



November 14, 2014

Ms. Allison Carlos, Principal Management Analyst
Placer County
175 Fulweiler Avenue
Auburn, CA 95603

Dear Ms. Carlos:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Placer County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 30, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 18 – Property Disposition costs in the amount of \$25,000 is not allowed. Pursuant to Oversight Board Resolution No. 2014-05, the third party service contract with Johnson-Perkins was not to exceed an amount of \$25,000 through June 30, 2015. During July 1 through December 30, 2014 ROPS (ROPS 14-15A) period, Finance approved funding for this item in the amount of \$25,000. The Agency received sufficient funding to satisfy the obligation. Therefore, this item is not an enforceable obligation and not eligible for additional Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 19 – Property Disposition costs in the amount of \$25,000 is not allowed. Pursuant to Oversight Board Resolution No. 2014-05, the third party service contract with Andregg Geometrics was not to exceed an amount of \$25,000 through June 30, 2015. During July 1 through December 30, 2014 ROPS (ROPS 14-15A) period, Finance approved funding for this item in the amount of \$25,000. The Agency received sufficient funding to satisfy the obligation. Therefore, this item is not an enforceable obligation and not eligible for additional RPTTF funding.
- Item No. 52 – Property Disposition costs in the amount of \$35,000 is not allowed. Pursuant to Oversight Board Resolution No. 2014-05 the third party service contract with Overland Pacific Cutler was not to exceed an amount of \$35,000 through June 30, 2015. During July 1 through December 30, 2014 ROPS (ROPS 14-15A) period, Finance approved funding for this item in the amount of \$35,000. The Agency received sufficient funding to satisfy the obligation. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.

- Item Nos. 54 and 55 – Project Management and Property Maintenance Costs in the amount of \$128,000 and 91,872 respectively are not allowed. On May 19, 2014, Finance approved Agency's Long-Range Property Management Plan (Plan). As part of the Plan, Finance approved the transfer of the parcels located at the Kings Beach Town Center to the County of Placer (County) for subsequent sale to a third party for development consistent with redevelopment and community plans once the Agency obtains ownership of the parcels. It is our understanding that the Agency has obtained ownership of the parcels and is able to transfer the parcels to County for a subsequent sale. Therefore, any cost associated with the parcels is the County's responsibility until the parcels are sold. Therefore, the item Nos. 54 and 55, related to the Kings Beach Town Center are not enforceable obligations and are not eligible for RPTTF funding.
- Item No. 56 – Property Maintenance costs in the amount of \$11,260. Finance accepts the Agency's request to change requested amount to zero and retire the item.
- Item No. 53 - Claimed administrative costs exceed the allowance by \$40,000. HSC section 34171 (b) limits the fiscal year 2014-15 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. The Placer County Auditor-Controller's Office distributed \$165,000 for the July through December 2014 period, thus leaving a balance of \$85,000 available for the January through June 2015 period. Although \$125,000 is claimed for administrative cost, only \$85,000 is available pursuant to the cap. Therefore, \$40,000 of excess administrative cost is not allowed.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. HSC section 34186 (a) also specifies 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 table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

In addition, Finance noted the following during our review:

- On ROPS 13-14B Prior Period Adjustment worksheet, the Agency's expenditures exceeded Finance's authorization for the following items:
 - Other Funding totaling \$69,983 – Item Nos. 14

Per HSC section 34177 (a) (3), only those payments listed on ROPS may be made by the Agency from the funds specified on the ROPS. However, these items were determined to be enforceable obligations for the ROPS 14-15B period. Therefore, Finance is increasing the Agency's authorization for the ROPS 14-15B period to ensure that authorization is consistent with expenditures for the approved enforceable obligations. As these Other Funds were previously expended, the increase in authorization should not result in increased expenditures for the current ROPS period, but should merely allow the Agency to reconcile actual expenditures to the authorization.

HSC sections 34177 (a) (4) and 34173 (h) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your Oversight Board and Finance prior to making payments on enforceable obligations.

Except for the items denied in whole, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, 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 RPTTF distribution for the reporting period is \$825,754 as summarized in the Approved RPTTF Distribution Table below:

Approved RPTTF Distribution For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	1,281,645
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS	\$ 1,406,645
Total RPTTF requested for non-administrative obligations	1,281,645
<u>Denied Items</u>	
Item No. 18	(25,000)
Item No. 19	(25,000)
Item No. 52	(35,000)
Item No. 54	(72,936)
Item No. 55	(65,936)
Item No. 56	(5,630)
	(229,502)
Total RPTTF authorized for non-administrative obligations	\$ 1,052,143
Total RPTTF requested for administrative obligations	125,000
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(40,000)
Total RPTTF authorized for administrative obligations	\$ 85,000
Total RPTTF authorized for obligations	\$ 1,137,143
ROPS 13-14B prior period adjustment	(311,389)
Total RPTTF approved for distribution	\$ 825,754
Administrative Cost Cap Calculation	
Total RPTTF for 14-15A (July through December 2014)	2,230,323
Total RPTTF for 14-15B (January through June 2015)	1,052,143
Total RPTTF for fiscal year 2014-2015	3,282,466
Allowable administrative cost for fiscal year 2014-15 (Greater of 3% or \$250,000)	250,000
Administrative allowance for 14-15A (July through December 2014)	165,000
Allowable RPTTF distribution for administrative cost for ROPS 14-15B	85,000
Total RPTTF administrative obligations after Finance adjustments	125,000
Administrative costs in excess of the cap	\$ 40,000

Please refer to the ROPS 14-15B 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 January 1 through June 30, 2015. 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Mr. Andy Heath, Deputy County Executive Officer, Placer County
Ms. Jayne Goulding, Managing Accountant Auditor, Placer County
California State Controller's Office