



December 18, 2012

Ms. Tina Olson, Finance Director
City of Pittsburg
65 Civic Avenue
Pittsburg, CA 94565

Dear Ms. Olson:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 6, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Pittsburg Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 23, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 6, 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 November 2, 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 items being disputed.

- Items Nos. 8 through 11 – Housing Set Aside Tax Allocation Bonds totaling \$25.4 million. Finance no longer objects to these items. Finance denied these items as enforceable obligations as the requirement to set aside 20 percent of redevelopment tax increment for low and moderate income housing purposes ended with the passing of redevelopment dissolution legislation. The Low and Moderate Income Housing Fund (LMIHF) were encumbered to pay for these bonds and related debt service should be paid from the LMIHF. The Agency contends the items are enforceable obligations for payment with Redevelopment Property Tax Trust Fund (RPTTF) because the LMIHF currently has a fund balance of \$147,105 which will be used to pay debt service related expenses associated with the ROPS II. The Agency asserts that by January 1, 2013, there will be no fund balance in LMIHF available to make Housing Set-aside Bonds debt service for ROPS III. The Agency provided the available balances for the funds and there is insufficient funding available to make the upcoming bond payments during the ROPS period. Finance agrees and therefore, these items are enforceable obligations to be paid from RPTTF.

In addition, per Finance's Recognized Obligation Payment Schedule letter dated October 6, 2012, the following items were denied:

- Item No. 13 – Bank of New York Mellon Trust Company debt service fiscal agent fees for 2004A Tax Allocation Bonds in the amount of \$198,699. The ROPS II and ROPS III

indicate \$34,000 due for the fiscal year for this line item. Of this amount, \$6,500 was requested on ROPS II. The balance to be requested on ROPS III should have been \$27,500. Only \$27,500 of the requested \$198,699 should be considered an enforceable obligation and eligible for RPTTF funding.

- Item No. 24 – Bank of New York Mellon Trust Company debt service fiscal agent fees for 1993B Tax Allocation Bonds in the amount of \$8,000. When the 2006 Series C Subordinate Tax Allocation Bonds were issued, the bond proceeds were used to refund, on an advance basis, the Agency’s outstanding Los Medanos Development Project Tax Allocation Bonds, Series 1993B. Consequently, the 1993B Tax Allocation Bonds were defeased on November 29, 2006 according to the City of Pittsburg’s Comprehensive Annual Financial Report. Therefore, this line item is not an enforceable obligation and is not eligible for RPTTF funding.

The Agency’s maximum approved RPTTF distribution for the reporting period is: \$20,645,231 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 20,847,930
Less: Six-month total for items denied	
Item 13	198,699
Item 24	4,000
Total approved RPTTF for enforceable obligations	\$ 20,645,231
Plus: Allowable RPTTF distribution for administrative cost for ROPS III*	0
Total RPTTF approved:	\$ 20,645,231

* No administrative cost requested for the reporting period

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.

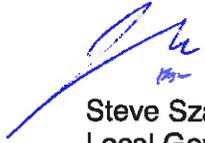
The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited 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.

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Please direct inquiries to Evelyn Sues, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



Steve Szalay
Local Government Consultant

cc: Ms. Maria Aliotti, Redevelopment Manager, City of Pittsburg
Mr. Bob Campbell, Auditor-Controller, Contra Costa County
California State Controller's Office