

May 17, 2013

Mr. John Montag, Economic Development & Housing Manager
City of Concord
1950 Parkside Drive
Concord, CA 94519

Dear Mr. Montag:

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 14, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Concord Successor Agency (Agency) submitted a ROPS 13-14A to Finance on March 1, 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 April 24, 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 item being disputed.

- Item Nos. 2 and 3 – 1993 and 2001 Lease Revenue Bonds totaling \$7,891,464. Finance is no longer denying these items. Finance initially denied these items because it was our understanding these items were secured solely by revenues from base rental payments to be received by the City of Concord Joint Powers Financing Authority (CJPFA) from the City of Concord (City). During the Meet and Confer process, the Agency provided the Reimbursement Agreements for both items. Upon review of the documentation provided by the Agency, the reimbursement agreement was entered into at the time of issuance of the 1993 and 2001 bonds and solely for the purpose of securing or repaying the indebtedness obligation. Therefore, these items are enforceable obligations and eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 4 – 2010 Refunding Lease Agreement in the amount of \$3,520,024. Finance is no longer denying this item. Finance initially denied this item because the agreement is between the City and the CJPFA. During the Meet and Confer process, the Agency provided the Joint Exercise of Powers Agreement indicating the CJPFA was created by and between the City and the Agency. It is also our understanding the refunding lease partially refinanced the 1993 bonds. Upon review of the documentation provided by the Agency, the amended reimbursement agreement, assignment of lease and certificate of assignee, all dated June 1, 2010 was entered into at the time of issuance and solely for the purpose of securing or repaying the indebtedness obligation. Therefore, this item is an enforceable obligation and eligible for RPTTF funding.

In addition, per Finance's ROPS letter dated April 14, 2013, the following items continue to be denied and were not contested by the Agency:

- Item No. 10 – Art in Public Places Project in the amount of \$221,592, payable from bond proceeds, is not an enforceable obligation at this time. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. It is our understanding that the contract for this line item has not yet been awarded. Pursuant to HSC section 34191.4 (c), your request to use bond funds for this obligation may be allowable once the Agency receives a Finding of Completion from Finance and if the bond proceeds requested for use were derived from bonds issued prior to January 1, 2011.
- Item No. 13 – Existing Affordable Housing Obligations in the amount of \$1,481,601. These administrative contracts for legal and financial consultant services are obligations of the housing entity. HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the City assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding on the ROPS.
- Claimed administrative costs exceed the allowance by \$45,451. HSC section 34171 (b) limits fiscal year 2013-2014 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$250,000 in administrative expenses. Although \$295,451 is claimed for administrative cost, Item No. 12, for Existing Non-Housing obligations in the amount of \$142,556, is considered an administrative expense and should be counted toward the cap. Therefore, \$45,451 of excess administrative cost is not allowed.

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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$2,592,572 as summarized below:

Approved RPTTF Distribution Amount For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 3,044,565
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 12*	5,000
Item 13	5,000
Total approved RPTTF for enforceable obligations	\$ 3,034,565
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	250,000
Minus: ROPS II prior period adjustment	(691,993)
Total RPTTF approved for distribution:	\$ 2,592,572

*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. 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. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

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

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Please direct inquiries to Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Carole Wilson, Finance Operations Manager, City of Concord
Mr. Bob Campbell, Auditor-Controller, County of Contra Costa
California State Controller's Office