



December 18, 2012

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

Dear Ms. Rister:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 13, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Rocklin Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 13, 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 26, 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. 5 through 7, 29, 30, and 47 – Low-Mod Housing Project Line of Credit (LOC) in the amount of \$2.7 million. Finance no longer objects to the items. Finance denied the items as HSC section 34163 (c) prohibits an agency from extending terms of existing loans. The LOC maturity was initially due on July 31, 2011 and subsequently extended four times after June 27, 2011. The Agency contends the items are enforceable obligations because the LOC was entered into on June 24, 2008 and the extensions were granted at the Bank's discretion and not due to the Agency's action. Finance agrees the activity related to the extensions of the LOC is not the approval of a new enforceable obligation nor is the Agency initiating the amendment of an agreement. Therefore, the items are enforceable obligations and eligible for RPTTF funding.

In addition, per Finance's ROPS letter dated October 13, 2012, the following items not disputed by the Agency continue to be denied:

- Item Nos. 4 and 10 – Loans and related costs for \$1.7 million. HSC section 34191.4 (b) (2) (A) states that until Finance has issued a finding of completion for the Agency, loan repayments shall not be made prior to the 2013-14 fiscal year. Finance has not issued a finding of completion to the Agency; therefore, items are not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

- Based on review of additional information provided with the Agency's appeal letter, the following items remain denied as enforceable obligations:
  - Item Nos. 31, 32, 43 and 44 – Agency Utilities for \$19,771 of RPTTF funding for the 6 month period. These items were considered administrative costs claimed towards the Agency's administrative cap during the January through June 2012 ROPS and the July through December 2012 ROPS.
  - Item No. 28 – Loan in the amount of \$328,461 of RPTTF funding. Finance has not issued a finding of completion to the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,697,015 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 4,264,708
Less: Six-month total for items denied or reclassified as administrative cost	
Item 4	119,461
Item 11*	6,000
item 10	225,000
Item 12*	750
Item 28	328,461
Item 31	11,394
Item 32	1,627
Item 43	6,000
Item 44	750
Total approved RPTTF for enforceable obligations	\$ 3,565,265
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	131,750
<b>Total RPTTF approved:</b>	<b>\$ 3,697,015</b>

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

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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 Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

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