

CITY OF BRENTWOOD
Oversight Board
Terrace View Room – 2nd floor
Brentwood City Hall
150 City Park Way
Brentwood, CA 94513

Pursuant to Section 54956 of the California Government Code,
a special meeting of the Brentwood Oversight Board is hereby called for:
Monday, February 23, 2015
4:00 p.m.

Oversight Board Members:

Bill Hill, Chair
Steve Barr
Bob Brockman
Pam Ehler

Brian Swisher, Vice Chair
Kevin Horan
Eric Volta

MEETING AGENDA

1. Call to Order
2. Public Comment – *At this time the public is permitted to address the Board on items that are **not** on the agenda. Persons addressing the Board are required to limit their remarks to five (5) minutes unless an extension of time is granted by the Board.*
3. Approval of minutes from September 17, 2014
4. Consideration of the Administrative Budget and Recognized Obligation Payment Schedule (ROPS) 15-16A for July 1, 2015 to December 31, 2015 and authorizing the City Manager, Assistant Finance Director and/or their designees, in consultation with legal counsel, to make minor adjustments thereto as necessary to secure approval of the ROPS and Administrative Budget by the State Department of Finance and to submit the ROPS to the entities required pursuant to the Health and Safety Code. (G. Vina/K. Breen)
5. A Resolution of the City of Brentwood approving a loan from the City to the Successor Agency to the Brentwood Redevelopment Agency to cover cash flow needs between ROPS periods. (G. Vina/K. Breen)
6. Suggestions for future agenda items
7. Adjournment

Dated: February 19, 2015

NOTICE

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact the City Clerk's Office at (925) 516-5440 or fax (925) 516-5441. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II}

POSTING STATEMENT

On **February 19, 2015** a true and correct copy of this agenda was posted on the City Hall Bulletin Board, outside City Hall, 150 City Park Way, Brentwood, CA 94513.



**Oversight Board
Special Meeting Minutes**
September 17, 2014
Brentwood City Hall
Terrace View Conference Room

Present: Steve Barr, Pam Ehler, Bill Hill, Brian Swisher
Absent: Bob Brockman, Kevin Horan, Eric Volta

1. Call to Order – Brian Swisher called the meeting to order at 4:32 p.m.
2. Public Comment – None.
3. Consideration of minutes from February 26, 2014 – M/S/C/U (Swisher/Barr) to approve the minutes from the February 26, 2014 meeting. 4-0-3 (Brockman, Horan and Volta absent)
4. A Resolution of the Brentwood Oversight Board Approving the Recognized Obligation Payment Schedule ("ROPS") and Administrative Budget for January – June 2015

Assistant Finance Director Kerry Breen explained the expenses included in the January – June 2015 ROPS. He mentioned that the amounts previously denied by the State, and currently under litigation are kept on the ROPS as placeholders until the litigation is decided. He stated the matter is currently on appeal and it will likely not be decided until sometime in 2015. He continued that the remaining increment will be distributed to the other taxing entities and he walked the Committee through the remainder of the ROPS.

Brian Swisher asked a question about the future responsibility of the Committee. Kerry Breen responded that the Successor Agency would be limited in the actions it could take until after the Successor Agency received a finding of completion from the State. The finding of completion will not be received until the litigation is resolved. Once the City receives the finding of completion, the property management plan will be developed. At that time a determination will be made as to the status of the properties in question. It was announced that the legislation includes a provision that the Oversight Board will be re-organized into a Countywide Board in July of 2016.

M/S/C/U (Swisher/Barr) to adopt the resolution approving the January – June 2015 ROPS 4-0-3 (Brockman, Horan, Volta absent)

5. Suggestions for future agenda items –The next regular meeting is scheduled for October 15, 2014. If there are no agenda items, the meeting will be cancelled. Staff reported that the next ROPS would likely be coming to the Board in February of 2015 and there may not be a need for another meeting until then.
6. The meeting was adjourned at 4:50 p.m.

CITY OF BRENTWOOD OVERSIGHT BOARD

Meeting Date: February 23, 2015

Subject/Title: Consideration of the Administrative Budget and Recognized Obligation Payment Schedule (ROPS) 15-16A for July 1, 2015 to December 31, 2015 and authorizing the City Manager, Assistant Finance Director and/or their designees, in consultation with legal counsel, to make minor adjustments thereto as necessary to secure approval of the ROPS and Administrative Budget by the State Department of Finance and to submit the ROPS to the entities required pursuant to the Health and Safety Code

Submitted by: Kerry Breen, Assistant Finance Director

Approved by: Gus Vina, City Manager

RECOMMENDATION

Adopt a Resolution approving the Administrative Budget and Recognized Obligation Payment Schedule (ROPS) 15-16A for July 1, 2015 to December 31, 2015 and authorizing the City Manager, Assistant Finance Director and/or their designees, in consultation with legal counsel, to make minor adjustments thereto as necessary to secure approval of the ROPS and Administrative Budget by the State Department of Finance and to submit the ROPS to the entities required pursuant to the Health and Safety Code.

PREVIOUS ACTION

On February 26, 2014, the City of Brentwood Oversight Board adopted Resolution 2014-01 approving the Administrative Budget and the ROPS of the Successor Agency of the City of Brentwood for the period of July 1, 2014 - December 31, 2014 (ROPS 14-15A).

On September 17, 2014, the City of Brentwood Oversight Board adopted Resolution 2014-02 approving the Administrative Budget and the ROPS of the Successor Agency of the City of Brentwood for the period of January 1, 2015 – June 30, 2015 (ROPS 14-15B).

BACKGROUND

By law, a Successor Agency is required to prepare a forward looking Recognized Obligation Payment Schedule (ROPS) which covers six months of Successor Agency financial obligations, commonly referred to as “Enforceable Obligations”. A Successor Agency may expend funds only for items on an approved ROPS. The ROPS presented for consideration this evening covers the July – December 2015 time period.

