



December 17, 2015

Ms. Sarah T. Schlenk, Agency Administrative Manager
City of Oakland
250 Frank H. Ogawa Plaza
Suite 3315
Oakland, CA 94612

Dear Ms. Schlenk:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 16, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Oakland Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on October 2, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 16, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on November 25, 2015.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 6 – Claimed administrative costs exceed the allowance by \$43,669. HSC section 34171 (b) (2) limits the fiscal year 2015-16 administrative expenses to three percent of the RPTTF allocated or \$250,000, whichever is greater. As a result, the Agency is eligible for \$1,938,203 in administrative expenses. The Alameda County Auditor-Controller distributed \$438,771 for the July through December 2015 period, thus leaving a balance of \$1,499,432 available for the January through June 2016 period. Although \$1,543,101 is claimed for administrative cost, only \$1,499,432 is available pursuant to the cap. Therefore, \$43,669 of excess administrative cost is not allowed.
- Item No. 54 – Central District project management costs in the amount of \$1,186,111 is partially allowed. Finance no longer adjusts this item. Finance initially denied a total of \$324,406 as it was not supported because the amounts were allocated to several line items that had a total outstanding balance of \$0. However, Finance approved the Agency's request to allocate an additional \$20,700 in project management costs related to Item No. 105. During the Meet and Confer process, the Agency provided additional information on the current status of each project and the work to be completed in the ROPS 15-16B period as well as the basis used for the amount requested. Therefore,

this item is eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.

- Item No. 370 – Low and Moderate Income Housing Projects in the amount of \$742,227 was partially disallowed. Finance now approves \$705,000 of this item. The Agency provided a list identifying the ROPS line items tied to claimed project management costs in the amount of \$795,000. However, the amount of \$40,000 was requested for Cathedral Gardens project, which has a total outstanding balance of \$0 on ROPS 15-16B. In addition, it appears the Agency included \$70,000 for Item No. 371 in their estimate for Item No. 370.

During the Meet and Confer process, the Agency provided an updated list of projects for the estimated project management costs totaling \$755,000 for Item Nos. 370 and 371 combined. The Agency concurred that the \$40,000 for the Cathedral Gardens project is not needed and deducted this project from the revised project list. Additionally, the Agency clarified that \$50,000 of the amount is related to Item No. 371, which was not denied by Finance. Therefore, Finance is allowing \$705,000 (\$755,000 - \$50,000) in RPTTF funding for Item No. 370, and the excess \$37,227 (\$742,227 - \$705,000) is not eligible for funding on this ROPS.

In addition, per Finance's letter dated November 16, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 95 – Uptown Apartments Project in the amount of \$1,752,337. It is our understanding that the amount consisted of \$1,416,374 needed for ROPS 15-16A period, and \$335,963 for the ROPS 15-16B period. However during our review, the Agency informed Finance that the amount due for ROPS 15-16A is only \$1,352,538, which will be funded with ROPS 15-16A RPTTF funding. Since the Agency intends to use the ROPS 15-16A RPTTF funding distributed to pay the payment due by December 2015, a remaining excess RPTTF balance of \$63,836 (1,416,374 - 1,352,538) is available for use during ROPS 15-16B. Therefore, Finance is authorizing the Agency to retain the remaining ROPS 15-16A excess amount received for Item No. 95 as reserves for use during ROPS 15-16B period. Furthermore, The Agency stated that the amount needed for ROPS 15-16B should be \$419,965. As a result, Finance is adjusting requested RPTTF funding to \$356,129 (a decrease of \$1,396,208) and authorizing \$63,836 in Reserve Balance funding, for a total of \$419,965 (356,129 + 63,836) for this ROPS.
- Item No. 196 – Project management costs in the amount of \$50,120 is partially allowed. During our review, the Agency stated only \$29,420 of the requested \$50,120 is necessary for ROPS 15-16B. Therefore, with the Agency's concurrence, RPTTF funding for the item has been reduced by \$20,700.
- Item No. 212 – Business District Assessment funding in the amount of \$1,500. During our review, the Agency stated funding is no longer required for this obligation and it may be retired. Therefore, with the Agency's concurrence, RPTTF funding for the item has been reduced to \$0.
- Item No. 258 – Fruitvale Avenue Streetscape in the amount of \$48,078 in Reserve Balances is not allowed. The Agency stated the project will be completed prior to

December 31, 2015 and funding is not needed for the ROPS 15-16B period. Therefore, with the Agency's concurrence, Reserve Balance funding for the item has been reduced to \$0.

