



April 13, 2013

Mr. Chris Pahule, Program Manager
County of Sacramento Successor Agency
801 12th Street
Sacramento, CA 95814

Dear Mr. Pahule:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the County of Sacramento Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 27, 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 obligations:

- Item Nos. 32 through 35 – Banc of America Public Capital Corporation agreements totaling \$2,015,746 are considered general administrative costs and have been reclassified. Our review indicates these line items are for the lease of office space. Although this reclassification increased administrative costs to \$192,192 for the ROPS 13-14A period, the administrative cost allowance has not been exceeded.
- Item Nos. 39, 41, 70, 82 through 84, 86, 100 and 101 – Sacramento Housing and Redevelopment Agency (SHRA), various administrative and housing project delivery costs totaling \$75,150. These contracts are between the County of Sacramento (County) and the SHRA, not the Agency. It is our understanding that the County is responsible for payment of the contract. Additionally, our review indicates the contract expiration date for these services was December 31, 2012. Therefore, these line items are not enforceable obligations and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the ROPS.
- Item No. 62 – Mather Investment Strategy Consultant in the amount of \$110,253, payable from other funds, is not an enforceable obligation. HSC section 34163 (c) prohibits a redevelopment agency from amending or modifying existing agreements, obligations, or commitments with any entity for any purpose after June 27, 2011. The third amendment to the contract, which extended the completion date from June 30, 2012 to December 31, 2013, was executed on December 1, 2011. Therefore, the amendment and any associated costs are not enforceable.

- Item No. 113 – Various project delivery costs in the amount of \$30,808 payable from RPTTF. This line item is not an enforceable obligation; it is our understanding that this line item is contingent upon the Agency receiving of a Finding of Completion; this line item may be enforceable in future ROPS periods.

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 \$1,872,189 as summarized below:

Approved RPTTF Distribution Amount For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 2,249,681
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 32*	2,031
Item 33*	7,915
Item 34*	29,333
Item 35*	27,913
Item 39	7,116
Item 41	3,558
Item 70	3,558
Item 82	42
Item 83	6,339
Item 84	5,231
Item 86	11,569
Item 100	1,860
Item 101	1,860
Item 113	15,404
Total approved RPTTF for enforceable obligations	<u>\$ 2,125,952</u>
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	<u>192,192</u>
Minus: ROPS II prior period adjustment	<u>(445,955)</u>
Total RPTTF approved for distribution:	\$ 1,872,189

*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,

Mr. Chris Pahule

April 13, 2013

Page 3

the amount of RPTTF approved in the above table includes only the prior period adjustment that was self-reported by the Agency.

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.

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

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Ben Lamera, Assistant Auditor-Controller, County of Sacramento
Mr. Carlos Valencia, Senior Accounting Manager, County of Sacramento
California State Controller's Office