



November 1, 2013

Mr. John Montag, Economic Development & Housing Manager
City of Concord
1950 Parkside Drive
Concord, CA 94519

Dear Mr. Montag:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Concord Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 19, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, 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 for the reasons specified:

- Item No. 7 – Fry's Electronics Inc. (Fry's) Rehabilitation Loan Agreement in the amount of \$50,000. Pursuant to Section 13 of the agreement, the Agency has no obligation to make any disbursement to Fry's unless and until the Agency has received the amount to be paid to Fry's from the City of Concord. Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.
- Item No. 19 – Various property maintenance contracts totaling \$14,000 for the 6-month period, are partially approved. The Agency provided insufficient documentation to support \$7,230 requested for fence repairs. Therefore, of the \$14,000 requested, \$7,230 is not eligible for RPTTF funding on this ROPS.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that are required to be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed available Other Funds totaling \$297,932.

Therefore, with the Agency's concurrence, the funding source for the following items have been reclassified to Other Funds and in the amounts specified below:

- Item No. 6 – Disposition and Development Agreement in the amount of \$6,353,558. The Agency requested \$400,000 of RPTTF; however Finance is reclassifying \$266,412 to Other Funds. This item was determined to be an enforceable obligation for the ROPS 13-14B

period and the Agency had \$266,412 in Other Funds. Therefore, Finance is approving the use of Other Funds in the amount of \$266,412 for this item.

- Item No. 27 – Annual OPEB Unfunded Liability in the amount of \$461,757. The Agency requested \$31,520 of RPTTF; however Finance is reclassifying \$31,520 to Other Funds. This item was determined to be an enforceable obligation for the ROPS 13-14B period. However, the obligation does not require payment from property tax revenues and the Agency has \$31,520 in Other Funds. Therefore, Finance is approving the use of Other Funds in the amount of \$31,520 for this item.

Pursuant to HSC Section 34186 (a), successor agencies were required to report the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment that was self-reported by the Agency. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below includes only the prior period adjustment that was self-reported by the Agency.

Except for items denied in whole or in part as enforceable obligations or for the item that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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 \$6,057,289 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	6,419,465
Total RPTTF requested for administrative obligations	33,621
Total RPTTF requested for obligations	\$ 6,453,086
Total RPTTF requested for non-administrative obligations	6,419,465
<u>Denied Items</u>	
Item No. 7	(50,000)
Item No. 19	(7,230)
	<u>(57,230)</u>
<u>Reclassified Items</u>	
Item No. 6	(266,412)
Item No. 27	(31,520)
	<u>(297,932)</u>
Total RPTTF approved for non-administrative obligations	6,064,303
Total RPTTF approved for administrative obligations	33,621
Self-Reported ROPS III prior period adjustment	(40,635)
Total RPTTF approved for distribution	\$ 6,057,289

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14B_Forms_by_Successor_Agency/).

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, 2014. This determination applies only to items where 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 periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Suzanne McDonald, Interim Finance Operations Manager, City of Concord
Mr. Bob Campbell, Auditor-Controller, Contra Costa County
California State Controller's Office