



April 1, 2013

Ms. Inez Kiriu, Finance Director
City of Galt
380 Civic Drive
Galt, CA 95670

Dear Ms. Kiriu:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Galt Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 15, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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 do not qualify as enforceable obligation(s):

- Item No. 7 – Project Delivery Costs payable to the Bank of New York in the amount of \$90,640. The Agency requested removal of this item from the ROPS 13 -14A period because funding was received during the ROPS period January through June 2013.
- Item No. 29 – Project Related Employee Costs payable to the City of Galt (City) in the amount of \$15,000. The Agency failed to provide adequate supporting documentation for this item, therefore, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 34 – Project Delivery Costs payable to Connerly and Associates in the amount of \$41,049. 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 the housing function is the responsibility of the housing successor. Therefore, the item is not an enforceable obligation and not eligible for RPTTF funding.
- Item No. 35 – Project Delivery Costs payable to Various Payees in the amount of \$6,653,151 bond funds. During the ROPS period of January through June 2013, Finance noted that contracts were not in place. Therefore, this item continues to be denied. Pursuant to HSC section 34191.4 (c), successor agencies that have been issued Finding of Completion by Finance will be allowed to use excess proceeds from bonds issued prior to December 31, 2010 for the purpose for which the bonds were issued.

- Item Nos. 8, 10, 11 and 33 payable to various parties totaling \$180,907 are considered general administrative costs and have been reclassified. Although the reclassification increased administrative costs to \$180,907, the administrative cost allowance has not been exceeded.

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. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$1,245,454 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 1,171,243
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 7	2,240
Item 8*	5,000
Item 10*	15,000
Item 11*	15,000
Item 29	7,500
Item 33*	20,907
Item 34	41,049
Total approved RPTTF for enforceable obligations	\$ 1,064,547
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	180,907
Minus: ROPS II prior period adjustment	-
Total RPTTF approved for distribution:	\$ 1,245,454

*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.

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_13-14A_Forms_by_Successor_Agency/).

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.

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Michelle Neeley, Accounting Manager, City of Galt
Mr. Carlos Valencia, Senior Accounting Manager, Sacramento County
California State Controller's Office