



April 25, 2012

Harriet Commons, Finance Director
City of Fremont
3300 Capital Avenue
Fremont, CA 94538

Dear Ms. Commons:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Fremont Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 11, 2012 for the period January through June 2012. Finance staff contacted you for clarification of items listed in the ROPS.

The ROPS submitted to Finance is incomplete, and therefore, not approved for making obligation payments. For line items funded by multiple funding sources, the ROPS submitted must include a specific amount for each funding source. See the example and instructions provided in Exhibit 6 of http://www.dof.ca.gov/assembly_bills_26-27/view.php. Please revise and submit a board-approved ROPS for the period January through June 2012 to the following email address:

Redevelopment_Administration@dof.ca.gov

In addition, Finance has determined several items included on the ROPS are not enforceable obligations (EO). HSC section 34171 (d) lists enforceable obligations characteristics. Based on a sample of items reviewed and application of the law, the following items do not qualify as EOs:

- Page 5, item 3, for a totaling \$5.1 million. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that there were no projects in progress; therefore, no contracts have been executed.
- Page 1, item 4, for three contracts totaling \$357,227. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding the contracts were executed after June 27, 2011.
- HSC section 34177 (b) allows reserves required for indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds. The statute does not currently recognize contingent or unknown obligations, thus creation of reserves for such items are not permissible. Therefore, the following contingent obligations are not enforceable:
 - Page 3, item 5, no obligation amount was listed
 - Page 6, item 9, totaling \$100,000

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective

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until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Mary Bradley, Special Assistant, City of Fremont
Ms. Carol S. Orth, Tax Analysis Division Chief, Alameda County Auditor Controller