



December 18, 2012

Ms. Michelle Mingay, Sr. Financial Analyst
City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670

Dear Ms. Mingay:

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 Rancho Cordova 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 30, 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 Nos. 3 through 7 – City loans totaling \$16.8 million payable from other funding sources. Finance continues to deny these items. Finance denied the item as HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. The Agency contends the items are enforceable obligations per HSC section 34171 (d) (2) which states loan agreements entered into between the RDA and the city, county, or city and county that created it, within two years of the date of creation of the RDA may be deemed to be enforceable obligations. Although the loan agreements were entered into within the first two years of the date of creation, the transfer of funds were made between 2005 through 2012 – well after the first two years of the RDA's creation. Furthermore, the agreements do not specify dollar amounts to be loaned or advanced or specific repayment terms. Finance has not issued a Finding of Completion to the Agency; therefore, the provisions of HSC section 34171 apply. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the RDA and the former RDA are not enforceable obligations. Therefore, this item is currently not an enforceable obligation. However, per HSC section 34191.4 (b), upon obtaining a Finding of Completion from Finance, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency shall be deemed to be

enforceable obligations provided the oversight board makes a finding the loan was for legitimate redevelopment purposes.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is zero as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations*	\$0
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Total approved RPTTF for enforceable obligations	\$0
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	0
Total RPTTF approved:	\$0

*Projects listed on ROPS III are funded by other funding sources and no RPTTF funding requested for the reporting period.

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

Ms. Michelle Mingay

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cc: Ms. Mindy Cuppy, City Clerk, City of Rancho Cordova
Mr. David M. Sander, Chair, Successor Agency Oversight Board, City of Rancho
Cordova
Mr. Ted Gaebler, City Manager, City of Rancho Cordova
Mr. Carlos Valencia, Senior Auditor and Controller Manager, County of Sacramento
California State Controller's Office