Should the ROPS be approved by the Oversight Board this afternoon it will then be submitted to the State Department of Finance (DOF) for their review and approval. In the event of a dispute between the Successor Agency and the DOF regarding a line item on the ROPS the Successor Agency may request an additional review by the DOF and has the opportunity to meet and confer on disputed items. The decision made by the DOF following a meet and confer session is considered the final administrative appeal, with litigation being the only means of settling any unresolved disputes following meet and confer sessions.

The DOF prescribes the method and form requirements for the ROPS, and has established a template which has remained similar for the past several ROPS. The DOF’s reporting application (Redevelopment Agency Dissolution Web Application or “RAD App”) allows

agencies to validate a ROPS through their online portal prior to bringing it to the Oversight Board for approval, thus reducing the risks that the DOF may invalidate a ROPS due to an administrative or technical error after submission. In addition, the RAD App maintains a continuous numbering system for each enforceable obligation so that a single enforceable obligation will always be referred to by the same reference number throughout the entirety of all future ROPS reports. The reporting template includes the following five interlinked reporting pages:

- Summary Page, which summarizes funding request totals from the ROPS line item detail pages, prior period adjustment pages, and changes from the County Auditor Controller;
- Cash Balance Page, which summarizes the amount of any excess funds available through a reconciliation of any unspent proceeds remaining from the ROPS 13-14B (July 1, 2014 – December 31, 2014) time period as calculated on the Prior Period Adjustments page;
- ROPS Detail Page, where all the individual enforceable obligations of the Successor Agency are listed, along with the funding requirements for the July 1, 2015 – December 31, 2015 timeframe;
- Prior Period Adjustments Page, which lists the individual line items from ROPS 14-15A, including the amounts received and spent, in order to determine if excess funds are available; and
- Notes Page, which is an optional page where agencies can include additional clarifying information pertaining to any of the items listed on the ROPS Detail page.

The Successor Agency is reporting excess funds on the Cash Balance page of \$62,048 relating to \$61,822 of investment earnings received and \$226 of unspent RPTTF funds remaining from the ROPS 14-15A time period. The unspent funds were allocated for investment and trustee fees which came in slightly under projections. These remaining balances will serve to reduce the Successor Agency's future RPTTF allocations, as the DOF requires remaining funds to be spent prior to future RPTTF allocations.

The ROPS Detail Page includes a total of \$2,476,378 of enforceable obligations for the July 1, 2015 – December 31, 2015 time frame. As described above, in the future there will be a reconciliation of the RPTTF allocation that the Successor Agency receives for ROPS 15-16A against expenses which actually occur. Funds received for expenses listed on the ROPS which do not actually occur will be deducted from future RPTTF allocations. In this way, the Successor Agency is only provided sufficient funds to meet actual, rather than projected, expenses.

Of the items listed on the ROPS, a total of \$1,702,861 is necessary to meet debt service payment obligations; \$1,455 is to reimburse the City for expenses associated with debt service management; \$900 is for investment/trustee related expenses and \$125,000 is listed as being paid from the Successor Agency's annual \$250,000 administrative allowance. These expenses, totaling \$1,830,216 have all been consistently approved by the DOF on prior ROPS.

Of the remaining \$646,162 requested on the ROPS, \$200,000 relates to capital project costs which continue to be denied by the DOF and are the subject of current litigation. The project costs are comprised of \$100,000 each for the City Park project and the Community Center project. The DOF previously reviewed the inclusion of the City Park and Community Center items on ROPS III and approved the funding requests contained on that ROPS, yet changed their minds and began denying these same items starting with ROPS 13-14A. The Successor Agency has been denied funding for the projects on subsequent ROPS. Following each denial, the County Auditor-Controller has been directed to distribute the funds to the other taxing entities rather than provide the funds to the Successor Agency. The project obligations

amounts continue to be included on the ROPS in order to allow for payment should the obligations be deemed enforceable by the courts.

The remaining amounts pertain to litigation costs, which have in fact been approved by the DOF for inclusion on the ROPS as eligible for reimbursement for some agencies. Line 30 of the ROPS lists the sum of \$194,760 to cover litigation expenses incurred to date by the Successor Agency in connection with Sacramento Superior Court case no. 34-2013-80001568 (Brentwood v. California Department of Finance et al.). Line 31 lists the sum of \$135,627 to cover litigation expenses incurred by the Successor Agency to date in connection with Third District Court of Appeal case no. C076343 (Brentwood v. California Department of Finance, et al.) and the sum of \$60,000 anticipated to be incurred through December 31, 2015 in connection with this appeal. Lines 30 and 31 are for costs for work performed/to be performed by Burke, Williams & Sorrenson. Line 32 lists the sum of \$5,775 to cover litigation expenses incurred by the Successor Agency to date in connection with Third District Court of Appeal case no. C076343 and the sum of \$50,000 anticipated to be incurred through December 31, 2015 in connection with this appeal. These costs are for work performed/to be performed by Greines, Martin, Stein & Richland. Pursuant to Health and Safety Code Sections 34171(b) and 34171(d) (1)(F), agreements regarding litigation expenses related to assets and obligations are considered to be enforceable obligations payable separately from the administrative budget. If the actual expenses incurred through the end of this ROPS period are less than the estimated amount, any remaining funds would be returned and redistributed to the other taxing entities.

