



May 31, 2012

Brian Ponty, Finance Director
City of Redwood City
1017 Middlefield Road
Redwood City, CA 94063

Dear Mr. Ponty:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (I) (2) (C), the Redwood City Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 29, 2012 for the period January to June 2012 and on May 9, 2012 for the period 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

- Page 1, item 6 and 7 for Capital Improvements totaling \$2.5 million. HSC section 34171 (d) (2) states loan arrangements between the City and the former redevelopment agency not enforceable obligations. This item is to pay back bonds issued by the city.
- HSC section 34171 (b) limits administrative costs to five percent of property tax allocated or \$250,000, whichever is greater. Five percent of the property tax allocated is \$95,133. Therefore, \$848,427 of the claimed \$1,098,427 is not an EO. The following items are costs: Page 1 – Items 9, 10, 12, 35, 40, 41, 42, 46 and Page 3 – Item 1.

July through December 2012

- Page 1, item No. 5 and 6 for Capital Improvements totaling \$1.6 million. HSC section 34171(d) (2) states loan arrangements between the City 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 letter supersedes previous letters sent from our office and is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund 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

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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 Redevelopment Property Tax Trust Fund (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 Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Kristen Mees, Economic Development Secretary, City of Redwood City
Mr. Bob Adler, Auditor Controller, San Mateo County
Ms. Shirley Tourel, Manager, Auditor Controller of San Mateo