



REVISED

May 16, 2014

Mr. Martin Tuttle, City Manager  
City of West Sacramento  
1110 West Capitol Avenue  
West Sacramento, CA 95691

Dear Mr. Tuttle:

Subject: Recognized Obligation Payment Schedule

This letter supersedes California Department of Finance's (Finance) letter dated April 10, 2014 and is necessary due to required debt service payments erroneously omitted by the City of West Sacramento Successor Agency (Agency). Pursuant to Health and Safety Code (HSC) section 34177 (m), the Agency submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the Finance on February 28, 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 an enforceable obligation for the reason specified:

Item No. 28 – ROPS 13-14A Unfunded Obligations reimbursement request in the total amount of \$2,040,322. The Yolo County Auditor-Controller (CAC) reports the Agency received a Redevelopment Property Tax Trust Fund (RPTTF) distribution equal to the amount Finance approved on ROPS 13-14A. Therefore, there can be no cash shortfall in the Agency's Redevelopment Obligation Retirement Fund (RORF). The RORF request is not supported and does not qualify as an enforceable obligation.

In addition, the following adjustments were made per the Agency's request:

- Item No. 1 – 1998 Revenue Bonds in the amount of \$2,144,756. The Agency has erroneously underfunded the September 1, 2014 bond payment by \$2,144,756 and has requested Finance to increase the original estimate from \$0 to \$2,144,756 during the ROPS 14-15A period. This funding request marks the final debt service payment for this obligation.

The Agency renamed Item No. 1 from 1998 Revenue Bonds to 2014 Tax Allocation Refunding Bonds during ROPS 14-15A period. Finance has corrected Item No. 1 to reflect its original designation and has added Line Item No. 29 - 2014 Tax Allocation Refunding Bonds to account for this new obligation. Item No. 1 can be retired on subsequent ROPS once it is no longer necessary.

- Item No. 29 – 2014 Tax Allocation Refunding Bonds in the amount of \$427,641. The Agency has erroneously underfunded the September 1, 2014 bond payment by \$427,641 and has requested Finance to increase the original estimate from \$1,780,240 to \$2,207,881 during the ROPS 14-15A period to agree with the executed indenture dated January 15, 2014.

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. The amount of RPTTF approved in the table below includes the prior period adjustment self-reported by the Agency. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the 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 table below only includes the prior period adjustment self-reported by the Agency.

Except for the item denied in whole or in part as enforceable obligation, Finance is not objecting to the remaining items listed on your ROPS 14-15A.

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,398,448 as summarized below:

<b>Approved RPTTF Distribution For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	7,798,624
Total RPTTF requested for administrative obligations	172,749
<b>Total RPTTF requested for obligations</b>	<b>\$ 7,971,373</b>
Agency requested RPTTF adjustments to non-administrative obligation	
Item No. 1	2,144,756
Item No. 29	427,641
<b>Total Agency requested RPTTF adjustments</b>	<b>\$ 2,572,397</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>10,371,021</b>
<u>Denied Item</u>	
Item No. 28	(2,040,322)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 8,330,699</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>172,749</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 172,749</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 8,503,448</b>
ROPS 13-14A prior period adjustment	(105,000)
<b>Total RPTTF approved for distribution</b>	<b>\$ 8,398,448</b>

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 cash 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 cash balances. If it is determined the Agency possesses cash balances that are available to pay approved obligations, the Agency should request the use of these cash 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 Wendy Griffe, Supervisor or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Mr. Paul Blumberg, Public Finance Manager, City of West Sacramento  
Mr. Howard Newens, Auditor-Controller, Yolo County  
California State Controller's Office