



May 17, 2013

Mr. Kerry Breen, Assistant Finance Director  
City of Brentwood Successor Agency  
150 City Park Way  
Brentwood, CA 94513

Dear Mr. Breen:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 13, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Brentwood Successor Agency (Agency) submitted a ROPS 13-14A to Finance on February 28, 2013 for the period of July through December 2013. 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 May 7, 2013.

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 items being disputed.

- Item Nos. 13 and 14 – City Park Project and Community Center Project totaling \$899,826 and \$1,562,530, respectively. Finance continues to deny these items. The public improvement agreements specific to each of these obligations between the former redevelopment agency (RDA) and City of Brentwood were entered into after the first two years of the former RDA's creation, and are not associated with the issuance of debt. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the RDA and the former RDA are not enforceable unless issued within two years of the RDA's creation date, or for issuance of indebtedness to third-party investors or bondholders. Therefore, these line items are not enforceable obligations at this time.

Upon receiving a Finding of Completion from Finance, and after the oversight board makes a finding the loan was a legitimate redevelopment purposes, HSC section 34191.4 (d) may cause these items to be enforceable in future ROPS periods.

- Item Nos. 24 and 25 – Legal Services for the Oversight Board and Accrued Employee Benefits for former RDA employees totaling \$15,000 and \$9,142, respectively. Finance originally reclassified these items as administrative costs.

The Agency contends the items are enforceable obligations because they include payments for legal expenses for the oversight board, and payments of the balance of

employee benefits of the former RDA employees. The following categories are specifically excluded from the administrative cap as defined by HSC section 34171 (b):

- Any litigation expenses related to assets or obligations.
- Settlements and judgments.
- The costs of maintaining assets prior to disposition.
- Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs.

Finance no longer reclassifies Item No. 25 in the amount of \$9,142 as an administrative cost. The Agency has provided documentation reflecting that this is a cost incurred to fulfill collective bargaining agreements for layoffs or terminations of the former RDA employees. Therefore, under HSC section 34171 (d) (1) (C) this is an allowable expense, and eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

However, Item No. 24 does not fall into any of the categories specifically excluded from the administrative cap. Item No. 24 in the amount of \$7,500 is for general legal services provided for the oversight board and is not in connection with litigation expenses. Therefore, this item continues to be reclassified as administrative costs.

In addition, per Finance's ROPS letter dated April 13, 2013, the following item continues to be reclassified as an administrative cost and was not contested by the Agency:

- Item No. 6 – Contracts for Administration of Agency in the amount of \$12,500. This is considered a general administrative cost and has been reclassified.

With the addition of Item No. 25 as an enforceable obligation, and continued reclassification of Items No. 4 and 24, the administrative cost has been revised to \$210,604.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. 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 July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on 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 denied on this ROPS or a preceding ROPS.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,803,349 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 2,109,396
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 6*	12,500
Item 13	321,651
Item 14	175,000
Item 24*	7,500
Total approved RPTTF for enforceable obligations	\$ 1,592,745
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	210,604
Minus: ROPS II prior period adjustment	-
<b>Total RPTTF approved for distribution:</b>	<b>\$ 1,803,349</b>

\*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. The amount of RPTTF approved in the above table includes the prior period adjustment that was self-reported by the Agency. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the above table includes only the prior period adjustment that was self-reported by the Agency.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B)

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requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Michelle Hamblin, Business Services Manager, City of Brentwood  
Mr. Bob Campbell, Auditor-Controller, County of Contra Costa  
California State Controller's Office