DEPARTMENT OF FINANCE

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915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

REVISED

September 30, 2016

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

Subject: Recognized Obligation Payment Schedule Determination

Dear Ms. Merchant:

This letter, in conjunction with the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated August 26, 2016, supersedes Finance's May 11, 2012 ROPS determination letter for the period January through June 2012 (ROPS I) and July through December 2012 (ROPS II).

Our August 26, 2016 ROPS determination was issued in accordance with the peremptory writ of mandate issued in Sacramento County Superior Court Case No. 34-2015-80002092, which required Finance to set aside our determination that the 2002 modified loan agreement between the California Department of Boating and Waterways (DBW), the City of Antioch (City), and the former Redevelopment Agency of the City of Antioch (former RDA) is not an enforceable obligation because it is not in writing and was never executed.

Based on the City, former RDA, and DBW's course of conduct and 2002 reports by the City and DBW, Finance determined that the City, former RDA, and DBW agreed that, as a condition to modify the loan agreement, the former RDA would pay $2,500,000 in redevelopment funds to the City (Condition to Modify Loan). As a result, Finance denied a portion of the Agency's January 2012 funding request because the request exceeded the amounts owed. The Agency disagreed with Finance's August 26, 2016 ROPS determination and requested a Meet and Confer session that was held on September 21, 2016.

Based on a review of additional information and documentation provided during the Meet and Confer session, the determination noted in our August 26, 2016 ROPS determination letter remains unchanged as discussed below:

> While Finance no longer denies the Condition to Modify Loan, identified as Item No. 8, page 1 for ROPS I and Item No. 7, page 1 for ROPS II as an enforceable obligation, as more specifically explained in Finance's Other Funds and Accounts Due Diligence Review (OFA DDR) determination letters dated August 26, 2016 and September 30, 2016, respectively, the total debt owed by the former RDA under the loan modification is only $2,500,000, not $4,500,000.

The Agency requested $250,000 to make a January 2012 loan repayment. However, as of January 2012 the former RDA was only required to make a payment of $187,500 to the City under the Condition to Modify Loan. This amount is derived from the regularly scheduled quarterly payment due in January 2012 combined with two past due quarterly payments for July 2011 and October 2011. As a result, Finance continues to deny $62,500 of the requested amount for January 2012, and approves $187,500.

Since the ROPS I distribution has already been distributed; the Agency should add a new line item on the upcoming ROPS for the period July 1, 2017 through June 30, 2018 (ROPS 17-18) to request the $187,500. As stated in our September 30, 2016 OFA DDR Meet and Confer determination letter, this $187,500 request is part of the $250,000 adjustment approved to be listed on the ROPS 17-18, and the total request should not exceed $250,000. Additionally, to the extent the Agency has past-due unpaid regularly scheduled payments required under the loan modification, the Agency may request funding for these past due amounts on the original ROPS line item for this obligation, however, such request cannot result in total payments for this obligation exceeding $2,500,000.

As stated in our May 11, 2012 ROPS I letter, the following determination still applies:

Item 5, page 1, period January through June 2012 and item 5, page 1, period July through December 2012 is a repayment for housing fund for $3,500,000. The repayment is for deferred amounts, not a loan with the Low and Moderate Income Housing Fund. This requirement ended with the passing of the redevelopment dissolution legislation.

Please direct inquiries to Kylie Oltmann, Supervisor or Nicole Prisakar, Analyst at (916) 445-1546.

Sincerely,

for

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Steve Duran, City Manager, City of Antioch
Mr. Bob Campbell, Auditor-Controller, Contra Costa County