



# CITY OF GALT

## A G E N D A

### REGULAR MEETING OF THE GALT REDEVELOPMENT OVERSIGHT BOARD

COUNCIL CHAMBERS, 380 CIVIC DRIVE  
GALT, CALIFORNIA

THURSDAY, SEPTEMBER 25, 2014 - 1:30PM

**NOTE:** Speaker Request Sheets are provided on the table inside the entrances to the council chambers. If you wish to address the board during the meeting, please complete a speaker sheet and give it to the city clerk. A maximum of three minutes is allowed for each speaker.

**NOTE:** If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's office, 209-366-7130, 380 Civic Drive, at least two days prior to the meeting.

**NOTE:** Public records, including writings relating to an agenda item for open session of a regular meeting and distributed less than 72 hours prior to the meeting, are available for public inspection at the City Clerk's Office, 380 Civic Drive, Galt, California.

**NOTE:** Please turn off all cell phones during the council meeting.

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A. **CALL MEETING TO ORDER:**

Roll Call: Board Members: **Parker, Carson, Ebner, Kiriu, Marx, Puentes-Griffith, Schauer**

B. **AGENDA APPROVAL, ADDITIONS AND/OR DELETIONS**

C. **PRESENTATION**

D. **PUBLIC COMMENT:** - Under Government Code Section 54954.3, members of the public may address the Board on non-agenda items. Speakers may address the Board on any agenda item during consideration of the item. Speakers shall restrict their comments to issues that are within the subject matter jurisdiction of the Oversight Board and limit comments to a maximum of three minutes. Please fill out a speaker sheet located on the table inside the entrances to the council chambers and forward the completed speaker sheet to the clerk.

E. **REGULAR BUSINESS ITEMS:**

**GALT REDEVELOPMENT OVERSIGHT BOARD  
REGULAR MEETING OF SEPTEMBER 25, 2014  
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1.     **SUBJECT**: Approval of the Minutes of the regular meeting of February 27, 2014.  
          **STAFF REPORT**: Haglund  
          **RECOMMENDED ACTION**: Approve the minutes of the regular meeting of February 27, 2014.
  
2.     **SUBJECT**: A Resolution of the Oversight Board adopting the Recognized Obligation Payment Schedule (ROPS) for January – June, 2015.  
          **STAFF REPORT**: Neeley  
          **RECOMMENDED ACTION**: Adopt a resolution approving and adopting the ROPS for the period of January 1, 2015 – June 30, 2015 (ROPS 14-15B) pursuant to the requirements of Assembly Bill 1484.
  
3.     **SUBJECT**: Asset Transfer Review – Informational Item.  
          **STAFF REPORT**: Neeley  
          **RECOMMENDED ACTION**: Receive the Galt Redevelopment Agency Asset Transfer Review Report for the period of January 1, 2011 through January 31, 2012 performed by the State Controller’s Office as an informational report.

**F.       COMMENTS BY STAFF**

**G.       COMMENTS BY OVERSIGHT BOARD MEMBERS / FUTURE AGENDA ITEMS**

**ADJOURNMENT**

City Clerk Agenda Report: The agenda for this Oversight Board Meeting was posted in the following listed sites before the close of business at 5:00 pm on the Thursday preceding the meeting:

1. City Hall Lobby, 380 Civic Drive;
2. U.S. Post Office, 600 N. Lincoln Way; and
3. Marian O. Lawrence Library, 1000 Caroline Avenue.



# CITY OF GALT

## MINUTES

### MEETING OF THE GALT REDEVELOPMENT OVERSIGHT BOARD

COUNCIL CHAMBERS, 380 CIVIC DRIVE  
GALT, CALIFORNIA

THURSDAY, FEBRUARY 27, 2014, 1:30 PM

The meeting was called to order at 1:30 pm by the vice chairperson. Board Members present: Carson, Ebner, Schauer, Kiri, Marx. Parker. Absent: Puentes-Griffith.

Staff Members Present: City Manager Jason Behrmann, City Clerk Aguire, City Attorney Rudolph and Senior Accountant Neeley.

