



May 17, 2013

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

Dear Mr. Pahule:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 13, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the County of Sacramento Successor Agency (Agency) submitted a ROPS 13-14A to Finance on February 27, 2013 for the period of July through December 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on April 29, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

- Item Nos. 32 through 35 – Banc of America Public Capital Corporation agreements totaling \$2 million. During the Meet and Confer session, the Agency stated that the Agency along with three constituent members of the Sacramento Housing and Redevelopment Agency (SHRA) entered into a tax exempt facilities lease financing with Banc of America Public Capital Corporation for the purchase and rehabilitation of a property. Based on additional supporting documentation provided by the Agency, Finance is no longer classifying these line items as general administrative costs. Therefore, these items are enforceable obligations and are eligible for RPTTF funding.
- Item Nos. 39, 41, and 70 – Construction, Consulting and Engineering totaling \$21,348. Finance is no longer denying these line items as enforceable obligations. Although enforceable, the types of services requested are considered general administrative expenses and have been reclassified. The above line items do not fall into any of the following categories that are specifically excluded from the administrative cap as defined by HSC section 34171 (b):
  - Any litigation expenses related to assets or obligations
  - Settlements and judgments
  - The costs of maintaining assets prior to disposition

- Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs
- Item Nos. 82, 83, 84, 86, 100, and 101 – Loan monitoring, Loans and Rental Subsidy totaling \$53,802. Finance continues to deny these line items. The Agency contends, pursuant to an administrative services agreement between the Agency and SHRA dated July 1, 2012, the obligations to wind down the form County RDA and any agreement to staff those activities are the obligations of the Agency. However, 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 Housing Authority of the County of Sacramento assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor. Therefore, these items are not enforceable obligations and not eligible for RPTTF funding.

In addition, per Finance's ROPS letter dated April 13, 2013, the following items continue to be denied and were not contested by the Agency:

- 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. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on 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 Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$1,886,421 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 2,249,681
Minus: Six-month total for items denied or reclassified as administrative cost	
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	\$ 2,193,144
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	139,232
Minus: ROPS II prior period adjustment	(445,955)
<b>Total RPTTF approved for distribution:</b>	<b>\$ 1,886,421</b>

\*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.

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.

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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 Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Steve Szalay', with a stylized flourish extending to the left.

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