As mentioned above, the Successor Agency is allocated an administrative cost allowance of \$250,000 per year. The Successor Agency is also required to prepare an administrative budget which supports the amount requested for administrative reimbursement. The Successor Agency is required to submit the proposed administrative budget to the Oversight Board for its approval. The ROPS includes payment of \$125,000 for the first six months of administrative cost reimbursements for FY 2015/16. Total City administrative costs for the 2015/16 fiscal year are expected to well exceed the \$250,000 reimbursement limit. The Administrative Budget was prepared pursuant to Health and Safety Code Section 34177(j) for the period July through December 2015.

The Administrative Budget was prepared and is presented in a manner to correspond to the three elements described for the Administrative Budget in Health and Safety Code Section 34177(j)(1), (2), and (3). The Administrative Budget documents that the Successor Agency's "administrative cost allowance", as defined and authorized pursuant to Health and Safety Code Section 34171(b), is \$125,000 for the first six months of the 2015/16 fiscal year. As called for in Health and Safety Code Section 34177(k), and as documented in the Administrative Budget and the ROPS, the Successor Agency will report to the County Auditor-Controller that its administrative cost allowance to be paid from property taxes deposited in the Redevelopment Property Tax Trust Fund (as further described in Part B below) pursuant to Health and Safety Code Section 34183(a)(3) is the amount of \$125,000 for the July – December 2015 timeframe.

A. Estimated Amounts For Successor Agency Administrative Costs For July – December 2015 (Health and Safety Code Section 34177(j)(1))

July - December 2015 Administrative Costs	Cost
Prepare Recognized Obligation Payment Schedule (ROPS)	\$ 8,084.62
Oversight Board staff support (e.g. research, education, staffing, meeting costs)	\$ 16,131.28
Prepare Admin Budgets	\$ 1,497.00
Staff education and training	\$ 6,599.94
Correspondence with County re: inquiries/requests	\$ 3,095.34
Correspondence with State re: inquiries/requests	\$ 16,247.36
Correspondence with external auditors (annual audit, State special audits)	\$ 10,001.50
Annual Reporting	\$ 8,842.97
Outside Consultant Costs (legal/professional/audit)	\$ 29,500.00
General Fund Overhead & internal services (IT/insurance/contract mgmt/accts pbl/office space/legal)	\$ 39,856.40
Total Administrative Costs, July 1, 2015 - December 31, 2015	\$ 139,856.41
Allowable Administrative cost reimbursement FY 2015/16	\$ 250,000.00
Amount requested for July 1, 2015 - December 31, 2015	\$ 125,000.00

Activities may be added, revised, or deleted from this listing as necessary and appropriate during the course of the former Redevelopment Agency wind-down process. Costs shown for each activity are estimates only. Actual costs required for each activity may be higher or lower than the amount shown.

B. Proposed Source of Payment for Above-Identified Administrative Costs (Health and Safety Code Section 34177(j)(2))

As authorized pursuant to Health and Safety Code Section 34183(a)(3), the proposed source of payment for the administrative costs identified in Part A above is the Redevelopment Property Tax Trust Fund established and maintained by the County Auditor- Controller pursuant to Health and Safety Code Section 34170.5(b).

C. Proposals for Arrangements for Administration and Operations Services (Health and Safety Code Section 34177(j)(3))

The Successor Agency has arranged with the City of Brentwood to provide the staff services and office materials and equipment to administer the responsibilities of the Successor Agency, and will draw upon services of outside legal and financial consultants to provide special services for the wind-down of the former Brentwood Redevelopment Agency to the extent City staff lacks the necessary expertise or capacity.

FISCAL IMPACT

The adoption of the ROPS allows the Successor Agency to pay the former Agency's obligations in an orderly manner as Redevelopment continues the process of dissolving. We expect the next receipt of the Redevelopment Property Tax Trust Fund payment to be received in June 2015, and those proceeds will be used to fund the ROPS 15-16A obligations. The Administrative Budget allows for reimbursement of \$125,000 of administrative costs for the July – December 2015 time period. A total of \$250,000 in administrative cost reimbursements are anticipated to be requested for the 2015/16 fiscal year in total. Approval of the ROPS and Administrative Budget does not require a budget amendment.

Attachments

Resolution

Exhibit "A" – Recognized Obligation Payment Schedule July - December 2015

Exhibit "B" – Successor Agency Administrative Budget July - December 2015

OVERSIGHT BOARD RESOLUTION NO.

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY CITY OF BRENTWOOD APPROVING THE ADMINISTRATIVE BUDGET AND THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE OF THE SUCCESSOR AGENCY CITY OF BRENTWOOD FOR JUNE 1, 2015 – DECEMBER 31, 2015 AND AUTHORIZING THE CITY MANAGER, ASSISTANT FINANCE DIRECTOR AND/OR THEIR DESIGNEES, IN CONSULTATION WITH LEGAL COUNSEL, TO MAKE MINOR ADJUSTMENTS THERETO AS NECESSARY TO SECURE APPROVAL OF THE ROPS AND ADMINISTRATIVE BUDGET BY THE STATE DEPARTMENT OF FINANCE AND TO SUBMIT THE ROPS TO THE ENTITIES REQUIRED PURSUANT TO THE HEALTH AND SAFETY CODE.