**AGENDA APPROVAL, ADDITIONS AND/OR DELETIONS:** None.

**PRESENTATION:** None.

**PUBLIC COMMENT:** The clerk announced that members of the audience could address the council on any matter which is not on the agenda but within the subject matter jurisdiction. She advised the location of the speaker sheets, asked that speaker sheets be presented to the clerk prior to addressing council and advised that each person would have a three minute time limit to speak.

**ACTION:** Upon a motion by Schauer, seconded by Ebner, the agenda was approved as to form by a unanimous vote of board members present. Absent: Puentes-Griffith.

#### **REGULAR BUSINESS ITEMS:**

- SUBJECT:** Approval of the Minutes of the regular meeting of October 24, 2013.  
**RECOMMENDED ACTION:** Approve the Minutes of the regular meeting of October 24, 2013.

**ACTION:** Upon a motion by Kiri, seconded by Carson, the minutes of the meeting of October 24, 2013, were approved by a unanimous vote of board members present. Absent: Puentes-Griffith.
- SUBJECT:** A Resolution of the Oversight Board adopting the Recognized Obligation Payment Schedule (ROPS) for July – December 2014.

**GALT REDEVELOPMENT OVERSIGHT BOARD MINUTES  
REGULAR MEETING OF FEBRUARY 27, 2014  
PAGE 2**

**RECOMMENDED ACTION:** Adopt a resolution approving and adopting the ROPS for the period of July 1, 2014 - December 31, 2014 (ROPS 14-15A) pursuant to the requirements of Assembly Bill 1484.

Senior Accountant Neeley gave a staff report.

**ACTION:** Upon a motion by Carson, seconded by Schauer, Resolution No. 2014-01OB was adopted by a unanimous vote of board members present. Absent: Puentes-Griffith.

3. **SUBJECT:** Approval of Successor Agency Administrative Budget for July 1, 2014 – June 30, 2015.

**RECOMMENDED ACTION:** Adopt a resolution approving the Administrative Budget for the Successor Agency for July 1, 2014 through June 30, 2015.

Behrmann gave a staff report.

**ACTION:** Upon a motion by Ebner, seconded by Carson, Resolution No. 2014-02OB was adopted by a unanimous vote of board members present. Absent: Puentes-Griffith.

**COMMENTS BY STAFF:** Behrman gave an update on the Department of Finance's (DOF) denial of the Due Diligence Review. He discussed debt service payment and the dispute between the DOF and the City.

Rudolph discussed litigation against the Department of Finance and the fact that they were blocking the ability to use the 2011 bond funds. He said there was a decision against the city in August, 2013 and stated that there was now an appeal pending.

Rudolph then said there was a hearing by the Assembly Budget Subcommittee where the DOF made a presentation. He distributed materials to the Board for their review.

There was a consensus to start meeting only once per month on the fourth Tuesday.

**COMMENTS BY OVERSIGHT BOARD MEMBERS / FUTURE AGENDA ITEMS:** None.

**ACTION:** Upon a motion by Schauer, seconded by Kiriu, adjourning the meeting was approved by a unanimous vote of board members present. Absent: Puentes-Griffith.

There being no further business to come before board, the meeting was adjourned by the vice chairperson at 2:05 pm.

Respectfully submitted,

Elizabeth Aguire  
City Clerk



**OVERSIGHT BOARD  
AGENDA REPORT**

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Meeting Date: September 25, 2014  
Item Number:

**FROM:** Michelle Neeley, Accounting Manager

**SUBJECT:** A RESOLUTION OF THE OVERSIGHT BOARD ADOPTING THE  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY –  
JUNE 2015

**RECOMMENDATION**

Adopt a Resolution approving and adopting the Recognized Obligation Payment Schedule for the period of January 1, 2015 – June 30, 2015 (ROPS 14-15B) pursuant to the requirements of Assembly Bill 1484.

**DISCUSSION**

By way of background, on June 29, 2011, the Governor signed into law Assembly Bill X1 26 (ABX1 26) as part of the State budget package. ABX1 26 in effect abolished every redevelopment agency. As part of the 2012-13 fiscal year state budget package, AB 1484 was approved which made substantive amendments to ABX1 26, which the City as Successor Agency has been responsible to adhere to.

The Successor Agency/Oversight Board has made various decisions and taken various actions, inclusive of adopting Recognized Obligation Payment Schedules (ROPS). The ROPS is a listing of all enforceable obligations anticipated over a defined six-month period. The current report is further described on the next page but for the upcoming January – June 2015 reporting period, the ROPS is inclusive of a summary page, cash balances, enforceable obligations, prior period adjustments, and notes.