- Item No. 259 – 81st Avenue Library in the amount of \$102,907 is not allowed. This item is not an obligation of the Agency. It is our understanding this agreement entered into on June 2, 2008 is between the City of Oakland and NBC General Contractors Corporation, and the former redevelopment agency is not a party to the contract. Therefore, this item is not an enforceable obligation and the requested \$102,907 is not eligible for Reserve Balance funding.
- Item No. 425 – Grant for Façade Improvement in the amount of \$77,500 in Other Funds is not allowed. The Agency stated that the project will be completed prior to December 31, 2015 and funding is not needed for the ROPS 15-16B period. Therefore, with the Agency's concurrence, Other Funds funding for the item has been reduced to \$0.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part and the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. The Agency's maximum approved RPTTF distribution for the reporting period is \$51,006,376 as summarized in the Approved RPTTF Distribution table on the next page:

Approved RPTTF Distribution For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	51,436,706
Total RPTTF requested for administrative obligations	1,543,101
Total RPTTF requested for obligations on ROPS 15-16B	\$ 52,979,807
RPTTF adjustment to non-administrative obligations	
Item No. 95	(1,396,208)
Total RPTTF requested for non-administrative obligations	50,040,498
Denied Items	
Item No. 196	(20,700)
Item No. 212	(1,500)
Item No. 370	(37,227)
	(59,427)
Total RPTTF authorized for non-administrative obligations	\$ 49,981,071
Total RPTTF requested for administrative obligations	1,543,101
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(43,669)
Total RPTTF authorized for administrative obligations	\$ 1,499,432
Total RPTTF authorized for obligations	\$ 51,480,503
ROPS 14-15B prior period adjustment	(474,127)
Total RPTTF approved for distribution	\$ 51,006,376

Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	14,625,700
Total RPTTF for 15-16B (January through June 2016)	49,981,071
Total RPTTF for fiscal year 2015-2016	64,606,771
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	1,938,203
Administrative allowance for ROPS 15-16A (July through December 2015)	(438,771)
Remaining administrative cost cap for ROPS 15-16B	1,499,432
ROPS 15-16B administrative obligations after Finance adjustments	(1,543,101)
Administrative costs in excess of the cap	\$ (43,669)

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. 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 Agency in the RPTTF.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Patrick Lane, Development Manager, City of Oakland
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County



MEET AND CONFER REQUEST FORM

Instructions: Please fill out this form in its entirety to initiate a Meet and Confer session. Additional supporting documents may be included with the submittal of this form—as justification for the disputed item(s). Upon completion, email a PDF version of this document (including any attachments) to:

Redevelopment_Administration@dof.ca.gov

The subject line should state “[Agency Name] Request to Meet and Confer”. Upon receipt and determination that the request is valid and complete, the Department of Finance (Finance) will contact the requesting agency within ten business days to schedule a date and time for the Meet and Confer session.

To be valid, all Meet and Confer requests must be specifically related to a determination made by Finance and submitted within the required statutory time frame. The requirements are as follows:

- **Housing Asset Transfer** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34176 (a) (2).
- **Due Diligence Review** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter, and no later than **November 16, 2012** for the Low and Moderate Income Housing Fund due diligence review per HSC Section 34179.6 (e).
- **Recognized Obligation Payment Schedule (ROPS)** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34177 (m) and (o).