WHEREAS, Section 34177 (l) and (m) of the Health and Safety Code requires the City of Brentwood as the successor agency to the former City of Brentwood Redevelopment Agency ("Successor Agency") to submit to the State Department of Finance ("DOF"), the State Controller, and the Contra Costa County Auditor-Controller ("County Auditor"), by March 3, 2015, a Recognized Obligation Payment Schedule ("ROPS") for the period July 1, 2015 through December 31, 2015; and

WHEREAS, the ROPS contains the enforceable obligation commitments of the Successor Agency for the July - December 2015 timeframe; and

WHEREAS, Health and Safety Code §34171 (a), (b) and §34177(j) require the Oversight Board to approve an Administrative Budget for administrative costs of the Successor Agency; and

WHEREAS, the Administrative Budget has been prepared and is being presented in three parts to correspond to the three elements described for the Administrative Budget in Health and Safety Code Section 34177(j)(1), (2), and (3); and

WHEREAS, the Administrative Budget documents that the Successor Agency's "administrative cost allowance", as defined and authorized pursuant to Health and Safety Code Section 34171(b), is \$125,000 for the July - December 2015 time period; and

WHEREAS, the Successor Agency will report to the County Auditor-Controller that its administrative cost allowance to be paid from property taxes deposited in the Redevelopment Property Tax Trust Fund pursuant to Health and Safety Code Section 34183(a)(3) is the amount of \$125,000 for the July - December 2015 time period; and

WHEREAS, as authorized pursuant to Health and Safety Code Section 34183(a)(3), the proposed source of payment for the administrative costs is the Redevelopment Property Tax Trust Fund established and maintained by the County Auditor- Controller pursuant to Health and Safety Code Section 34170.5(b); and

WHEREAS, the Successor Agency has arranged with the City of Brentwood to provide the staff services and office materials and equipment to administer the responsibilities of the Successor Agency.

NOW, THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Recognized Obligation Payment Schedule for the period July 1 – December 31, 2015, in the forms attached to this resolution and incorporated herein by reference, is hereby approved.

2. The staff of the Successor Agency is hereby directed to submit the ROPS to the State Department of Finance, the State Controller and the Contra Costa County Auditor-Controller and post the ROPS on the Successor Agency's website in accordance with Health and Safety Code Section 34177(l)(2)(C), and to cooperate with DOF to the extent necessary to obtain DOF's acceptance of the each ROPS line item, including, if necessary, making modifications to the ROPS determined by the Successor Agency's Assistant Finance Director, in consultation with the Successor Agency's counsel, to be reasonable and financially feasible to meet its legally required financial obligations.

3. Upon the Successor Agency's receipt of the certified ROPS from the County Auditor, and provided the certified ROPS did not require substantial changes from the ROPS approved by this resolution, the Board deems the certified ROPS approved by the Board and the Successor Agency is hereby authorized and directed to submit the certified ROPS to DOF, the State Controller and the County Auditor for review. If the certified ROPS is substantially different from the ROPS approved by this resolution, the Successor Agency is hereby directed to submit the certified ROPS to the Board for review and approval prior to its submittal to DOF, the State Controller and the County Auditor for review.

4. The Oversight Board hereby approves the Administrative Budget for July - December 2015, in substantially the form attached to the Resolution as Exhibit "B", as required by Health and Safety Code §34171 (a), (b) and §34177(j).

5. The City Manager, Assistant Finance Director and/or their designees, on behalf of the Successor Agency, is hereby authorized and directed to undertake actions necessary to carry out the purposes of this Resolution including, without limitation, the execution of documents and all other actions, subject to any minor conforming, technical or clarifying changes approved to form by legal counsel. Such actions may include, but are not limited to (1) submitting the approved Administrative Budget as part of an approved ROPS to the Contra Costa County Auditor- Controller for certification by an external auditor, either the county auditor-controller or its designee; and (2) submitting the Administrative Budget as part of the approved ROPS and to the Contra Costa County Auditor-Controller; and (3) submitting the Administrative Budget as part of the approved ROPS to the California State Controller and the State of California Department of Finance, and posting the approved Administrative Budget as part of the approved ROPS on the successor agency's website.

6. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED by the Oversight Board for the Successor Agency City of Brentwood at a regular meeting held on February 23, 2015, by the following vote:

Recognized Obligation Payment Schedule (ROPS 15-16A) - Summary

Filed for the July 1, 2015 through December 31, 2015 Period

Name of Successor Agency: Brentwood
Name of County: Contra Costa

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding	
A Sources (B+C+D):	\$ 61,822
B Bond Proceeds Funding (ROPS Detail)	-
C Reserve Balance Funding (ROPS Detail)	-
D Other Funding (ROPS Detail)	61,822
E Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 2,414,556
F Non-Administrative Costs (ROPS Detail)	2,289,556
G Administrative Costs (ROPS Detail)	125,000
H Current Period Enforceable Obligations (A+E):	\$ 2,476,378

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
I Enforceable Obligations funded with RPTTF (E):	2,414,556
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(226)
K Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 2,414,330

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
L Enforceable Obligations funded with RPTTF (E):	2,414,556
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N Adjusted Current Period RPTTF Requested Funding (L-M)	2,414,556

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Name	Title
/s/	
Signature	Date