It should be noted that Redevelopment Property Tax Trust Fund (RPTTF) available does not always fully fund approved expenditures during any ROPS six-month period. In these cases, available funds will be allocated based on priority with expenditures such as bond payments being paid first. Items which are not completely funded in one ROPS period, such as administrative costs, can be funded by a loan from the City to the Successor Agency and repaid from future RPTTF funds as they become available.

The current ROPS includes repayments from RPTTF for Redevelopment Agency debt to the City of Galt subject to a finding of completion from the Department of Finance which is expected prior to the end of the year. The debt which was consolidated is inclusive of Industrial

City Manager Approval: 

TYPE OF ITEM:	BOARD ACTION: Approved	Denied	Revised
<input type="checkbox"/> Consent	Reso No _____		Ord No _____
<input checked="" type="checkbox"/> Departmental	Moved By: _____		
<input type="checkbox"/> Public Hearing	Seconded By: _____		
<input type="checkbox"/> Redevelopment Agency	Vote: _____		
<input type="checkbox"/> Other - CIA			

Drive street improvements (1986), KMS Industrial Park project fees (1999), Library project (1993), Cardinal Glass fees (1998), Boys & Girls Club loan (1991) and Galt Plaza fee waivers (1990). A finding of completion will be received after the non-housing Due Diligence Review payment is resolved. Also included are bond proceeds which may be allowable pending signature by the Governor of AB2493, which authorizes agencies to spend 2011 bond proceeds.

Pursuant to AB 1484 H&S section 34177(m), the ROPS for the period of January 1, 2015 to June 30, 2015 must be submitted by the Successor Agency after approval by the Oversight Board by October 1, 2014 to the required agencies.

If a Successor Agency does not submit a ROPS by the deadline provided in this section, the City shall be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance (pursuant to AB 1484 H&S section 34177(m)(2)). Additionally, the Successor Agency's administrative allowance may be reduced by 25% if the ROPS is more than 10 days late.

Exhibit A is the ROPS 14-15B for the period of January 1, 2015 to June 30, 2015. The ROPS has been completed using the template provided by the Department of Finance. The ROPS includes five components:

1. Summary Page
2. Report of Cash Balances
3. ROPS 14-15B  
(January – June 2015) Enforceable Obligations are inclusive of:
  - Debt payments due in March 2015;
  - CCSD payment FY 14-15;
  - Consultant services related to the wind down activities and bond administration;
  - Administrative cost allowance FY 14-15 (partial);
  - Loan Consolidation payments to City;
  - Expenditure of 2011 Bond proceeds
4. Report of prior period adjustments – estimated versus actual payments, “true up”, for the period January – June 2014 (ROPS 13-14B). True up amounts for RPTTF funded items are inclusive of:
  - Debt payments;
  - Consulting and legal Services related to debt and wind down activities;
  - Administrative allowance for FY 14-15
5. Notes

## **FISCAL IMPACT**

Adoption of the ROPS will authorize the Successor Agency to forward the schedule to the required agencies and payment obligations to continue to be made by the Successor Agency. Failure to adopt the ROPS and submit to the various agencies by October 1, 2014 will result in civil penalties and a reduction in the administrative allowance to the City.

## **ATTACHMENTS**

Resolution

Exhibit A – Recognized Obligation Payment Schedule January 1, 2015 – June 30, 2015 (Exhibit A to Resolution)

**RESOLUTION NO. 2014- \_\_\_\_ OB**

**A RESOLUTION OF THE OVERSIGHT BOARD  
APPROVING AND ADOPTING RECOGNIZED OBLIGATION PAYMENT  
SCHEDULE PURSUANT TO AB 1484, FOR JANUARY – JUNE 2015**

**WHEREAS**, pursuant to the Community Redevelopment Law (Health and Safety Code Sections 33000 *et seq.*), the City Council of the City of Galt (“City”) created the Redevelopment Agency of the City of Galt (“Agency”); and

**WHEREAS**, the Agency has been responsible for implementing the Redevelopment Plan(s) for the Galt Redevelopment Project(s) covering certain properties within the City (“Project Area(s)”); and

