



December 17, 2015

Mr. Andrew Murray, Assistant City Manager
City of Pleasant Hill
100 Gregory Lane
Pleasant Hill, CA 94523

Dear Mr. Murray:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 12, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Pleasant Hill Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on October 1, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 12, 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 24, 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. 2 – Pleasant Hill Downtown CFD #1 Bonds debt service payment in the amount of \$124,592 was adjusted. Finance no longer adjusts this item. Finance initially adjusted this item because the debt service schedule included in the Official Statement showed that the amount due this ROPS period is \$108,763 and the Agency provided an amortization schedule showing the amount due this ROPS period is \$124,592. During the Meet and Confer process, the Agency provided the correct debt service schedule from the OS showing the total payment due in 2016 is \$464,185 and the amount requested is half of the interest for the year ($\$124,592 = \$249,185 / 2$). Therefore, Finance approves \$124,592 from the Redevelopment Property Tax Trust Fund (RPTTF).
- Item No. 3 – Downtown Pleasant Hill in the amount of \$500,000 was not allowed. Finance no longer denies this item. Finance initially denied this item because the Agency was unable to provide adequate documentation to support the amount claimed. During the Meet and Confer process, the Agency provided the estimated payment calculations for this item. Therefore, Finance approves \$500,000 from the RPTTF for this item.
- Item No. 5 – Friedman's @ Crossroads Shopping Center in the amount of \$179,226 was partially allowed. Finance no longer adjusts this item. Finance initially adjusted this item

because only \$139,248 was supported by the payment schedules provided by the Agency. During the Meet and Confer process, the Agency provided the updated calculations for the payment due on this item. Therefore, Finance approves \$179,226 from the RPTTF for this item.

- Item No. 6 – Gallery Walk Townhomes in the amount of \$249,596 was partially allowed. Finance continues to partially allow this item. Finance initially adjusted this item because only \$162,715 was supported by the payment schedules provided by the Agency. During the Meet and Confer process, the Agency provided the updated calculations for the payment due on this item in the amount of \$207,139. Therefore, Finance denies \$42,457 (\$249,596 - \$207,139) of this item and approves \$207,139 from the RPTTF.

In addition, per Finance's letter dated November 12, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 10 – Low and Moderate Income Fund Housing Loan for the 2009-10 Supplemental Educational Revenue Augmentation Fund in the amount of \$909,040 requested for ROPS 15-16B and total outstanding amount of \$1,906,348 is not allowed.

HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base. Further, HSC section 34171 (d) (1) (G) requires the Oversight Board (OB) to approve a repayment schedule for the repayment of the amounts borrowed. No OB approving the repayment schedule has been submitted. Once the OB approves the loan and loan repayment schedule, and the corresponding OB action is approved by Finance, the Agency may request funding for this item on future ROPS.

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 or the items that have 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 \$1,276,876 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	2,127,598
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 2,252,598
Total RPTTF requested for non-administrative obligations	2,127,598
<u>Denied Items</u>	
Item No. 6	(42,457)
Item No. 10	(909,040)
	(951,497)
Total RPTTF authorized for non-administrative obligations	\$ 1,176,101
Total RPTTF requested for administrative obligations	125,000
Administrative costs in excess of the cap (see Admin Cost Cap table below)	0
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 1,301,101
ROPS 14-15B prior period adjustment	(24,225)
Total RPTTF approved for distribution	\$ 1,276,876

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.

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

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Mary McCarthy, Finance Manager, City of Pleasant Hill
Mr. Bob Campbell, Auditor-Controller, Contra Costa County