Recognized Obligation Payment Schedule (ROPS 15-16A) - ROPS Detail
July 1, 2015 through December 31, 2015
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K				L		M		N	O	P
										Funding Source				Six-Month Total						
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF							
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin		Admin					
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired											
								\$ 52,484,994				\$ -	\$ -	\$ 61,822	\$ 2,289,556	\$ 125,000	\$ 2,476,378			
1	Bonds - Debt Service	Bonds Issued On or Before 12/31/10	9/27/2001	11/1/2031	U.S. Bank	2001 CIP Bond Reserve Funds	Merged	1,419,061	N								\$ -			
2	Bonds - Debt Service	Bonds Issued On or Before 12/31/10	9/27/2001	11/1/2031	U.S. Bank	2001 Tax Allocation Bond Debt Service	Merged	21,613,220	N			61,822		931,828			\$ 993,650			
3	Bonds - Debt Service	Bonds Issued On or Before 12/31/10	10/1/2009	10/1/2039	U.S. Bank	2009 Lease Revenue Bond Debt Service	Merged	25,628,146	N					709,211			\$ 709,211			
4	Enforceable Agreements - Debt Service Processing	Fees	9/22/1981	10/1/2039	City of Brentwood	Bond Debt Service Administration	Merged	72,750	N					1,455			\$ 1,455			
5	Legally Binding - Administrative Cost Allowance	Admin Costs	7/1/2015	6/30/2016	City of Brentwood	Annual Administrative Cost Allowance	Merged	250,000	N						125,000		\$ 125,000			
6	Contracts for Administration of Agency - General Need	Admin Costs	1/1/2014	6/30/2015	Various	General Office/Insurance/Operating	Merged	-	Y								\$ -			
9	Contract for General Legal Assistance	Admin Costs	7/18/2012	6/30/2015	Best, Best and Krieger	Contract for General Legal Assistance	Merged	-	Y								\$ -			
11	Payments - Required by State (annual audit)	Admin Costs	2/9/2010	12/31/2015	Maze and Associates	Annual Independent Audit	Merged	-	Y								\$ -			
13	Enforceable Contracts - City Park CIP	Improvement/Infrastructure	5/13/2008	10/1/2039	Various	City Park Project per Agmnts/Proj Mgmt	Merged	784,826	N						100,000		\$ 100,000			
14	Enforceable Contracts - Community Center CIP	Improvement/Infrastructure	5/13/2008	10/1/2039	Various	Community Center Project per Agmnts/Proj Mgmt	Merged	1,499,778	N						100,000		\$ 100,000			
20	Payments - Pension Obligations	Unfunded Liabilities	9/22/1981	10/1/2039	CalPERS / City of Brentwood	Unfunded pension obligations	Merged	727,451	N								\$ -			
24	Enforceable Contracts - Legal Serv for Oversight Board	Admin Costs	10/26/2012	10/26/2015	Wendel, Rosen, Black & Dean	Legal Counsel requested by Oversight Board	Merged	-	Y								\$ -			
26	Contract for General Legal Assistance	Admin Costs	7/17/2013	6/30/2015	Burke, Williams & Sorrenson	Contract for General Legal Assistance	Merged	-	Y								\$ -			
27	Enforceable Contracts - Trustee Fees	Fees	9/27/2001	10/1/2039	US Bank	Bond Trustee Fees	Merged	4,900	N					100			\$ 100			
28	Enforceable Contracts - Investment Management Fees	Fees	1/1/2014	6/30/2016	Public Financial Management	Investment Management Fees	Merged	36,750	N					750			\$ 750			
29	Enforceable Contracts - Investment Account Maint Fees	Fees	1/1/2014	6/30/2016	Bank of New York	Investment Account Maint Fee	Merged	1,950	N					50			\$ 50			
30	Litigation Costs - Dissolution	Litigation	7/11/2013	6/30/2015	Burke, Williams & Sorrenson	Special Counsel for litigation concerning the dissolution of redevelopment agencies	Merged	194,760	N					194,760			\$ 194,760			
31	Litigation Costs - Dissolution	Litigation	3/25/2014	6/30/2015	Burke, Williams & Sorrenson	Special Counsel for litigation concerning the dissolution of redevelopment agencies	Merged	195,627	N					195,627			\$ 195,627			
32	Litigation Costs - Dissolution	Litigation	3/25/2014	6/30/2015	Greines, Martin, Stein & Richland	Special Counsel for litigation concerning the dissolution of redevelopment agencies	Merged	55,775	N					55,775			\$ 55,775			

Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Cash Balances

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (I), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf.

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments	
ROPS 14-15A Actuals (07/01/14 - 12/31/14)									
1	Beginning Available Cash Balance (Actual 07/01/14)					86,891	7,623		
2	Revenue/Income (Actual 12/31/14) RPTTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014					61,822	1,765,724		
3	Expenditures for ROPS 14-15A Enforceable Obligations (Actual 12/31/14) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q					24,886	1,772,939		
4	Retention of Available Cash Balance (Actual 12/31/14) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	ROPS 14-15A RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15A PPA in the Report of PPA, Column S	No entry required						226	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ 123,827	\$ 182		
ROPS 14-15B Estimate (01/01/15 - 06/30/15)									
7	Beginning Available Cash Balance (Actual 01/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ -	\$ -	\$ -	\$ -	\$ 123,827	\$ 408		
8	Revenue/Income (Estimate 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015						809,014		
9	Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 06/30/15)					62,005	809,196		
10	Retention of Available Cash Balance (Estimate 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
11	Ending Estimated Available Cash Balance (7 + 8 - 9 -10)	\$ -	\$ -	\$ -	\$ -	\$ 61,822	\$ 226		

Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Prior Period Adjustments
 Reported for the ROPS 14-15A (July 1, 2014 through December 31, 2014) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS 14-15A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 14-15A (July through December 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16A (July through December 2015) period will be offset by the SA's self-reported ROPS 14-15A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T		
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures												Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 15-16A Requested RPTTF)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin						Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)			
		\$ -	\$ -	\$ -	\$ -	\$ 24,886	\$ 24,886	\$ 1,567,834	\$ 1,567,834	\$ 1,567,834	\$ 1,567,608	\$ 226	\$ 205,331	\$ 205,331	\$ 205,331	\$ 205,331	\$ -	\$ 226			
1	Bonds - Debt	-	-	-	-	24,886	24,886	-	-	-	-	-	-	-	-	-	-	-	-		
2	Bonds - Debt	-	-	-	-	24,886	24,886	951,702	951,702	951,702	951,702	-	-	-	-	-	-	-	-		
3	Bonds - Debt Service	-	-	-	-	-	-	614,027	614,027	614,027	614,027	-	-	-	-	-	-	-	-		
4	Enforceable Agreements - Debt Service Processing	-	-	-	-	-	-	1,455	1,455	1,455	1,455	-	-	-	-	-	-	-	-		
5	Legally Binding - Administrative Cost Allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
6	Contracts for Administration of Agency - General Need	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
7	Contract for General Professional Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
9	Contract for General Legal Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
10	Enforceable Contracts - Legal Serv for Public Works Law	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11	Payments - Required by State (annual audit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
13	Enforceable Contracts - City Park CIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
14	Enforceable Contracts - Community Center CIP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
20	Payments - Pension Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
21	Payments - Unemployment Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
24	Enforceable Contracts - Legal Serv for Oversight Board	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
26	Contract for General Legal Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
27	Enforceable Contracts - Trustee Fees	-	-	-	-	-	-	100	100	100	-	100	-	-	-	-	-	-	100		
28	Enforceable Contracts - Investment Management Fees	-	-	-	-	-	-	500	500	500	406	94	-	-	-	-	-	-	94		
29	Enforceable Contracts - Investment Account Maint Fees	-	-	-	-	-	-	50	50	50	18	32	-	-	-	-	-	-	32		