Agencies should become familiar with the Meet and Confer Guidelines located on Finance’s website. Failure to follow these guidelines could result in termination of the Meet and Confer session. Questions related to the Meet and Confer process should be directed to Finance’s Dispute Resolution Coordinator at (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

AGENCY (SELECT ONE):

Successor Agency Housing Entity

AGENCY NAME: Oakland Redevelopment Successor Agency

TYPE OF MEET AND CONFER REQUESTED (SELECT ONE):

Housing Assets Transfers Due Diligence Reviews ROPS Period 15-16B

DATE OF FINANCE’S DETERMINATION LETTER: November 16, 2015

REQUESTED FORMAT OF MEET AND CONFER SESSION (SELECT ONE):

Meeting at Finance Conference Call Combination Meeting/Conference Call

DETAIL OF REQUEST

A. Summary of Disputed Issue(s) *(List only the item number and description from the ROPS)*

The Oakland Redevelopment Successor Agency (ORSA) is disputing the following items that were denied by the DOF in its November 16, 2015 letter responding to the ORSA ROPS 15-16B for January through June 2016.

1. ROPS Item No. 54 – Central District Project Staff totaling **\$303,706**
2. ROPS Item No. 371 –Construction Monitoring (Affordable Housing) totaling **\$70,000**
3. ROPS Item No. 6 - Administrative Cost Claimed totaling **\$11,211**

B. Background/History *(Provide relevant background/history, if applicable.)*

Please see attached.

C. Justification *(Must be specific and include attachments/documentation to support the Agency's position. Please tie each attachment to the specific line item listed above that it supports.)*

Please see attached.

Agency Contact Information

Name:	Sarah T. Schlenk	Name:	Patrick Lane
Title:	Agency Admin Manager	Title:	Redevelopment Manager
Phone:	510-238-3982	Phone:	510-238-7362
Email:	sschlenk@oaklandnet.com	Email:	PLane@oaklandnet.com

Department of Finance Local Government Unit Use Only

REQUEST TO MEET AND CONFER DATE: _____ APPROVED ___ DENIED ___

REQUEST APPROVED/DENIED BY: _____ DATE: _____

MEET AND CONFER DATE/TIME/LOCATION: _____

MEET AND CONFER SESSION CONFIRMED: ___ YES DATE CONFIRMED: _____

DENIAL NOTICE PROVIDED: ___ YES DATE AGENCY NOTIFIED: _____

Form DF-MC (Revised 10/14/2015)

1. ROPS line #54: The Oakland Redevelopment Successor Agency (ORSA) is appealing the Department's disallowance of funding for Central District project staff costs totaling \$303,706 necessary for the monitoring and enforcement of various types of contracts and agreements that are enforceable obligations of the Successor Agency for the ROPS 15-16B period.

BACKGROUND:

Since the Department did not specify which Central District project staff estimates it was denying, ORSA is assuming, based on the questions from the DOF analyst during the review period, that the project staff amounts associated with ROPS lines 79, 80, 86, 88, 93, 120 and various other (lines 81, 82, 85, 87, 90, 91, 92, 96, etc.) are the amounts in question. The project management cost estimates for these lines total \$324,406 based on the spreadsheet ORSA sent to the DOF analyst. ORSA is not disputing the reduction associated with line 120 totaling \$20,700, which is why the appeal is only for \$303,706. The Department denied the funding on the basis that "the amounts were allocated to several line items that had a total outstanding balance of \$0 or were retired."

JUSTIFICATION:

During the DOF review of the ROPS, ORSA provided justification of the project staffing costs associated with these lines, which all relate to monitoring and enforcement of preexisting Disposition and Development Agreements (DDAs) or Owner Participation Agreements (OPAs) with developers. Project staff costs related to the monitoring and enforcement of a DDA or OPA is an enforceable obligation cost of the successor agency per Health & Safety Code Section 34171(b)(5): *"Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs and shall not constitute administrative costs."*

Staff costs for managing projects where the former redevelopment agency has conveyed property or funding to the developer under a DDA or OPA are a substantial expenditure for ORSA, particularly for the large downtown projects in question. The most active period for staff is prior to completion of construction, but many activities are required after the project is complete. ORSA staff may be required to 1) negotiate and draft modifications to the agreements; 2) provide evidence that there are no defaults on the project when there is a refinancing, including estoppels and other documents; and 3) monitor profit sharing or other ongoing provisions of the agreement, Therefore the rationale cited by the Department for disallowing these project management costs, that is, that the line shows a zero obligation amount and so staff responsibilities must also be zero, is not correct. These projects are not retired and continue to require ORSA attention and ongoing project management, despite the fact that there are no

ongoing monetary obligations owed to the developers that would require ROPS funding.

