DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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May 25, 2012

Jeff Kay, Business Development Analyst
City of San Leandro
835 E. 14th Street, 1st Floor
San Leandro, CA 94577

Dear Mr. Kay:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of San Leandro Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 6, 2012 for the period January to June 2012 and on May 10, 2012 for the period July to December 2012. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

January through June 2012 ROPS
Except for items disallowed in whole or in part as enforceable obligations noted above and in Finance's letter dated April 11, 2012, Finance is approving the remaining items listed in your ROPS.

July through December 2012 ROPS
Except for items disallowed in whole or in part as enforceable obligations noted below, Finance is approving the remaining items listed in your ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. The following items were questioned during our review of the January through June 2012 ROPS and do not qualify as EOs:

- Item No. 9 on page 1 for a City loan in the amount of $2 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.

- Item No. 15 on page 1 for pending litigation in the amount of $46.8 million. HSC section 34167 (d) (4) allows judgments and settlements entered by a competent court of law or binding arbitration decisions against the former RDA. However, it is our understanding that no judgments, settlements, or arbitration decisions have been issued for this case.

- Items No. 5 through 8 on page 2 for Cooperative Agreements totaling $9 million. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 28, 2011. It is our understanding the RDA has not entered into any contracts prior to this date.

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

Sincerely,

Mark Hill

MARK HILL
Program Budget Manager

cc: Ms. Carol Orth, Tax Analysis, Division Chief