**WHEREAS**, as part of the 2011-2012 State budget bill, the California State Legislature enacted, and the Governor signed bill ABX1 26 , which eliminates every redevelopment agency; and

**WHEREAS**, Health and Safety Code Section 34177, enacted by ABX1 26, requires Successor Agencies and Oversight Boards to adopt Recognized Obligation Payment Schedules (ROPS); and

**WHEREAS**, the City of Galt elected to become the Successor Agency for the Redevelopment Agency on January 17, 2012; and

**WHEREAS**, the Successor Agency approved the ROPS, on September 16, 2014, and directed that the ROPS be forwarded to the Oversight Board for approval; and

**WHEREAS**, pursuant to Health and Safety (H&S) Code section 34177(1)(2)(B), the ROPS has been forwarded to the county administrative officer, the county auditor controller, and the State Department of Finance at the same time that the Successor Agency submitted the ROPS to the Oversight Board for approval; and

**WHEREAS**, pursuant to H&S Code section 34177(1)(2)(C); the Oversight Board approved ROPS must be submitted to the State Department of Finance, State Controller’s Office, and the Sacramento County Auditor Controller’s Office; and

**WHEREAS**, pursuant to H&S section 34177(m) as amended by AB1484, enacted by the legislature on June 27, 2012, as part of the 2012-2013 fiscal year state budget package, the ROPS for the period of January 1, 2015 to June 30, 2015 must be submitted by the Successor Agency after approval by the Oversight Board to the various required agencies by October 1, 2014; and

**WHEREAS**, adoption of the ROPS by the Oversight Board would allow the Successor Agency to make continued payments on debts and obligations listed on the ROPS;

**NOW, THEREFORE, BE IT RESOLVED, that the Oversight Board does hereby resolve as follows:**

**Section 1. Recitals.** The Recitals set forth above are true and correct and incorporated herein by reference.

**Section 2. Approval of ROPS.** The Oversight Board hereby approves and adopts the Recognized Obligation Payment Schedule for the period January 1, 2015 – June 30, 2015, in substantially the form attached hereto as Exhibit A as required by Health and Safety Code Section 34177.

**Section 3. Authority.** The City Manager, as Executive Director of the Successor Agency, is hereby authorized to make revisions to the ROPS in order to conform to any reporting requirements promulgated by the State Department of Finance, State Controllers Office or the County Auditor-Controller subsequent to the adoption of this resolution. The Successor Agency and the Oversight Board shall be notified of any revisions and provided with a copy of the ROPS, as revised. The City Manager is not authorized to add any enforceable obligations or increase the dollar amount of any enforceable obligations without Successor Agency and Oversight Board review and approval.

**Section 4. Posting; Transmittal to Appropriate Agencies.** The Secretary is hereby authorized and directed to transmit, by electronic means, the Oversight Board approved ROPS to the Sacramento County Auditor-Controller, the Sacramento County Administrative Officer, the State Controller and the Department of Finance, by October 1, 2014, as required by AB 1484. The Secretary is also authorized and directed to post a copy of the ROPS on the City's website.

**PASSED AND ADOPTED** by the Board this 25 day of September 2014, upon a motion by Board Member \_\_\_\_\_, seconded by Board Member of the Oversight Board \_\_\_\_\_ by the following vote, to wit:

AYES: Board Members:  
NOES: Board Members:  
ABSTAIN: Board Members:  
ABSENT: Board Members:

\_\_\_\_\_  
CHAIRPERSON, Oversight Board

ATTEST:

\_\_\_\_\_  
Secretary, Oversight Board

## Recognized Obligation Payment Schedule (ROPS 14-15B) - Summary

Filed for the January 1, 2015 through June 30, 2015 Period

**Name of Successor Agency:** Galt  
**Name of County:** Sacramento

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
<b>Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding</b>	
<b>A Sources (B+C+D):</b>	<b>\$ 6,671,509</b>
B Bond Proceeds Funding (ROPS Detail)	6,671,509
C Reserve Balance Funding (ROPS Detail)	-
D Other Funding (ROPS Detail)	-
<b>E Enforceable Obligations Funded with RPTTF Funding (F+G):</b>	<b>\$ 2,313,244</b>
F Non-Administrative Costs (ROPS Detail)	2,082,955
G Administrative Costs (ROPS Detail)	230,289
<b>H Current Period Enforceable Obligations (A+E):</b>	<b>\$ 8,984,753</b>

