



May 30, 2012

Emma Karlen, Finance Director  
City of Milpitas  
455 East Calaveras Boulevard  
Milpitas, California 95035

Dear Ms. Karlen:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (I) (2) (C), the City of Milpitas submitted a Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 24, 2012 for the period January to June 2012 and on May 8, 2012 for the period July to December 2012. Finance is assuming oversight board approval. Finance has completed its review of your ROPS which included obtaining clarification for various items.

Finance is approving the items listed on both ROPS except for the following:

January to June 2012 ROPS

Administrative costs totaling \$3.9 million are not allowed. HSC Section 34171 (b) limits administrative costs to five percent of property tax allocated to the Successor Agency or \$250,000, whichever is greater. Five percent of the property tax allocated to the Successor Agency is \$468,313. Therefore, \$3.9 million of the claimed \$4.4 million is not an EO. The following are administrative costs:

- Form A, items 6, 8, 10, 11 and 19 through 22, totaling \$678,763
- Form C, items 1 through 9, totaling \$3.7 million

July to December 2012 ROPS

Administrative costs totaling \$101,348 are not allowed. HSC Section 34171 (b) limits administrative costs to three percent of property tax allocated to the Successor Agency or \$250,000, whichever is greater. Three percent of the property tax allocated to the Successor Agency is \$301,292. Therefore, \$99,889 of the claimed \$401,181 is not an EO.

The following are administrative costs:

- Form A, items 2 through 4 totaling \$30,450.
- Form C, items 1 through 8, totaling \$370,731.

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

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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.

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 Kylie Le, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL  
Program Budget Manager

cc: Ms. Irene Lui, Controller-Treasurer, Santa Clara County  
Mr. Vinod Sharma, Director of Finance Agency, Santa Clara County