Below provides a brief project description and status and specific project management tasks associated with each of the lines assumed to have been denied by the Department:

Central District ROPS Project Management Responsibilities:

#79. 17th Street Garage DDA: Multiple sites -- two of which are still active; Parcel 2 is in construction and Parcel 3 is proposed for construction soon.

- DDA management includes:
 - Parcel 2 - Monitor construction and provide certificate of completion
 - Parcel 3 – Review and approve project for development, monitor construction and provide certificate of completion
 - Address public inquiries
 - Respond to formal public records requests

#80. City Center DDA: The project began construction in 2007, but stopped due to the economic conditions. Staff is working with the developer to begin construction in 2016. The DDA is being proposed for amendment and possibly assignment to City.

- DDA management includes:
 - Negotiate assignment of DDA to City, including drafting staff reports and legislation for ORSA and Oversight Board approval
 - Negotiate 14th Amendment to DDA, including drafting staff reports and legislation
 - Providing assistance to developer with planning and building approvals, including
 - Design Review
 - CEQA
 - Prepare/review legal documents including legislation with City Attorney's Office
 - Monitor construction and provide certificate of completion
 - Address public inquiries

#87. Keysystem Building OPA: The project was delayed, because of economic conditions. The OPA is being proposed for amendment and possibly assignment to City. The project is hoping to start construction in 2016 or 2017.

- OPA management includes:
 - Negotiate assignment of OPA to City, including drafting staff reports and legislation for ORSA and Oversight Board approval
 - Negotiate extension amendment to OPA, including drafting staff reports and legislation
 - Address public inquiries
 - Prepare/review legal documents including legislation with City Attorney's Office
 - Monitor construction and provide certificate of completion

#88. Rotunda DDA: The \$8M ORSA loan is still active and there have been legal issues with its repayment. Project management staff costs have been offset by interest payments on this loan (\$240,000 in FY 2014-15), but because of a legal issue the payments will be suspended for one year.

- DDA management includes:
 - Monitor compliance with retail requirements for new tenancies
 - Collect repayment of Agency Loan starting in 2016
 - Address public inquiries
 - Respond to formal public records requests

#93. Uptown (Forest City) LDDA: Related to Lines 94 & 95, is still very active. This is a lease DDA and the property is still owned by ORSA and managed by staff. There are also related easements and maintenance agreements staff are managing and enforcing with the developer.

- LDDA management includes:
 - Manage property tax reimbursement
 - Manage gross receipt tax reimbursement
 - Monitor repayment of financial assistance
 - Manage Park Management Agreement
 - Assist with affordable housing compliance
 - Monitor retail lease-up compliance
 - Address public inquiries

Various Other Agreements related to ROPS lines #81, 82, 85, 86, 90, 91, 92, 96

- DDAs for completed projects – compliance verification; preparing estoppels, amendments and other documentation for developers and property owners; responding to public inquiries; and respond to formal public records requests
- Covenants for purchase and sale agreement for Preservation Park – monitoring for compliance with maintenance covenants for the historic buildings and use requirements for 85% non-profit tenants
- Swans deferred loan documents – monitoring for compliance and repayment of loan
- Other DDA related obligations - coordinating parking licenses, easements and other agreements

- **2. ROPS line #371: ORSA is appealing the Department's disallowance of funding for construction monitoring costs totaling \$70,000 necessary for the implementation of low and moderate income housing enforceable obligations retained by the Successor Agency for the ROPS 15-16B period.**

BACKGROUND:

ROPS line #371 is used for construction monitoring on projects where funds have been disbursed by ORSA, but there are other funding sources and the project construction and loan agreement/regulatory requirements have not yet been closed out. This work could be performed via contract or by in-house project management staff. Given the difficulty in ORSA executing a contract, the work is currently performed by housing project management staff and combined with line #370 to cover all housing project management staff costs. ORSA submitted information to justify the estimated housing project staff costs associated with this ROPS line; however to clarify, \$20,000 in project management costs should be directly associated with ROPS line #405 for Sausal Creek, while the balance of \$50,000 is for ROPS line #371.