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
I Enforceable Obligations funded with RPTTF (E):	2,313,244
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(315)
<b>K Adjusted Current Period RPTTF Requested Funding (I-J)</b>	<b>\$ 2,312,929</b>

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
L Enforceable Obligations funded with RPTTF (E):	2,313,244
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
<b>N Adjusted Current Period RPTTF Requested Funding (L-M)</b>	<b>2,313,244</b>

Certification of Oversight Board Chairman:  
Pursuant to Section 34177 (m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Name	Title
/s/	
Signature	Date

**Recognized Obligation Payment Schedule (ROPS 14-15B) - ROPS Detail**  
**January 1, 2015 through June 30, 2015**  
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Funding Source					Six-Month Total
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	
								\$ 47,669,471		\$ 6,671,509	\$ -	\$ -	\$ 2,082,955	\$ 230,289	\$ 8,984,753
1	2011 Tax Allocation Bonds Series A	Bonds Issued After 12/31/10	2/25/2011	9/1/2033	Bank of New York	Bonds issued to fund projects	Added Area	17,103,811	N				283,784		283,784
2	2011 Tax Allocation Bonds Series B	Bonds Issued After 12/31/10	2/25/2011	9/1/2026	Bank of New York	Bonds issued to fund projects	Added Area	9,181,887	N				240,950		240,950
3	Cooperative Agreement between the RDA and City of Galt	Litigation	1/21/2011	7/3/2052	Various	Validation Judgment	All		N						-
4	2011 Loan Consolidation	City/County Loans On or Before 6/27/11	5/3/2011	6/30/2035	City of Galt	Loans for public infrastructure (permitted after a finding of completion is issued by H&SC Section 34191.3(b)(1))	Orig Area		Y						-
5	Loan LMIH	City/County Loans On or Before 6/27/11	2/5/2008	11/18/2018	City of Galt	Loans for public infrastructure (permitted after a finding of completion is issued by H&SC Section 34191.3(b)(1))	Orig Area		N						-
6	Project Delivery Cost	Fees	5/25/2011	12/31/2033	NBS	Continuing Disclosure (contract renewed annually until bonds are repaid)	Orig Area	46,170	N				2,260		2,260
7	Project Delivery Cost	Fees	2/17/2011	9/1/2033	Bank of New York	Annual Trustee Fee	Orig Area	150,240	N				4,400		4,400
13	Project Delivery Cost	Professional Services	1/5/2011	6/30/2014	Carollo Engineers	Engineering Services	Added Area		N						-
21	Project Delivery Cost	Professional Services	7/26/2011	6/30/2014	Tschudin Consulting	CEQA Document Preparation	Added Area		N						-
23	Project Delivery Cost	Professional Services	2/25/2011	9/1/2033	Various	Continuation of rehabilitation projects pursuant to bond covenants	Added Area		N						-
24	Administrative Allowance	Admin Costs	2/1/2012	7/3/2052	City of Galt	Admin Allowance	All	4,625,000	N					230,289	230,289
29	Project Related Employee Costs	Project Management Costs	2/25/2011	9/1/2033	City of Galt	Employee costs for time spent on bond project implementation	All		N						-
30	Lawsuit Settlement	Litigation	11/8/2008	7/3/2052	Cosumnes Comm. Svcs	Settlement Payment per HSC 34171(d)(1)(D)	All	3,986,000	N				343,000		343,000
31	Debt Service Reserve	Reserves	2/25/2011	9/1/2033	Bank of New York	Reserve held as necessary pursuant to bond indenture or to make next bond payment due per HSC 34171(d)(1)	All		Y						-
35	Project Delivery Cost	Professional Services	2/25/2011	9/1/2033	Various	Continuation of rehabilitation projects pursuant to bond covenants	All	6,671,509	N	6,671,509					6,671,509
36	Lawsuit Settlement	Litigation	7/1/2014	12/31/2014	BB&K	Litigation expenses per HSC 34171(d)(1)(F)	All		N						-
37	Housing Successor Entity Administrative Allowance	Housing Entity Admin Cost	7/1/2014	12/31/2014	Housing Successor Entity	Housing Successor Entity administrative cost allowance pursuant to 34171(p)	All	600,000	N				75,000		75,000
38	Debt Service Reserve	Reserves	2/25/2011	9/1/2033	Bank of New York	Reserve held as necessary pursuant to bond indenture or to make next bond payment due per HSC 34171(d)(1)	all	384,867	N				384,867		384,867
39	2011 Loan Consolidation	City/County Loans On or Before 6/27/11	5/3/2011	6/30/2035	City of Galt	Loans for public infrastructure (permitted after a finding of completion is issued by H&SC Section	Orig Area	4,919,987	N				748,694		748,694

