DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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December 18, 2012

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

Dear Ms. Merchant:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 5, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Antioch Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 21, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 5, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on October 22, 2012.

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 item being disputed.

- Item No. 12 – Administrative costs in the amount of 125,000. For the ROPS II period, the Agency requested $125,000; however, only $10,527 was distributed by the County Auditor-Controller. The Agency is entitled to $250,000 per fiscal year for administrative costs; therefore, Finance has adjusted the administrative costs for the ROPS III period to $239,473. This amount includes $10,000 in reclassified items not contested by the Agency and as noted in Finance's October 5, 2012 letter and in the table below.

In addition, per Finance's ROPS letter dated October 5, 2012, the following items continue to be denied and were not contested by the Agency:

- Item No. 13(b) – Badawi & Associates, CPA's, contract in the amount of $12,000. Finance continues to reclassify this item.

- Item No. 7 – Marina Subsidy in the amount of $4.5 million. HSC 34163 (b) prohibits new or amended contracts after June 27, 2011. There is no contract currently in place; therefore, this line item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF).

The Agency's maximum approved RPTTF distribution for the reporting period is $1,328,171 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	1,098,698
Less: Six-month total for item(s) denied or reclassified as administrative cost		
Item No. 7*		0
Item No. 13**		10,000
Total approved RPTTF for enforceable obligations	$	1,088,698
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		239,473
Total RPTTF approved:	$	1,328,171

* No RPTTF requested for the reporting period
**Reclassified as administrative cost

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Lynn Tracy Nerland, City Attorney
Bob Campbell, Auditor-Controller, Contra Costa County
California State Controller's Office