JUSTIFICATION:

The \$50,000 cost estimated for ROPS line #371 is to capture costs associated with projects for which the monetary obligation is complete, but require continued project management and oversight until final completion of project construction. ROPS line #393 (Calaveras Townhomes) ORSA funds were for site acquisition and are completely disbursed. At that time, a Regulatory Agreement requiring affordable housing to be built on the site was recorded. During the economic downturn, the project was unable to secure funding for the vertical housing construction. However, the project has recently been re-formulated for greater financial feasibility. The project submitted a NOFA application for funding vertical construction, and the project is expected to begin construction upon securing necessary funds.

For ROPS line #405, \$20,000 in staff costs are anticipated during the upcoming period as close-out is pending the sale of the remaining unit (homeownership deal), at which time the 17 homebuyer files will be scanned, closed out and transferred to loan servicing.

2. ROPS line #6: Accordingly, ORSA is appealing the reduction of the administrative allowance totaling \$11,211 for the ROPS 15-16B period.

BACKGROUND:

The dissolution statute authorizes three percent (3%) of the RPTTF request be allocated to the Successor Agency for administrative expenditures.

JUSTIFICATION:

Three percent of the total appealed amount coming from RPTTF (\$373,706) is \$11,211.

November 16, 2015

Ms. Sarah T. Schlenk, Agency Administrative Manager
City of Oakland
250 Frank H. Ogawa Plaza
Suite 3315
Oakland, CA 94612

Dear Ms. Schlenk:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Oakland Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 2, 2015. Finance has completed its review of the ROPS 15-16B.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 6 - Claimed administrative costs exceed the allowance by \$53,380. HSC section 34171 (b) (2) limits the fiscal year 2015-16 administrative expenses to three percent of the RPTTF allocated or \$250,000, whichever is greater. As a result, the Agency is eligible for \$1,928,492 in administrative expenses. The Alameda County Auditor-Controller distributed \$438,771 for the July through December 2015 period, thus leaving a balance of \$1,489,721 available for the January through June 2016 period. Although \$1,543,101 is claimed for administrative cost, only \$1,489,721 is available pursuant to the cap. Therefore, \$53,380 of excess administrative cost is not allowed.
- Item No. 54 – Central District project management costs in the amount of \$1,186,111 are partially allowed. The Agency provided a list identifying the ROPS item numbers tied to claimed project management costs under Item No. 54. However, a total of \$324,406 was not supported because the amounts were allocated to several line items that had a total outstanding balance of \$0 or were retired. Furthermore, the Agency's request to allocate an additional \$20,700 in project management costs related to Item No. 105 is allowed. Therefore, \$882,405 is eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding and the excess \$303,706 (324,406 - 20,700) is not eligible for funding on this ROPS.
- Item No. 95 – Uptown Apartments Project in the amount of \$1,752,337. It is our understanding that the amount consisted of \$1,416,374 needed for ROPS 15-16A period, and \$335,963 for the ROPS 15-16B period. However during our review, the Agency informed Finance that the amount due for ROPS 15-16A is only \$1,352,538,

which will be funded with ROPS 15-16A RPTTF funding. Since the Agency intends to use the ROPS 15-16A RPTTF funding distributed to pay the payment due by December 2015, a remaining excess RPTTF balance of \$63,836 (1,416,374 - 1,352,538) is available for use during ROPS 15-16B. Therefore, Finance is authorizing the Agency to retain the remaining ROPS 15-16A excess amount received for Item No. 95 as reserves for use during ROPS 15-16B period. Furthermore, The Agency stated that the amount needed for ROPS 15-16B should be \$419,965. As a result, Finance is adjusting requested RPTTF funding to \$356,129 (a decrease of \$1,396,208) and authorizing \$63,836 in Reserve Balance funding, for a total of \$419,965 (356,129 + 63,836) for this ROPS.

