



November 14, 2013

Ms. Mary Rister, Finance Officer
City of Rocklin
3970 Rocklin Road
Rocklin, CA 95677

Dear Ms. Rister:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Rocklin Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 30, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, 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 for the reasons specified:

- Item No. 42 – Drainage Master Plan in the amount of \$185,057. The Agency stated that this item has been paid in full. Therefore, this line item is not an enforceable obligation and not eligible for bond proceeds.
- Item No. 43 – Placer County Bond Agreement Loan in the amount of \$2,484,872. Pursuant to Finance's letter dated September 26, 2013 regarding Oversight Board Resolution No. 2013-12, the Agency is not permitted to issue bonds to the Placer County Treasurer to retire the Bank of America Line of Credit. The Agency informed Finance that it would like to get a loan from the Placer County (County). Once the Agency reaches an agreement with the County that is approved by Agency's oversight board in accordance with HSC section 34180 (i), the agreement will be reviewed by Finance pursuant to HSC section 34179 (h). If the agreement is approved by Finance, the Agency may be permitted to request funding for the loan agreement on the next ROPS. However, at this time the obligation is not eligible for RPTTF funding.

Based upon a review of the Fund Balances form, the following adjustments were made:

- Beginning Available Fund Balance (Actual 01/01/13) – RPTTF balances retained for bond reserves in the amount of \$1,811,236. The Agency's Other Funds and Accounts Due Diligence Review categorized this cash as "restricted cash". Therefore, the amount was transferred to column C from column F.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. 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. The amount of RPTTF approved in the below table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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 \$2,408,307 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014	
Total RPTTF requested for non-administrative obligations	2,680,596
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 2,805,596
Total RPTTF requested for non-administrative obligations	2,680,596
<u>Denied Items</u>	
Item No. 43	(257,822)
Total RPTTF approved for non-administrative obligations	2,422,774
Total RPTTF approved for administrative obligations	125,000
Total RPTTF approved for obligations	2,547,774
ROPS III prior period adjustment	(139,467)
Total RPTTF approved for distribution	\$ 2,408,307

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/.](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14B%20Forms%20by%20Successor%20Agency/)

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, 2014. This determination applies only 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 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 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
Assistant Program Budget Manager

cc: Ms. Kim Sarkovich, Chief Finance Officer, City of Rocklin
Ms. Jayne Goulding, Managing Accountant Auditor, Placer County
California State Controller's Office