Recognized Obligation Payment Schedule (ROPS 15-16A) - Notes

July 1, 2015 through December 30, 2015

Item #	Notes/Comments
13	Please note that this item, which was previously denied by DOF, is the subject of ongoing litigation
14	Please note that this item, which was previously denied by DOF, is the subject of ongoing litigation
30	Line 30 of the ROPS lists the sum of \$194,760 to cover litigation expenses incurred to date by the Successor Agency in connection with Sacramento Superior Court case no. 34-2013-80001568 (Brentwood v. California Department of Finance et al.). Pursuant to Health and Safety Code Sections 34171(b) and 34171(d) (1)(F), agreements regarding litigation expenses related to assets and obligations are considered to be enforceable obligations payable separately from the administrative budget.
31	Line 31 lists the sum of \$135,627 to cover litigation expenses incurred by the Successor Agency to date in connection with Third District Court of Appeal case no. C076343 (Brentwood v. California Department of Finance, et al.) and the sum of \$60,000 anticipated to be incurred through December 31, 2015 in connection with this appeal. Pursuant to Health and Safety Code Sections 34171(b) and 34171(d) (1)(F), agreements regarding litigation expenses related to assets and obligations are considered to be enforceable obligations payable separately from the administrative budget. If the actual expenses incurred through the end of this ROPS period are less than the estimated amount, any remaining funds would be returned and redistributed to the other taxing entities.
32	Line 32 lists the sum of \$5,775 to cover litigation expenses incurred by the Successor Agency to date in connection with Third District Court of Appeal case no. C076343 and the sum of \$50,000 anticipated to be incurred through December 31, 2015 in connection with this appeal. Pursuant to Health and Safety Code Sections 34171(b) and 34171(d) (1)(F), agreements regarding litigation expenses related to assets and obligations are considered to be enforceable obligations payable separately from the administrative budget. If the actual expenses incurred through the end of this ROPS period are less than the estimated amount, any remaining funds would be returned and redistributed to the other taxing entities.

**BRENTWOOD SUCCESSOR AGENCY
ADMINISTRATIVE BUDGET
JULY 1, 2015 - DECEMBER 31, 2015**

January - June 2015 Administrative Costs	Cost
Prepare Recognized Obligation Payment Schedule (ROPS)	\$ 8,084.62
Oversight Board staff support (e.g. research, education, staffing, meeting costs)	\$ 16,131.28
Prepare Admin Budgets	\$ 1,497.00
Staff education and training	\$ 6,599.94
Correspondence with County re: inquiries/requests	\$ 3,095.34
Correspondence with State re: inquiries/requests	\$ 16,247.36
Correspondence with external auditors (annual audit, State special audits)	\$ 10,001.50
Annual Reporting	\$ 8,842.97
Outside Consultant Costs (legal/professional/audit)	\$ 29,500.00
General Fund Overhead & internal services (IT/insurance/contract mgmt/accts pbl/office space/legal)	\$ 39,856.40
Total Administrative Costs, July 1, 2015 - December 31, 2015	\$ 139,856.41
Allowable Administrative cost reimbursement FY 2015/16	\$ 250,000.00
Amount requested for July 1, 2015 - December 31, 2015	\$ 125,000.00

CITY OF BRENTWOOD OVERSIGHT BOARD (H9A)

Meeting Date: February 23, 2015

Subject/Title: Consideration of a Loan from the City of Brentwood

Submitted by: Kerry Breen, Assistant Finance Director

Approved by: Gus Vina, City Manager

RECOMMENDATION

Adopt a Resolution authorizing the acceptance of a loan from the City of Brentwood.

PREVIOUS ACTION

A previous item on today's agenda requested the Oversight Board to approve the Recognized Obligation Payment Schedule ("ROPS") and Administrative Budget for July – December 2015.

BACKGROUND

On December 29, 2011, the California Supreme Court upheld the constitutionality of ABx1 26 dissolving redevelopment agencies statewide as of February 1, 2012. The City agreed to serve as the Successor Agency commencing upon dissolution of the Brentwood Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill x1 26.

The Successor Agency is required to prepare a forward looking ROPS which covers six months of Successor Agency financial obligations. These financial obligations are commonly referred to as "Enforceable Obligations". A Successor Agency may expend funds only for Enforceable Obligations on an approved ROPS.

On July 17, 2013 the Successor Agency and City filed a lawsuit against the State of California Department of Finance (DOF) regarding, among other things, the DOF not approving certain Enforceable Obligations of the Successor Agency. On April 23, 2014, the Successor Agency and City appealed the trial court's decision in the underlying matter.

