



April 27, 2012

Emily Boyd, Principal Accountant  
City of Lincoln  
600 6th Street  
Lincoln, CA 95648

Dear Ms. Boyd:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Lincoln (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 13, 2012 for the period January through June 2012. Finance staff recently contacted you for further clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligations characteristics. Based on our application of the law, we do not believe the following items qualify as Enforceable Obligations (EO):

- Line items 4 and 6 are loan agreements with the City totaling \$4.4 million. HSC section 34171 (d) (2) states that loans between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Please direct any inquiries to Evelyn Suess, Supervisor or Doug Evans, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL  
Program Budget Manager

cc: Ms. Jayne Goulding, County Auditor Controller, Placer County