**Recognized Obligation Payment Schedule (ROPS 14-15B) - Report of Cash Balances**

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [https://rad.dof.ca.gov/rad-sa/pdf/Cash\\_Balance\\_Agency\\_Tips\\_Sheet.pdf](https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf).

A	B	C	D	E	F	G	H	I	
Cash Balance Information by ROPS Period		Fund Sources						Comments	
		Bond Proceeds		Reserve Balance		Other	RPTTF		
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin		
<b>ROPS 13-14B Actuals (01/01/14 - 06/30/14)</b>									
1	Beginning Available Cash Balance (Actual 01/01/14)		6,680,409				5,329		
2	Revenue/Income (Actual 06/30/14) RPTTF amounts should tie to the ROPS 13-14B distribution from the County Auditor-Controller during January 2014		720			24,690	603,248		
3	Expenditures for ROPS 13-14B Enforceable Obligations (Actual 06/30/14) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q		20,709			14,927	608,262		
4	Retention of Available Cash Balance (Actual 06/30/14) RPTTF amount retained should only include the amounts distributed for debt service reserve(s) approved in ROPS 13-14B								
5	ROPS 13-14B RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 13-14B PPA in the Report of PPA, Column S	No entry required						315	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	-	6,660,420	-	-	9,763	-		
<b>ROPS 14-15A Estimate (07/01/14 - 12/31/14)</b>									
7	Beginning Available Cash Balance (Actual 07/01/14) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	-	6,660,420	-	-	9,763	315		
8	Revenue/Income (Estimate 12/31/14) RPTTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014					-	1,126,045		
9	Expenditures for ROPS 14-15A Enforceable Obligations (Estimate 12/31/14)					9,763	1,221,571	The Successor Agency did not receive enough RPTTF to cover all \$1,231,334 in approved enforceable obligations. The Successor Agency plans to use \$9,763 in Other Revenue to partially offset the shortfall.	
10	Retention of Available Cash Balance (Estimate 12/31/14) RPTTF amount retained should only include the amount distributed for debt service reserve(s) approved in ROPS 14-15A								
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	-	6,660,420	-	-	-	(95,211)		







**OVERSIGHT BOARD  
AGENDA REPORT**

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Meeting Date: September 25, 2014  
Item Number:

**FROM:** Michelle Neeley, Accounting Manager

**SUBJECT:** Asset Transfer Review – Informational Item

**RECOMMENDATION**

Receive the Galt Redevelopment Agency Asset Transfer Review Report for the period of January 1, 2011 through January 31, 2012 performed by the State Controller’s Office as an informational report.

**DISCUSSION**

Pursuant to Health and Safety (H&S) Code section 34167.5, the State Controller’s Office (SCO) reviewed all asset transfers made by the Galt Redevelopment Agency (RDA) to the City of Galt (City) or any other public agency after January 1, 2011. Their review included an assessment of whether each asset transfer was allowable and whether the asset should be turned over to the Successor Agency. As you may recall, there were various transfers related to advance repayments to the City’s General Fund. The advances originally made from the City’s General Fund (GF) to the RDA are typical and are commonly referred to as “dry period” funding. Debt service payments as well as the various statutory payments to taxing entities were paid by the agency in the first part of the fiscal year, while tax increment is received during the latter part of the fiscal year; cash is rarely available at year-end to allow for payment of expenditures during the next six- month “dry period”. The GF historically has advanced amounts needed and has been repaid when tax increment is received, typically in December/January and April/May of each year.

