



November 13, 2015

Mr. Kerry Breen, Assistant Director of Administrative Services
City of Brentwood
150 City Park Way
Brentwood, CA 94513

Dear Mr. Breen:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Brentwood 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 1, 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 Nos. 34 through 36 – City Loans totaling \$554,466 are not allowed. The Agency requests funding to reimburse the City for loans used to finance litigation costs incurred by the Agency against Finance.

Pursuant to HSC section 34173 (h), the City may loan or grant funds to the Agency for administrative costs, enforceable obligations, or project related expenses at the City's discretion, but the receipt and use of the funds must be reflected on the ROPS.

Oversight Board Resolution (OB) No. 2015-03, authorizing the acceptance of a loan from the City for litigation related expenses and cash flow needs between ROPS periods, and authorizing the Agency Executive Director to execute a Loan Agreement and Promissory Note, and to take actions necessary to effectuate the intent including placing the Loan Agreement and uses of the loan proceeds on the ROPS was denied in our letter dated October 2, 2015. Finance denied the OB action because the proceeds of the intended loan will be used to finance obligations that are the responsibility of the City, and the Agency failed to obtain approval for these items on a ROPS. Therefore, these line items are not enforceable obligations and are not eligible for RPTTF funding.

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). Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part, 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 \$1,551,567 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	1,981,628
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 2,106,628
Total RPTTF requested for non-administrative obligations	1,981,628
<u>Denied Items</u>	
Item No. 34	(194,760)
Item No. 35	(159,706)
Item No. 36	(200,000)
	(554,466)
Total RPTTF authorized for non-administrative obligations	\$ 1,427,162
Total RPTTF requested for administrative obligations	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 1,552,162
ROPS 14-15B prior period adjustment	(595)
Total RPTTF approved for distribution	\$ 1,551,567

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 Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Michelle Hamblin, Financial Services Manager, City of Brentwood
Mr. Bob Campbell, Auditor-Controller, Contra Costa County