



April 29, 2013

REVISED

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

Dear Mr. Tuttle:

Subject: Recognized Obligation Payment Schedule

This letter revises and corrects the letter sent on April 13, 2013 due to a typographical error relating to Item No. 2 by the City of West Sacramento Successor Agency (Agency) for one of its bond payments. Pursuant to Health and Safety Code (HSC) section 34177 (m), the Agency submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 28, 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 No. 1 – 1998 Revenue Bonds in the amount of \$818,283. The Agency requested and received a distribution for \$2,045,708 in Redevelopment Property Tax Trust Fund (RPTTF) for the January to June 2013 Recognized Obligation Payment Schedule (ROPS III) period. This amount exceeded the period's required debt service payment by \$818,823. HSC 34171 (d) allows an Agency to create a reserve for bond payment obligations for the next payment due in the following half of the calendar year. Therefore, the reserves held by the Agency from the ROPS III distribution will be used to reduce the amount of RPTTF needed to fund this period's bond payment by \$818,823.
- Item No. 2 – 2004 Revenue Bonds, Series A, in the amount of \$309,133. The Agency's original ROPS 13-14A reflected expenditures of \$763,700 through ROPS II for this issue; however, the Agency has subsequently advised Finance that actual expenditure for the period was \$463,700, equal to the required debt service. However, the Agency requested and was approved for \$772,833 in RPTTF for ROPS III, which exceeded the debt service obligation by \$309,133. Therefore, while this is an enforceable obligation, \$309,133 is not eligible for RPTTF funding at this time.
- Item No. 3 – 2004 Revenue Bonds, Series B, in the amount of \$76,084. The Agency requested and was approved for \$188,709 in RPTTF for ROPS III. This amount exceeded the period's required debt service payment by \$75,484. HSC 34171 (d) allows an Agency to create a reserve for bond payment obligations for the next payment

due in the following half of the calendar year. In addition, the Agency requested \$638,826 on its ROPS 13/14A which is \$600 in excess of the payment due. Therefore, the reserves held by the Agency from the ROPS III distribution will be used to reduce the amount of RPTTF needed to fund the this period's bond payment by \$75,484 as well as the approved obligation will be reduced by \$600.

- Item No. 4 – 2007 Revenue Bonds, Series A, in the amount of \$356,300. The Agency requested and was approved for \$890,750 in RPTTF for ROPS III. This amount exceeded the period's required debt service payment by \$356,300. HSC 34171 (d) allows an Agency to create a reserve for bond payment obligations for the next payment due in the following half of the calendar year. Therefore, the reserves held by the Agency from the ROPS III distribution will be used to reduce the amount of RPTTF needed to fund the this period's bond payment by \$356,300.
- Item No. 5 – 2007 Revenue Bonds, Series B, in the amount of \$151,525. The Agency requested and was approved for \$378,816 in RPTTF for ROPS III. This amount exceeded the period's required debt service payment by \$151,525. HSC 34171 (d) allows an Agency to create a reserve for bond payment obligations for the next payment due in the following half of the calendar year. Therefore, the reserves held by the Agency from the ROPS III distribution will be used to reduce the amount of RPTTF needed to fund the this period's bond payment by \$151,525.
- Item No. 13 – Community Facility District 23 Special Tax in the amount of \$75,000. The Agency requested \$75,000 to pay taxes on a property they own. Based upon the documentation provided, the Agency owes only \$21,901 in taxes for the entire year. The Agency requested and received \$30,000 of RPTTF for this item in ROPS III. While this item is an enforceable obligation, the Agency has already received excess funding for the payment due this year. Therefore, the requested amount \$75,000 is not eligible for RPTTF funding.

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.

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,128,699 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 6,774,429
Minus: Six-month total for items denied	
Item 1	818,283
Item 2	309,133
Item 3	76,084
Item 4	356,300
Item 5	151,525
Item 13	75,000
Total approved RPTTF for enforceable obligations	\$ 4,988,104
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	133,945
Minus: ROPS II prior period adjustment	(1,993,350)
Total RPTTF approved for distribution:	\$ 3,128,699

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.

HSC section 34177 (a) (3) states that the Agency can only make payments listed on the ROPS, from the funds listed and authorized by Finance. However, the Agency elected to expend RPTTF on obligations for which RPTTF was not authorized and, also claims to have used RPTTF to remit funds required through the Low and Moderate Income Housing (LMIHF) Due Diligence Review (DDR) process. Unencumbered balances from the LMIHF should have been the source of funds for the DDR process. Additionally, some of the obligations for which the Agency received authorization to expend RPTTF had no payments made, or payments which exceeded the authorized RPTTF.

To avoid future adjustments against allowable RPTTF, it is incumbent upon the Agency to ensure that the obligations paid are consistent with the authority provided by Finance. As reflected in HSC section 34177 (a) (4), use of an alternate funding source other than that approved by Finance on the ROPS is allowed only with the prior approval of the oversight board.

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 Wendy Griffe, Supervisor or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

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