



May 30, 2012

Erik Peterson, Accountant
City of Livermore
1052 S. Livermore Ave.
Livermore, CA 94550

Dear Mr. Peterson:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Livermore Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 16, 2012 for the periods January through June 2012 and July through 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:

- Project Area Downtown, various items as shown below totaling \$26.8 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA.

Page	Item	Description	Amount
1	2	Advance from City - CalHFA	\$1,500,000
1	3	Advance from City	2,000,000
1	4	Advance from City - CalHFA HELP	440,000
1	5	Advance from City - CalHFA HELP	400,000
1	6	Advance from City Housing Fund	5,472,422
1	7	Advance from City Housing Fund	1,364,759
1	8	Advance from City Housing Fund	771,159
1	9	Advance from City Housing Fund	582,325
1	13	Consolidated Loan	3,477,950
1	17	Loan from City Housing Fund	1,237,500
1	18	State Loan to City	5,000,000
1	19	Loan from City Housing Fund	2,511,953
1	20	Loan from Sewer Fund 239	1,008,370
1	22	Subsidy Loan Heritage Estates I	1,000,000
		Total:	\$26,766,438

- Project Area Downtown, page 1, line item 25 in the amount of \$21.9 million. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities.
- Administrative cost exceeds allowance by \$244,233. HSC section 34171 (b) limits fiscal year 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated is \$39,201. Therefore, the administrative cost allowance for 2011-12 is \$250,000.

July through December 2012 ROPS:

- Project Area Downtown, various items as shown below totaling \$26.8 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA.

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Except for the preceding items disallowed in whole or in part as enforceable obligations, 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

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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 for the amount of RPTTF that was approved by Finance based on the schedule submitted.

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 Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

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