



May 31, 2012

Kelly McAdoo Morariu, Assistant City Manager  
City of Hayward  
777 B Street  
Hayward, CA 94541

Dear Ms. McAdoo Morariu:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Hayward Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 25, 2012 for the period January to June 2012 and July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January through June 2012 ROPS: According to the Assistant City Manager the items below did not result in actual payment and agreed to delete from the ROPS.

- Page 1, line 1 and 2, duplicate bond payments in the amount of \$2.0 million.
- Page 1, line item 8, duplicate loan payments in the amount of \$1.1 million.

July through December 2012 ROPS: Page 1, line 3 in the amount of \$7 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency are not enforceable obligations.

Except for items disallowed in whole or in part as enforceable obligations noted above, Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at [http://www.dof.ca.gov/assembly\\_bills\\_26-27/view.php](http://www.dof.ca.gov/assembly_bills_26-27/view.php) for the amount of RPTTF that was approved by Finance based on the schedule submitted.

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As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in cursive script that reads "Mark Hill".

MARK HILL  
Program Budget Manager

cc: Ms. Carol S. Orth, Tax Analysis Division Chief, Alameda County Auditor Controller