



April 12, 2016

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

Dear Mr. Breen:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Brentwood Successor Agency (Agency) submitted a 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 25, 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. 4 – Bond Debt Service Processing Fees in the amount of \$69,840 are not allowed. It is our understanding this line item relates to City of Brentwood (City) staff time in relation to the administration of bond debt service processing. However, routine debt service processing is considered a general administrative task, covered by the Agency's Administrative Cost Allowance pursuant to HSC section 34171 (b). Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding in the amount of \$2,910.
- Item No. 27 – Bond Trustee Fees in the amount of \$4,700 have been adjusted. The Agency confirmed that there are currently no trustee fees requiring payment. Therefore, with the Agency's concurrence, the requested RPTTF funding of \$200 has been adjusted to zero.
- Item Nos. 37 through 41 – Various City Infrastructure Loans in the total outstanding amount of \$15,476,371 are not allowed. Pursuant to HSC section 34191.4 (b) (2) (C) (i), an agreement between a former redevelopment agency (RDA) and the sponsoring entity under which the sponsoring entity contracted with a third party on behalf of the former RDA for the development of infrastructure in connection with a redevelopment project as identified in a redevelopment project plan, and the former RDA was obligated to reimburse the sponsoring entity for payments made to the third party, shall be deemed an enforceable obligation.

The Agency submitted Oversight Board Resolution No. 2016-01, finding that five loan agreements between the City and the former RDA were made for legitimate redevelopment purposes, and approving reinstatement of the loan agreements as enforceable obligations pursuant to HSC section 34191.4. However, Finance denied the OB action in our letter dated March 2, 2016 because the Public Improvements Agreements (PIA) provided do not indicate the City will enter into contracts on behalf of the former RDA. Further, the various contracts between the City and the third parties predated the PIAs. Therefore, these agreements are not enforceable obligations. Therefore, although the Agency requested \$1,250,000 for Item No. 39, it is not eligible for RPTTF funding.

- Item No. 42 – Use of 2009 Bond Proceeds for the Community Center in the amount of \$4,153,422 are not allowed. Finance directed the Agency to recover Bond Proceeds transferred to the City during the Other Funds and Accounts Due Diligence Review. It is our understanding the item has been placed on the ROPS to obtain retroactive spending authority. Additionally, it is our understanding the City has already expended these Bond Proceeds, and funds will not be returned to the Agency. Therefore, pursuant to HSC 34171 (d) (1), this item does not meet the definition of an enforceable obligation, and the request for retroactive spending authority is not granted on this ROPS.

Except for the items denied in whole or in part, 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/](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 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,709,952 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:

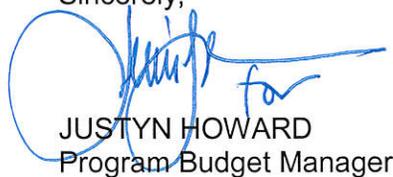
<http://www.dof.ca.gov/redevelopment/ROPS>

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: Ms. Sonia Tonkel, Accountant II, City of Brentwood  
Mr. Bob Campbell, Auditor-Controller, Contra Costa County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 2,075,250	\$ 1,637,812	\$ 3,713,062
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total Requested RPTTF on ROPS 16-17</b>	<b>\$ 2,200,250</b>	<b>\$ 1,762,812</b>	<b>\$ 3,963,062</b>
<b>Total RPTTF Requested</b>	<b>2,075,250</b>	<b>1,637,812</b>	<b>3,713,062</b>
<u>Denied Items</u>			
Item No. 4	(1,455)	(1,455)	(2,910)
Item No. 27	(100)	(100)	(200)
Item No. 39	(400,000)	(850,000)	(1,250,000)
<b>Total RPTTF authorized</b>	<b>1,673,695</b>	<b>786,257</b>	<b>\$ 2,459,952</b>
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>1,798,695</b>	<b>911,257</b>	<b>\$ 2,709,952</b>