Staff recommends that the Oversight Board approve a loan from the City of Brentwood to the Successor Agency to cover litigation related expenses that are eligible to be funded from the Redevelopment Property Tax Trust Fund (RPTTF), but which could not be listed on a ROPS before litigation was filed. This time delay required the City of Brentwood to advance sufficient funds for litigation expenses, and to request reimbursement on a later ROPS. The loan will not exceed \$475,000 and will operate as a revolving loan. The loan proceeds shall be used solely to cover Successor Agency expenses for litigation. Use of the loan proceeds shall be listed on the Successor Agency's Recognized Obligation Payment Schedule. There would be no interest charged on this loan if it is paid in full by the Maturity Date, defined as five years from the date the Promissory Note is executed.

FISCAL IMPACT

The loan will allow the City of Brentwood to be reimbursed for litigation related expenses that are eligible for RPTTF funds.

Attachments

Resolution

Loan Agreement

Promissory Note

RESOLUTION NO.

RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY CITY OF BRENTWOOD AUTHORIZING THE ACCEPTANCE OF A LOAN FROM THE CITY OF BRENTWOOD

WHEREAS, Health and Safety Code Section 34173(h) authorizes the city that formed a redevelopment agency to loan funds to the successor agency to the dissolved redevelopment agency for administrative costs, enforceable obligations, and project-related expenses, provided that the use of such funds is reflected on the successor agency's Recognized Obligation Payment Schedule (ROPS), and if applicable, its administrative budget, subject to the review and approval of the successor agency's oversight board and the Department of Finance; and

WHEREAS, Health and Safety Code Section 34173(h) further provides that an enforceable obligation shall be deemed to be created for the repayment of such loans; and

WHEREAS, the City of Brentwood ("City") has incurred litigation expenses on behalf of the Successor Agency to the Former Brentwood Redevelopment Agency (the "Successor Agency") and related to Successor Agency assets and obligations; and

WHEREAS, Health and Safety Code Section 34171(d)(1)(F) provides that contracts or agreements concerning litigation expenses related to assets or obligations are enforceable obligations; and

WHEREAS, the City and the Successor Agency have prepared a Loan Agreement and Promissory Note, copies of which are attached as an Exhibit to this Resolution.

NOW, THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Oversight Board hereby authorizes the Successor Agency to accept the Loan, approves the Loan Agreement, and authorizes the Successor Agency Executive Director to execute the Loan Agreement and the Promissory Note substantially in the form attached to this Resolution.

2. The Successor Agency Executive Director and/or his designees are hereby authorized and directed to execute such instruments and to take such actions as necessary to effectuate the intent of this Resolution, including without limitation the placement of the Loan Agreement and uses of the Loan proceeds on the ROPS.

PASSED, APPROVED AND ADOPTED by the Oversight Board for the Successor Agency City of Brentwood at a regular meeting held on February 23, 2015, by the following vote:

LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Agreement") is entered into and effective as of _____, 2015 ("Effective Date") by and between the Successor Agency to the Former Brentwood Redevelopment Agency (the "Successor Agency") and the City of Brentwood, a municipal corporation of the State of California (the "City") (collectively, the "Parties").

RECITALS

WHEREAS, pursuant to Brentwood City Council Resolution No. 2012-07, the City of Brentwood agreed to serve as the successor to the Brentwood Redevelopment Agency ("Redevelopment Agency") commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill x1 26; and

WHEREAS, pursuant to Health and Safety Code Section 34173(h), the City is authorized to loan funds to the Successor Agency for administrative expenses, enforceable obligations and project-related expenses, provided that the use of such funds is approved by the Oversight Board established for the Successor Agency ("Oversight Board") and reflected on the Recognized Obligation Payment Schedule ("ROPS"); and

WHEREAS, Health and Safety Code Section 34173(h) further provides that an enforceable obligation shall be deemed to be created for the repayment of such loans; and

WHEREAS, Health and Safety Code Section 34171(d)(1)(F) provides that contracts or agreements concerning litigation expenses related to assets or obligations are enforceable obligations; and

WHEREAS, subject to approval by the Oversight Board to the Successor Agency (the "Oversight Board"), the City Council of the City of Brentwood has authorized the provision of a loan to the Successor Agency on the terms and conditions set forth in this Agreement, and the Governing Board of the Successor Agency has authorized the acceptance of such loan; and

WHEREAS, on February 23, 2015 the Oversight Board was to consider the acceptance of the proposed Loan, as well as the listing of the Loan and the use of the Loan proceeds on the Successor Agency's ROPS.

NOW, THEREFORE, the Successor Agency and the City agree as follows:

1. **Loan.** The City agrees to loan to the Successor Agency, and the Successor Agency agrees to borrow from and repay to City the sum of up to \$475,000 (the "Loan") upon the terms and conditions and for the purposes set forth in this Agreement. The Loan shall be evidenced by a promissory note (the "Note") which shall be dated as of the Effective Date and executed by the Successor Agency substantially in the form attached hereto as Exhibit A. The Loan shall operate as a revolving fund. The maximum principal amount that may be outstanding at any time is Four Hundred Seventy Five Thousand Dollars (\$475,000).

2. **Maturity Date; Prepayment.** The entire outstanding balance of the Loan shall be payable in one lump sum on the fifth (5th) anniversary of the Effective Date (the "Maturity Date") unless the Parties agree to extend such date. The Successor Agency may prepay the Loan in whole or in part at any time without penalty or premium.

3. Subordination. Notwithstanding any contrary provision hereof, the Parties agree that the Successor Agency's obligation to repay the Loan shall be subordinate to the pledge of tax increment revenue for the payment of debt service on tax allocation bonds or other indebtedness issued by the Redevelopment Agency prior to the Effective Date.

4. Use of Loan Proceeds. The Loan proceeds shall be used solely to cover Successor Agency expenses for litigation. Use of the Loan proceeds shall be listed on the Successor Agency's Recognized Obligation Payment Schedule.

5. Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

6. Amendments. No amendment to or modification of this Agreement shall be effective unless and until such amendment or modification is in writing, properly approved in accordance with applicable procedures, and executed by the Parties.