- Item No. 196 – Project management costs in the amount of \$50,120 is partially allowed. During our review, the Agency stated only \$29,420 of the requested \$50,120 is necessary for ROPS 15-16B. Therefore, with the Agency's concurrence, RPTTF funding for the item has been reduced by \$20,700.
- Item No. 212 – Business District Assessment funding in the amount of \$1,500. During our review, the Agency stated funding is no longer required for this obligation and it may be retired. Therefore, with the Agency's concurrence, RPTTF funding for the item has been reduced to \$0.
- Item No. 258 – Fruitvale Avenue Streetscape in the amount of \$48,078 in Reserve Balances is not allowed. The Agency stated the project will be completed prior to December 31, 2015 and funding is not needed for the ROPS 15-16B period. Therefore, with the Agency's concurrence, Reserve Balance funding for the item has been reduced to \$0.
- Item No. 259 – 81st Avenue Library in the amount of \$102,907 is not allowed. This item is not an obligation of the Agency. It is our understanding this agreement entered into on June 2, 2008 is between the City of Oakland and NBC General Contractors Corporation, and the former redevelopment agency is not a party to the contract. Therefore, this item is not an enforceable obligation and the requested \$102,907 is not eligible for Reserve Balance funding.
- Item No. 370 – Low and Moderate Income Housing Projects in the amount of \$742,227 is partially allowed. The Agency provided a list identifying the ROPS line items tied to claimed project management costs in the amount of \$795,000. However, the amount of \$40,000 was requested for Cathedral Gardens project which has a total outstanding balance of \$0 on ROPS 15-16B. In addition, the Agency has included \$70,000 for Item No. 371 in their estimate, which is a duplicate request. Therefore, Finance is allowing \$685,000 [795,000-(70,000+40,000)] in RPTTF funding, and the excess \$57,227 is not eligible for funding on this ROPS.
- Item No. 425 – Grant for Façade Improvement in the amount of \$77,500 in Other Funds is not allowed. The Agency stated that the project will be completed prior to December 31, 2015 and funding is not needed for the ROPS 15-16B period. Therefore, with the Agency's concurrence, Other Funds funding for the item has been reduced to \$0.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with

the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part and the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 RPTTF distribution for the reporting period is \$50,672,959 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	51,436,706
Total RPTTF requested for administrative obligations	1,543,101
Total RPTTF requested for obligations on ROPS 15-16B	\$ 52,979,807
RPTTF adjustment to non-administrative obligations	
Item No. 95	(1,396,208)
Total RPTTF requested for non-administrative obligations	50,040,498
<u>Denied Items</u>	
Item No. 54	(303,706)
Item No. 196	(20,700)
Item No. 212	(1,500)
Item No. 370	(57,227)
	(383,133)
Total RPTTF authorized for non-administrative obligations	\$ 49,657,365
Total RPTTF requested for administrative obligations	1,543,101
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(53,380)
Total RPTTF authorized for administrative obligations	\$ 1,489,721
Total RPTTF authorized for obligations	\$ 51,147,086
ROPS 14-15B prior period adjustment	(474,127)
Total RPTTF approved for distribution	\$ 50,672,959

Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	14,625,700
Total RPTTF for 15-16B (January through June 2016)	49,657,365
Total RPTTF for fiscal year 2015-2016	64,283,065
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	1,928,492
Administrative allowance for ROPS 15-16A (July through December 2015)	(438,771)
Remaining administrative cost cap for ROPS 15-16B	1,489,721
ROPS 15-16B administrative obligations after Finance adjustments	(1,543,101)
Administrative costs in excess of the cap	\$ (53,380)

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. 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 Agency in the RPTTF.

Please direct inquiries to Cindie Lor, Supervisor, or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Patrick Lane, Development Manager, City of Oakland
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County