



March 28, 2014

Ms. Mindy Cuppy, City Clerk  
City of Rancho Cordova  
2729 Prospect Park Drive  
Rancho Cordova, CA 95671

Dear Ms. Cuppy:

Subject: Recognized Obligation Payment Schedule

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 14-15A) to the California Department of Finance (Finance) on February 11, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, 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 does not qualify as an enforceable obligation for the reason specified:

- Item No. 25 – Loan agreement between the City of Rancho Cordova (City) and the Agency in the amount of \$320,763. This loan agreement intends to reimburse the City for payments of enforceable obligations approved on the January through June 2014 ROPS (ROPS 13-14B). However, it is our understanding the Agency has used its Reserves to pay for these obligations. Therefore, the Agency does not have an obligation to the City, and this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that display available Reserves totaling \$637,946.

Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Reserves and in the amount specified below:

- Item No. 16 – Administrative Allowance in the amount of \$125,000. The Agency requests \$125,000 of RPTTF; however Finance is reclassifying \$125,000 to Reserves. This item is an enforceable obligation for the ROPS 14-15A period. However, because

the Agency has \$637,946 in available Reserves, Finance is approving the use of Reserves in the amount of \$125,000 for this item.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment self-reported by the Agency. 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. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below includes only the prior period adjustment self-reported by the Agency.

Except for the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is zero as summarized below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	320,763
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 445,763</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>320,763</b>
<u>Denied Item</u>	
Item No. 25	(320,763)
	(320,763)
<b>Total RPTTF for non-administrative obligations</b>	<b>0</b>
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>0</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<u>Cash Balances - Item reclassified to Reserves</u>	
Item No. 16	(125,000)
	(125,000)
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$0</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$0</b>
ROPS 13-14A prior period adjustment	0
<b>Total RPTTF approved for distribution</b>	<b>\$0</b>

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies 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 section 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 Nichelle Thomas, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Michelle Mingay, Senior Finance Analyst, City of Rancho Cordova  
Mr. Ben Lamera, Assistant Auditor-Controller, Sacramento County  
California State Controller's Office