



April 6, 2016

Ms. Dawn Merchant, Finance Director
City of Antioch
P.O. Box 5007
Antioch, CA 94531

Dear Ms. Merchant:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Antioch Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 28, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item No. 15 –Housing Fund Deficit loan repayment for purposes of the Supplemental Educational Revenue Augmentation Fund has been adjusted. The Agency originally requested \$405,741 for this item. 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 year.

According to the Contra Costa County Auditor-Controller's report, the amounts distributed to the taxing entities for the base fiscal year 2012-13 and the comparison fiscal year is \$1,498,954 and \$2,678,406, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for fiscal year 2016-17 is \$589,726. Therefore, with the Agency's request, Finance increased this item by \$183,985, for a total of \$589,726.

- Item No. 16 – Markley Creek Culvert Crossing Project (Project), Pre-2011 Bond Funded Project in the total outstanding obligation amount of \$1,000,000 is not allowed. The Agency received a Finding of Completion on December 11, 2015, and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. Prior to dissolution, the former Redevelopment Agency (RDA) transferred \$1,000,000 from the 2002 Lease Revenue Bonds, Series A, to the City of Antioch (City) for the Project. However, these bond proceeds were part of an unallowable transfer as determined in the California State Controller's Office (SCO) Asset Transfer Review. The SCO ordered the City to transfer back the bond proceeds to the Agency, but it is our understanding the City spent the

bond proceeds on the Project, and at this time, the Agency is seeking retroactive approval for the transfer of the 2002 bond proceeds.

Pursuant to HSC section 34177 (C) (3), the ROPS schedule shall be forward looking to the next six months or one year, as applicable. In this case, the transfer, or expenditure, of the 2002 bond proceeds is not an enforceable obligation. Therefore, the Agency's request for retroactive approval of \$1,000,000 in 2002 bond proceeds transferred to the City is not allowed.

- Item No. 17 – Property Maintenance in the total outstanding obligation amount of \$151,656 is not allowed. Finance approved the Agency's Long-Range Property Management Plan December 30, 2015. Of the 12 properties identified on the LRPMP, eleven were transferred to the City, and two currently remain with the Agency pending sale. The Agency provided an agreement for private security services. However, this agreement is insufficient to support the amount requested; the agreement does not identify property addresses. To the extent the Agency can provide sufficient documentation to support the amount requested, such as vendor invoices or contracts by property, this item may be eligible for funding on future ROPS. Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.

Except for the items denied in whole, or adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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/

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (I) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,598,214 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to

HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

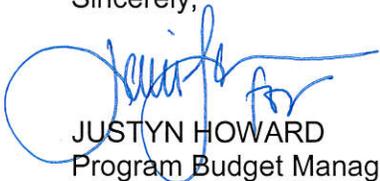
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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: Mr. Steve Duran, City Manager, City of Antioch
Mr. Bob Campbell, Auditor-Controller, Contra Costa County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 2,384,376	\$ 1,081,509	\$ 3,465,885
Requested Administrative RPTTF	50,000	50,000	100,000
Total RPTTF requested for obligations on ROPS 16-17	2,434,376	1,131,509	\$ 3,565,885
Adjustment to Agency Requested RPTTF			
Item No. 15	183,985	0	183,985
Total RPTTF adjustments	183,985	0	\$ 183,985
Total RPTTF requested	2,568,361	1,081,509	3,649,870
<u>Denied Item</u>			
Item No. 17	(75,828)	(75,828)	(151,656)
Total RPTTF authorized	2,492,533	1,005,681	\$ 3,498,214
Total Administrative RPTTF authorized	50,000	50,000	\$ 100,000
Total RPTTF approved for distribution	2,542,533	1,055,681	\$ 3,598,214