



October 19, 2012

Ms. Deborah Lauchner, Finance Director
City of Vallejo
555 Santa Clara Street
Vallejo, CA 94590

Dear Ms. Lauchner:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Vallejo Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 4, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item 3 pertains to a Six Flags parking lot project through an owner participation agreement. The amount shown on the ROPS is \$7 million. It is our understanding that construction or improvements are not expected to begin until 2015. The contract considers the timing of the obligation to begin when the eligible improvements have been made. There is no current funding obligation during the ROPS III period. Therefore, the item is not eligible for funding.
- Item 14 through 23 pertains to a Waterfront project totaling \$60.1 million. HSC 34177.3 (a) prohibits a successor agency from creating new enforceable obligations after June 27, 2011. It is our understanding no expenditure contracts have been awarded or no supporting documents could be found. Therefore, the items are not enforceable obligations and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$1,635,832 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 1,739,306
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 14	75,000
Item 19	90,000
Item 20	10,002
Item 21	27,078
Item 23	26,394
Total approved RPTTF for enforceable obligations	<u>\$ 1,510,832</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>125,000</u>
Total RPTTF approved:	\$ 1,635,832

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

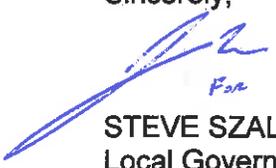
[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. 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 to the successor agency in the RPTTF.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,


For
STEVE SZALAY
Local Government Consultant

cc: Ms. Elena Adair, Assistance Finance Director, City of Vallejo
Mr. Jun Adéva, Chief Deputy Auditor-Controller, County of Solano