



April 10, 2017

Redevelopment Administration
California Department of Finance
915 L Street
Sacramento, CA 95814-3706
E-mail: Redevelopment_Administration@dof.ca.gov

Re: Successor Agency to the Contra Costa County Redevelopment Agency
Request for Determination and Approval of Oversight Board Action

To whom it may concern:

As the Independent Financial Advisor to the Successor Agency to the Contra Costa County Redevelopment Agency (the "Agency"), Montague DeRose and Associates, LLC ("MDA") is required per Assembly Bill No. 1484 to review any refinancing proposal submitted by the Successor Agency to the Department of Finance ("DOF") for approval.

The Agency currently administers five outstanding tax allocation revenue bond series which are secured by 12 underlying tax increment loans ("Project Area Loans") from five different project areas together with funds held by the trustee. The Agency intends to issue tax-exempt and taxable tax allocation refunding bonds (the "Refunding Bonds") to refund all 12 underlying tax increment loans, the proceeds of which, in turn will be used to refund all five outstanding bond series ("Related Bond Series"). In the current rate environment, this proposed refunding is expected to generate refinancing savings for the Agency and other stakeholders, as well as greatly simplify future Recognized Obligation Payment Schedule ("ROPS") reporting. A list of the Project Area Loans and Related Bond Series is provided as Table 1.

We examined the methodology and assumptions provided to the Agency by the underwriter, Stifel, Nicolaus & Company, Inc. ("Stifel"), regarding the issuance of the Refunding Bonds as shown in Table 2. MDA independently verified that Stifel's calculations of projected refunding savings are correct (presented as Table 3). We determined that the combined principal and interest payments on the Refunding Bonds are expected to be less than those of the Related Bond Series, in accordance with 34177.5. (a) (1) of the Health and Safety Code.

While MDA represents that the interest rates assumed by Stifel are a reasonable representation of those available in the municipal bond market on April 4, 2017, we provide no assurances that these interest rate assumptions will represent the municipal bond market on the date of sale, currently anticipated for mid-June 2017. Lastly, we note that certain structuring decisions regarding the use of financial guarantee insurance and debt service reserve surety bonds, etc. will

be made on a basis which ensures the best economic outcome.

Sincerely,

A handwritten signature in blue ink, appearing to read 'N. Perkins', written in a cursive style.

Natalie Perkins
Managing Director

Table 1: Project Area Loans and Related Bond Series

Project Area Loans	1999	2003	2007 Non-Hsg	2007 Hsg	2007 Total	Grand Total
Contra Costa Centre	\$ 6,995,000	\$ 5,550,000	\$ 32,645,000	\$ -	\$ 32,645,000	\$ 45,190,000
Bay Point	175,000	-	19,115,000	4,520,000	23,635,000	23,810,000
North Richmond	-	-	2,800,000	3,500,000	6,300,000	6,300,000
Rodeo	-	-	5,265,000	3,465,000	8,730,000	8,730,000
Montalvin Manor	-	-	1,390,000	680,000	2,070,000	2,070,000
Total	\$ 7,170,000	\$ 5,550,000	\$ 61,215,000	\$ 12,165,000	\$ 73,380,000	\$ 86,100,000

Related Bond Series	1999	2003	2007A	2007AT	2007B	2007 Total	Grand Total
Par	\$ 7,170,000	\$ 5,550,000	\$ 50,725,000	\$ 22,865,000	\$ 13,105,000	\$ 86,695,000	\$ 99,415,000
Prepaid Fund Balances Held by Trustee			(13,315,000)			(13,315,000)	(13,315,000)
Net Par	\$ 7,170,000	\$ 5,550,000	\$ 37,410,000	\$ 22,865,000	\$ 13,105,000	\$ 73,380,000	\$ 86,100,000

Table 2: Refunding Assumptions

Refunding Assumptions	
Delivery Date	7/13/2017
Interest Rates as of	4/4/2017
Credit Rating	AA insured (A+ underlying)
Underwriter's Discount	\$3.59 per bond
Cost of Issuance	\$350,000
Bond Insurance	0.85% of total debt service
Surety Premium	2.75% of reserve requirement

Table 3: Projected Refunding Results

	Series 2017A (Tax-Exempt)	Series 2017B (Taxable)	Total
Refunded Par	\$76,550,000	\$22,865,000	\$99,415,000
Refunding Par	\$54,855,000	\$23,490,000	\$78,345,000
Cash Flow Savings*	\$18,178,038	\$7,333,953	\$25,511,991
Net Present Value (NPV) Savings**	\$9,429,066	\$4,446,958	\$13,876,024
NPV Savings (% of refunded par)	12.3%	19.4%	14.0%
Refunded Bonds' Average Coupon	5.04%	6.13%	5.33%
Refunding All-in TIC	3.61%	4.32%	3.81%

* Cash flow savings have been adjusted to account for \$15.6 million in existing reserves and prepaid principal expected to be contributed to the refunding escrow

** Cash flow savings discounted to 7/13/2017 using a yield of 3.53%.