



May 16, 2014

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

Dear Mr. Montag:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 2, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Concord Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to Finance on February 27, 2014, for the period of July through December 2014. Finance issued a ROPS determination letter on April 2, 2014. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on April 9, 2014.

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 item being disputed, as further discussed below:

Correction to the self-reported prior period adjustment. During the meet and confer, the Agency disputed the prior period adjustment on the ROPS 14-15A. The Agency stated that \$140,029 of the total \$145,367 in prior period adjustment is attributable to administrative costs. During the July through December 2013 ROPS (ROPS 13-14A), the Agency was authorized \$250,000 in administrative cost allowance. However, the Agency only reported spending \$109,971 for the period resulting in a prior period adjustment of \$140,029 (\$250,000 - \$109,971). During the meet and confer, the Agency requested to retain \$140,029 to be able to expend the approved allowance through the end of the 2013-14 fiscal year as permitted by HSC section 34171 (b). The Agency provided documentation that reasonably demonstrates that the entire \$250,000 in approved administrative allowance for the fiscal year will be expended. As such, Finance increased the administrative expenditure for the ROPS 13-14A period by \$140,029. Accordingly, the total prior period adjustment for the ROPS 13-14A has been decreased to \$5,338.

In addition, per Finance's letter dated April 2, 2014, we maintain our determination on the following items not contested by the Agency during the Meet and Confer:

- Item No. 1 – Debt service payment, fiscal agent fees, and debt service reserves totaling \$2,471,089 from Redevelopment Property Tax Trust Fund (RPTTF) and Reserve Balances. It is our understanding the Agency is requesting funds to build debt service

reserves totaling \$1,500,000 for payments due January through June 2015. HSC section 34171 (d) (1) (A) allows successor agencies to hold a reserve for debt service payments when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the *calendar* year. Therefore, of the requested \$2,471,089, the request to fund payments totaling \$1,500,000 due for the first half of the calendar year is not allowed. The portion of this item representing the debt service payment for the ROPS 14-15A period totaling \$849,886 from RPTTF and \$117,003 from Reserve Balances, and fiscal agent fees totaling \$4,200 from RPTTF are enforceable obligations.

- Item No. 5 – State of California HELP Loan repayment in the amount of \$575,000. Pursuant to the Amendment to the California Housing Finance Agency Loan Agreement (Amendment), the outstanding balance on the loan, including daily interest, is approximately \$323,000. While this agreement is an enforceable obligation, the total outstanding obligation and requested amount reported on the ROPS do not agree with the Amendment. As such, the excess of \$52,000 (\$375,000 - \$323,000) is not eligible for RPTTF funding.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the 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 the prior period adjustment self-reported by the Agency, with the following adjustments made by Finance:

- The Agency was authorized to receive \$1,000,000 from RPTTF in the July through December 2013 (ROPS 13-14A) period to hold as a debt service reserve for the January through June 2014 (ROPS 13-14B) period. The Agency's self-reported prior period adjustment includes this amount. Therefore, the prior period adjustment has been corrected for the \$1,000,000 debt service reserve approved for payment in the 13-14B period.

Finance notes that pursuant to HSC section 34183 (a) (2) (A), debt service payments have first priority for payment from distributed RPTTF funding. As such, the additional \$1,000,000 requested to be held in reserve should be transferred upon receipt to the bond trustee(s) along with any amounts approved for debt service payments prior to making any other payments on approved ROPS items.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 14-15A. The Agency's maximum approved RPTTF distribution for the reporting period is \$2,008,709 as summarized below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	3,418,372
Total RPTTF requested for administrative obligations	147,675
<b>Total RPTTF requested for obligations</b>	<b>\$ 3,566,047</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>3,418,372</b>
<u>Denied Items</u>	
Item No. 1	(1,500,000)
Item No. 5	(52,000)
	(1,552,000)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 1,866,372</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 147,675</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 2,014,047</b>
Self-reported ROPS 13-14A prior period adjustment (PPA)	(1,005,338)
Finance adjustment to ROPS 13-14A PPA	1,000,000
Total ROPS 13-14A PPA	(5,338)
<b>Total RPTTF approved for distribution</b>	<b>\$ 2,008,709</b>

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies 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 section 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.

Mr. John Montagh  
May 16, 2014  
Page 4

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, 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