The SCO reviewed the Non-Housing Due Diligence Review (DDR) as their basis for their audit. The purpose of the DDR was to determine the amount of cash and cash equivalents available for distribution to other taxing entities. On March 26, 2014, the SCO issued a draft report and denied several transfers. The City/Agency disagreed with SCO’s position and were able to present additional information to clarify the denied items. The SCO has issued their final report and have concurred with staff that the transfers were allowable. Other unallowable transfers previously identified through the Housing DDR were also in the report. Since these were previously repaid by the City and redistributed to taxing agencies, no further action is necessary.

City Manager Approval: 

TYPE OF ITEM:	BOARD ACTION: Approved    Denied    Revised
<input type="checkbox"/> Consent	Reso No _____ Ord No _____
<input checked="" type="checkbox"/> Departmental	Moved By: _____
<input type="checkbox"/> Public Hearing	Seconded By: _____
<input type="checkbox"/> Redevelopment Agency	Vote: _____
<input type="checkbox"/> Other - CIA	

Asset Transfer Review - Informational Item

Staff continues working with the State Department of Finance to resolve the same transfers that the SCO has now classified as allowable in order for the Agency to receive the Finding of Completion.

**FISCAL IMPACT**

There is no financial impact as this is an information item.

**ATTACHMENTS**

Galt Redevelopment Agency Asset Transfer Review Report



JOHN CHIANG  
California State Controller

August 26, 2014

Inez Kiriv, Finance Director  
Galt Redevelopment/Successor Agency  
300 Civic Drive  
Galt, CA 95632-2039

Dear Ms. Kiriv:

Pursuant to Health and Safety (H&S) Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the Galt Redevelopment Agency (RDA) to the City of Galt (City) or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether the asset should be turned over to the Successor Agency.

Our review applied to all assets including, but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers of assets to the City or any other public agencies have been reversed.

Our review found that the RDA transferred \$20,664,642 in assets after January 1, 2011, including unallowable transfers to the City totaling \$1,147,341, or 5.55% of transferred assets.

However, the City remitted \$1,085,000 in cash to the Sacramento County Auditor-Controller, to be distributed to the taxing entities. In addition, there was a \$62,341 adjustment/repayment made through the California Department of Finance Due Diligence Review process. Therefore, no further action is necessary.

If you have any questions, please contact Elizabeth González, Chief, Local Government Compliance Bureau, by telephone at (916) 324-0622.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey V. Brownfield". The signature is written in a cursive style with a large, prominent initial "J".

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/mh

cc: David Botelho, Program Budget Manager  
California Department of Finance  
Richard J. Chivaro, Chief Legal Counsel  
State Controller's Office  
Elizabeth González, Bureau Chief  
Division of Audits, State Controller's Office  
Scott Freesmeier, Audit Manager  
Division of Audits, State Controller's Office  
Robert Brasfield, Auditor-in-Charge  
Division of Audits, State Controller's Office

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# Asset Transfer Review Report

## Summary

The State Controller's Office (SCO) reviewed the asset transfers made by the Galt Redevelopment Agency (RDA) after January 1, 2011. Our review included, but was not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payments of any kind from any source.

Our review found that the RDA transferred \$20,664,642 in assets after January 1, 2011, including unallowable transfers to the City of Galt (City) totaling \$1,147,341, or 5.55% of transferred assets.

However, the City remitted \$1,085,000 in cash to the Sacramento County Auditor-Controller, to be distributed to the taxing entities. In addition, there was a \$62,341 adjustment/repayment made through the California Department of Finance Due Diligence Review (DDR) process. Therefore, no further action is necessary.

## Background

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year (FY) 2011-12 State budget. The Governor's proposal was incorporated into Assembly Bill 26 (ABX1 26, Chapter 5, Statutes of 2011, First Extraordinary Session), which was passed by the Legislature, and signed into law by the Governor on June 28, 2011.

ABX1 26 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA Successor Agencies to oversee dissolution of the RDAs and redistribution of RDA assets.

A California Supreme Court decision on December 28, 2011 (*California Redevelopment Association et al. v. Matosantos*), upheld ABX1 26 and the Legislature's constitutional authority to dissolve the RDAs.

ABX1 26 was codified in the Health and Safety (H&S) Code beginning with section 34161.

H&S Code section 34167.5 states in part, ". . . the Controller shall review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency."