7. Non-Liability of Officials, Employees and Agents. No member, official, employee or agent of the Successor Agency shall be personally liable to City in the event of any default or breach by the Successor Agency, or for any amount of money which may become due to City, or for any obligation of Successor Agency under this Agreement.

8. No Third Party Beneficiaries. There shall be no third party beneficiaries to this Agreement.

9. Captions. The headings of the sections and paragraphs of this Agreement have been inserted for convenience only and shall not be used to construe this Agreement.

10. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

11. Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties are materially altered or abridged by such invalidation, voiding or unenforceability.

12. Entire Agreement. This Agreement, together with the Note contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements between the Parties with respect thereto.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, the Parties have executed this Loan Agreement as of the date first written above.

SUCCESOR AGENCY TO THE BRENTWOOD REDEVELOPMENT AGENCY

By: _____
Gus Vina, Executive Director

Attest: _____
Margaret Wimberly, Successor Agency Secretary

Approved as to form:

Damien Brower, Successor Agency Counsel

CITY OF BRENTWOOD

By: _____
Gus Vina, City Manager

Attest: _____
Margaret Wimberly, City Clerk

Approved as to form:

Damien Brower, City Attorney

Exhibit A

PROMISSORY NOTE

\$475,000

Brentwood, California
February ____, 2015

FOR VALUE RECEIVED, the Successor Agency to the Former Brentwood Redevelopment Agency (the "Successor Agency") promises to pay to the City of Brentwood, a municipal corporation of the State of California (the "City") in lawful money of the United States of America, the principal sum of Four Hundred Seventy Five Thousand Dollars (\$475,000) or so much thereof as may be advanced by City from time to time pursuant to the Loan Agreement referred to below, in the manner provided below, together with interest on the outstanding principal balance in accordance with the terms and conditions described herein. If this Promissory Note (the "Note") is paid in full by the Maturity Date, as defined below, no interest shall be payable. Otherwise, in the event this Note is not paid in full by the Maturity Date, interest shall accrue on the outstanding principal balance at a rate equal to the Local Agency Investment Fund Average Annual Yield for the Pooled Money Investment Account ("LAIF RATE") applicable to the fiscal year in which each payment is due, as posted on the State Treasurer's website (<http://www.treasurer.ca.gov/pmia-laif/historical/quarterly.asp>), commencing upon the date of disbursement thereof. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed.

This Promissory Note (this "Note") has been executed and delivered pursuant to and in accordance with that certain Loan Agreement dated as of February ____ 2015, by and between Successor Agency and City (the "Loan Agreement"), and is subject to the terms and conditions of the Loan Agreement which is by this reference incorporated herein and made a part hereof. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

1. PAYMENTS

1.1 MATURITY DATE. Payments shall be due on a semi-annual basis on each January 15 and June 15 during the term of the Loan. The entire principal balance outstanding under this Note, together with interest accrued thereon and any other sums accrued hereunder, shall be due and payable in one lump sum on the date (the "Maturity Date") which is the fifth (5th) anniversary of the date of this Note.

1.2 PREPAYMENT. Successor Agency may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note from available funds.

1.3 MANNER OF PAYMENT. All payments of principal and interest on this Note shall be made to City at 150 City Park Way, Brentwood, California or such other place as City shall designate to Successor Agency in writing.

1.4 SUBORDINATION. Notwithstanding any contrary provision hereof, Successor Agency's obligation to repay the Loan shall be subordinate to the pledge of tax increment

revenue for the payment of debt service on tax allocation bonds or other indebtedness issued by the Redevelopment Agency prior to the Effective Date.

2. DEFAULTS AND REMEDIES.

2.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("Event of Default"):

(a) Successor Agency fails to pay when due the principal and any interest payable hereunder and such failure continues for ten (10) days after City notifies Successor Agency thereof in writing.

(b) Successor Agency breaches any other provision of this Note or the Loan Agreement and does not cure such breach within thirty (30) days following written notice from City.

2.2 REMEDIES. The rights and remedies of City under this Note shall be cumulative and not alternative. Upon the occurrence of an Event of Default hereunder, City may, at its option: (i) by written notice to Successor Agency declare the entire unpaid principal balance of this Note, together with all accrued interest thereon and all sums due hereunder, immediately due and payable regardless of any prior forbearance, (ii) exercise any and all rights and remedies available to it under law or equity, and (iii) exercise any and all rights and remedies available to City pursuant to the Loan Agreement.

3. MISCELLANEOUS

3.1 WAIVER; AMENDMENT. No waiver by City of any right or remedy under this Note shall be effective unless in writing signed by City. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by City will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. There shall be no amendment to or modification of this Note except by written instrument executed by Successor Agency and City.

3.2 SEVERABILITY. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

3.4 GOVERNING LAW; VENUE. This Note shall be construed and enforced in accordance with the laws of the State of California. Any action at law or in equity brought by either of the Parties for the purpose of enforcing a right or rights provided for by this Agreement will be tried in a court of competent jurisdiction in the County of Contra Costa, State of California

3.5 SECTION HEADINGS, CONSTRUCTION. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation.

3.6 RELATIONSHIP OF THE PARTIES. The relationship of Successor Agency and City under this Note is solely that of borrower and lender, and the loan evidenced by this Note will in no manner make Successor Agency the partner or joint venturer of City.

IN WITNESS WHEREOF, Successor Agency has executed and delivered this Note as of the date first written above.

SUCCESSOR AGENCY:

SUCCESSOR AGENCY TO THE BRENTWOOD REDEVELOPMENT AGENCY

By: _____
Gus Vina, Executive Director

Attest: _____
Margaret Wimberly, Successor Agency Secretary

Approved as to form:

Damien Brower, Successor Agency Counsel