Agreement in the amount of \$1,475,000. Finance no longer denies this item; however, based on Finance's review, the enforceable obligation that should be listed on the ROPS as Item No. 36 is the Agreement between the Community Improvement Commission of the City of Alameda (RDA) and the Alameda Unified School District (District) entered into on November 12, 1991 (Agreement), rather than the Guyton Judgment and Settlement Agreement (Judgment), an agreement between Clayton Guyton and Modessa Henderson and the City of Alameda, which was listed by the Agency on the ROPS 16-17. Finance previously denied this item because the former RDA was not a party to the Judgment and we believed the Judgment required the use of 20 percent of the tax increment to fund the construction until the number of low-income housing units required by the City's 1995 Regional Housing Needs Allocation have been met.

Based on our review of additional documents during the meet and confer, we maintain that the Judgment is not an obligation of the former RDA, nor now the Agency, as the former RDA was not a party to the Judgment. The Agency requested Redevelopment Property Tax Trust Fund (RPTTF) funding in an amount equal to that of the estimated cost to build 300 units of low-income housing and contends the obligation will be met when the 300 units of low-income housing have been created. However, under the

Judgment, it is the obligation of the City and not the Agency, to build and pay for the 300 units of housing. Nevertheless, during the meet and confer, we determined that the obligation of the former RDA/Agency, per the Agreement, is limited to the set-aside of money equal to eight percent of tax increment generated from the Business and Waterfront Improvement Project, for use by the District. During the Meet and Confer process, the Agency submitted calculations of the eight percent of tax increment for the Business and Waterfront Improvement Project. Finance will continue to work with the Agency to determine the total outstanding obligation; however, for the ROPS 16-17 period, this item is eligible for \$1,475,000 in RPTTF.

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 \$11,078,535 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>

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.

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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 Daisy Rose, Analyst, at (916) 445-3274.

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>	4,791,532	6,287,003	<b>\$ 11,078,535</b>
<b>Total RPTTF authorized</b>	4,708,147	6,203,618	<b>\$ 10,911,765</b>
<b>Total Administrative RPTTF authorized</b>	83,385	83,385	<b>\$ 166,770</b>
<b>Total RPTTF approved for distribution</b>	4,791,532	6,287,003	<b>\$ 11,078,535</b>