The SCO identified asset transfers that occurred after January 1, 2011, between the RDA, the City, and/or other public agencies. By law, the SCO is required to order that such assets, except those that already had been committed to a third party prior to June 28, 2011, the effective date of ABX1 26, be turned over to the Successor Agency. In addition, the SCO may file a legal action to ensure compliance with this order.

## Objective, Scope, and Methodology

Our review objective was to determine whether asset transfers that occurred after January 1, 2011, and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the city or county, or city and county that created an RDA, or any other public agency, and the RDA, were appropriate.

We performed the following procedures:

- Interviewed Successor Agency personnel to gain an understanding of the Successor Agency operations and procedures.
- Reviewed meeting minutes, resolutions, and ordinances of the RDA, the City, the Successor Agency, and the Oversight Board.
- Reviewed accounting records relating to the recording of assets.
- Verified the accuracy of the Asset Transfer Assessment Form. This form was sent to all former RDAs to provide a list of all assets transferred between January 1, 2011, and January 31, 2012.
- Reviewed applicable financial reports to verify assets (capital, cash, property, etc.).

## Conclusion

Our review found that the Galt Redevelopment Agency transferred \$20,664,642 in assets after January 1, 2011, including unallowable transfers to the City totaling \$1,147,341, or 5.55% of transferred assets.

However, the City remitted \$1,085,000 in cash to the Sacramento County Auditor-Controller to be distributed to the taxing entities. In addition, there was a \$62,341 adjustment/repayment made through the California Department of Finance DDR process. Therefore, no further action is necessary.

Details of our findings are described in the Findings and Orders of the Controller section of this report.

## Views of Responsible Officials

We issued a draft review report on March 26, 2014. Michelle Neeley responded by email dated July 29, 2014, agreeing with the review results. The City's response is included in this final review report as an attachment.

## Restricted Use

This report is solely for the information and use of the City, the Successor Agency, the Oversight Board, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record when issued final.



JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

August 26, 2014

# Findings and Orders of the Controller

## **FINDING— Unallowable asset transfers to the City of Galt**

The Galt Redevelopment Agency (RDA) made unallowable asset transfers of \$1,147,341, to the City of Galt (City). The transfers occurred after January 1, 2011, and the assets were not contractually committed to a third party prior to June 28, 2011.

Unallowable asset transfers were as follows:

- On June 29, 2011, the RDA transferred \$62,341 to the City for a loan repayment.
- On June 29, 2011, the RDA transferred \$148,000 to the City for a loan repayment.
- On July 31, 2011, the RDA transferred \$148,000 to the City for a loan repayment.
- On October 3, 2011, the RDA transferred \$789,000 to the City for City Impact Fees.

Pursuant to Health and Safety (H&S) Code section 34167.5, the RDA may not transfer assets to a city, county, city and county, or any other public agency after January 1, 2011. The assets must be turned over to the Successor Agency for disposition in accordance with H&S Code section 34177(d).

### Order of the Controller

Pursuant to H&S Code section 34167.5, the City is ordered to reverse the transfer of assets in the amount of \$1,147,341, plus any interest earned, and turn over the assets to the Successor Agency. The Successor Agency is directed to properly dispose of those assets in accordance with H&S Code section 34177(d).

However, the City remitted \$1,085,000 in cash to the Sacramento County Auditor-Controller, to be distributed to the taxing entities. In addition, there was a \$62,341 adjustment/repayment made through the California Department of Finance DDR process. Therefore, no further action is necessary.

**Schedule 1—  
Unallowable RDA Asset Transfers to the City of Galt  
January 1, 2011, through January 31, 2012**

Asset	Transfer Date	Amount
Repayment of loan (Loan Consolidation)	06/29/11	\$ 62,341
Galt Place—loan repayment	06/29/11	148,000
Galt Place—loan repayment	07/31/11	148,000
Payment to City for Impact Fees—Galt Place	10/3/11	789,000
Total unallowable transfers		1,147,341
Less assets transferred to the Sacramento County Auditor-Controller	01/16/13	(1,085,000)
Less adjustments/repayments made through the DDR process	04/13/13	(62,341)
Total unallowable transfers subject to H&S Code section 34167.5		\$ — <sup>1</sup>

<sup>1</sup> See the Findings and Orders of the Controller section.