



April 11, 2014

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

Dear Ms. Olson:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Pittsburg Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 27, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following does not qualify as enforceable obligations for the reasons specified:

- Item No. 17 – 2004A Tax Allocation Bond in the amount of \$27,780,308. Although the Agency requested \$1,138,722, only \$1,081,053 is required for the ROPS 14-15A period. Therefore, with the Agency's concurrence, Finance has adjusted the amount by \$57,669 (\$1,138,722-\$1,081,053) to \$1,081,053.
- Item Nos. 82 through 88, 90, 91, and 93 through 103 – Various Subordinated Pass-Through Payments totaling \$12,510,906. Based on a review of the Settlement & Release Agreement (Agreement) entered into on December 16, 2013 by and among the Pittsburg Unified School District, the City of Pittsburg, the Agency, and the Contra Costa Auditor-Controller (Auditor-Controller), when sufficient funds are available, the Auditor-Controller will pay previously subordinated passthrough payments. Further, Agreement states the Agency shall list on each ROPS, in the event Finance disapproves, the Agency shall have no further obligation to list on the ROPS. Additionally, pursuant to HSC section 34183 (a) (1), the County Auditor-Controller (CAC) will make the required pass-through payments starting with the July through December 2012 ROPS. Therefore, these items are not eligible for funding on the ROPS.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies 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 table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for items denied in whole or in part as enforceable obligations or for items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$57,635,388 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	70,156,163
Total RPTTF requested for administrative obligations	47,800
Total Requested RPTTF	\$ 70,203,963
Total RPTTF requested for non-administrative obligations	70,156,163
<u>Denied Items</u>	
Item No. 17	(57,669)
Item No. 82	(2,421,746)
Item No. 83	(124,870)
Item No. 84	(2,763,171)
Item No. 85	(23,808)
Item No. 86	(609)
Item No. 87	(276)
Item No. 88	(80,019)
Item No. 90	(56,055)
Item No. 91	(30,399)
Item No. 93	(1,867)
Item No. 94	(10,767)
Item No. 95	(3,140)
Item No. 96	(998,325)
Item No. 97	(330,993)
Item No. 98	(203,308)
Item No. 99	(203,826)
Item No. 100	(235,644)
Item No. 101	(3,713,650)
Item No. 102	(1,278,084)
Item No. 103	(30,349)
	(12,568,575)
Total RPTTF authorized for non-administrative obligations	\$ 57,587,588
Total RPTTF authorized for administrative obligations	\$ 47,800
Total RPTTF funding for obligations	\$ 57,635,388
Total ROPS 13-14A PPA	0
Total RPTTF approved for distribution	\$ 57,635,388

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 14-15A review, Finance

requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 14-15A review period to properly identify the Agency's fund balances. If it is determined the Agency possesses fund balances that are available to pay approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15B.

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. 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 section 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 HSC section 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.

Please direct inquiries to Nichelle Thomas, Supervisor or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

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