



November 12, 2015

Ms. Leslie Fritzsche, Senior Project Manager
Sacramento City
915 I Street
Sacramento, CA 95814

Dear Ms. Fritzsche:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the Sacramento City Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 30, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item Nos. 7, 8, 31, 32, 89, 90, 98, 99 through 102, 188, 190, 194 through 196, 276, 288, 345, and 350 – Various obligations totaling \$6,604,914 are no longer enforceable obligations. The Agency issued refunding bonds to refinance these loan agreements to achieve savings. The Agency requested funding for 2015 Refunding Bonds (Item Nos. 432 through 435). Therefore, with the Agency's consent, these line items have been retired and are no longer eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 61, 256, and 316 – Housing Project Close Out costs in the amount of \$34,203 requested for ROPS 15-16B, total outstanding obligation in the amount of \$59,984, are not enforceable obligations. It is our understanding these items represent the costs involved in monitoring the sales of housing units to insure the proceeds from the sales are in line with the original agreements. However, the Agency is not responsible for paying the Housing entity's operations and administrative costs pursuant to HSC 34176 (a) (1). Further, the housing successor receives funding for Housing Administration pursuant to HSC 34171 (p). Therefore, these line items are not enforceable obligations and are not eligible for RPTTF funding.
- Item No. 73 – Property Holding costs for the Del Paso Project Area in the amount of \$50,000 have been adjusted. At the Agency's request, Finance has reduced the amount requested by \$45,000 to \$5,000.

- Item No. 97 – 2003 Del Paso Tax Allocation Bonds debt service payment in the amount of \$86,169 is not allowed. The Agency requests funding for this item; however, no payment is due until 2019. As a result, this item is not eligible for RPTTF funding on this ROPS.
- Item No. 193 – 2003 Del Paso Tax Allocation Bonds debt service payment in the amount of \$1,402,500 is not allowed. The Agency requests funding for this item; however, no payment is due at this time. As a result, this item is not eligible for RPTTF funding on this ROPS.
- Item No. 227 – Property Holding costs for the North Sacramento Project Area in the amount of \$20,000 have been adjusted. At the Agency's request, Finance has reduced the amount requested by \$10,000 to \$10,000.
- Item No. 254 – Construction of Broadway Streetscape Improvement and Third Street Plaza Project Costs in the amount of \$23,817 requested for ROPS 15-16B and total outstanding obligation of \$47,634 have been reclassified from RPTTF to Bond Proceeds. While these costs are enforceable obligations, this project is funded with Bond Proceeds and the project costs are also required to be funded with Bond Proceeds. Therefore, this item has been reclassified to Bond Proceeds.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 \$27,293,285 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	35,786,025
Total RPTTF requested for administrative obligations	649,476
Total RPTTF requested for obligations on ROPS 15-16B	\$ 36,435,501
Total RPTTF requested for non-administrative obligations	35,786,025
<u>Denied Items</u>	
Various Items - See Appendix A	(6,604,914)
Item No. 61	(8,422)
Item No. 73	(45,000)
Item No. 97	(86,169)
Item No. 193	(1,402,500)
Item No. 227	(10,000)
Item No. 256	(15,605)
Item No. 316	(10,176)
	(8,182,786)
<u>Reclassified Item</u>	
Item No. 254	(23,817)
	(23,817)
Total RPTTF authorized for non-administrative obligations	\$ 27,579,422
Total RPTTF requested for administrative obligations	649,476
Total RPTTF authorized for administrative obligations	\$ 649,476
Total RPTTF authorized for obligations	\$ 28,228,898
ROPS 14-15B prior period adjustment	(935,613)
Total RPTTF approved for distribution	\$ 27,293,285

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to

HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

Please direct inquiries to Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Dennis Kauffman, Accounting Manager, City of Sacramento
Mr. Ben Lamara, Assistant Auditor-Controller, Sacramento County

Appendix A: Summary of Items Retired by 2015 Refunding Bonds

ROPS Item #	Project Name/Debt Obligation	Description/Project Scope	15-16B Denied RPTTF Amount
7	2006 CIRB Series A	Master Lease Tax Ex (Fall DS "Smoothing")	0
8	2006 CIRB Series A	Master Lease Tax Ex (Spring DS Payment)	(194,756)
31	2003 Tax Allocation Revenue Bonds Series C	TE TABS Series C (Fall DS "Smoothing")	0
32	2003 Tax Allocation Revenue Bonds Series C	TE TABS Series C (Spring DS Payment)	(198,460)
89	2005 Refunding Revenue Bonds	Master Lease Refunding (Fall DS "Smoothing")	0
90	2005 Refunding Revenue Bonds	Master Lease Refunding (Spring DS Payment)	(420,744)
98	2003 Del Paso TE TABS Series A	Series A (Spring DS Payment)	(86,169)
99	2006 Tax Allocation Revenue Bonds Series A	Tax Exempt Bonds (Fall DS "Smoothing")	0
100	2006 Tax Allocation Revenue Bonds Series A	Tax Exempt Bonds (Spring DS Payment)	(228,880)
101	2006 Tax Allocation Revenue Bonds Series B	Taxable Series B (Fall DS "Smoothing")	0
102	2006 Tax Allocation Revenue Bonds Series B	Taxable Series B (Spring DS Payment)	(52,873)
188	2002 Merged Downtown TABS	Tax allocation bond (Fall DS "Smoothing")	(1,907,519)
190	2002 Merged Downtown TABS	Tax allocation bond (Spring DS Payment)	(97,519)
194	2005 Tax Allocation Revenue Bonds Series A	Tax Exempt Series A bond (Spring DS Payment)	(512,500)
195	2005 Tax Allocation Revenue Bonds Series B	Taxable Series B bond (Fall DS "Smoothing")	(1,556,926)
196	2005 Tax Allocation Revenue Bonds Series B	Taxable Series B bond (Spring DS Payment)	(981,926)
276	1999 Oak Park Refunding	Refunding (Spring DS Payment)	(43,465)
288	1999 Oak Park Refunding	Refunding (Fall DS "Smoothing")	(223,465)
345	2002 Stockton Blvd Master Lease	Master Lease (Fall DS "Smoothing")	(94,856)
350	2002 Stockton Blvd Master Lease	Master Lease (Spring DS Payment)	(4,856)
		Total	\$ (6,604,914)