



December 18, 2012

Ms. Stacey Tamagni, Financial Analyst  
Folsom Redevelopment Successor Agency  
50 Natoma Street  
Folsom, CA 95630

Dear Ms. Tamagni:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 20, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Folsom Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 5, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 20, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 13, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed.

- Item No. 15 – C & C Construction contract with City of Folsom for Public Plaza in the amount of \$500,000 payable from Redevelopment Property Tax Trust Fund (RPTTF). Finance continues to deny the Item. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. A valid contract signed prior to June 27, 2011 between the former RDA and C & C Construction was not submitted. An Oversight Board resolution was submitted indicating the Executive Director was authorized to execute the agreement; however, the City Manager, City Clerk, Financial Director, Public Works Director and the City Attorney executed the contract, not the executive director.
- Item No. 17 – 2613 - Folsom Public Plaza in the amount of \$86,327 payable from Redevelopment Property Tax Trust Fund (RPTTF). This item is related to number 15 above. The related costs are also not considered an enforceable obligation.

In addition, per Finance's determination letter dated October 20, 2012, the following items are not being disputed by the Agency and the previous decisions continue to be upheld:

- Item No. 20 – Housing Legal Fees associated with winding down RDA in the amount of \$10,000 payable from RPTTF. This item is identified as an obligation of the housing entity. HSC section 34176 (a) (1) requires the housing entity to be responsible for the

housing duties and obligations previously performed by the redevelopment agency. The housing entity is responsible for its own operations and administrative costs.

- Item No 23 – Project Area Loan Servicing in the amount of \$21,300 payable from the Low and Moderate Income Housing Fund. This item was not listed on the Housing Asset form submitted previously. Also, this item is identified as an obligation of the housing entity. HSC section 34176 (a) (1) requires the housing entity to be responsible for the housing duties and obligations previously performed by the redevelopment agency. The housing entity is responsible for its own operations and administrative costs.
- Item No. 24 – Contract with Granite Folsom, LP for low-mod housing construction in the amount of \$1,710,965 funded by bond proceeds. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understating that contracts for this item have not yet been awarded. If the Agency receives a finding of completion from Finance, the Agency may be able to use bond proceeds for the purpose for which the bonds were sold.

Although the following item was denied on previous ROPS schedules for the periods January through June 2012 (ROPS I) and July through December 2012 (ROPS II), based on review of additional information provided, we are no longer denying the item:

- Item No. 16 – RD0901 – Streetscape in the amount of \$341,524 payable from RPTTF.

Furthermore, Item Nos. 13, 14 and 26 totaling \$25,500 were reclassified as administrative costs. Although this reclassification increased administrative costs to \$150,500, the administrative cost allowance has not been exceeded.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$5,980,638 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 6,446,965
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 13*	3,000
Item 14*	5,000
Item 15	500,000
Item 17	86,327
Item 20	5,000
Item 26*	17,500
Total approved RPTTF for enforceable obligations	\$ 5,830,138
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	150,500
<b>Total RPTTF approved:</b>	<b>\$ 5,980,638</b>

\*Reclassified to administrative costs

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county

auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the 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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 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 questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Terri Hemley, Financial Services Manager, Folsom Redevelopment Successor  
Agency  
Mr. Carlos Valencia, Senior Accounting Manager, Sacramento County  
California State Controller's Office