



May 11, 2012

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

Dear Ms. Mingay:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Rancho Cordova (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 1, 2012 for the periods January through June 2012 and July through December 2012. Finance staff recently contacted you for further clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs for both ROPS periods January through June 2012 and July through December 2012:

- Page 1, items 3 - 7 – Loans with the City totaling \$16.9 million. HSC section 34171 (d) (2) states that loans between the entity that created the redevelopment agency (RDA) and the former RDA are only enforceable if made within the first two years of the RDA's existence. These loans referred to occurred in fiscal years 2007-08, 2010-2011 and 2011-2012. The former RDA began in 2004.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the ROPS to be ineffective until Finance approval and may cause payment delays for valid obligations.

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 and send to the following email address:

Redevelopment_Administration@dof.ca.gov

Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

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

Sincerely,

A handwritten signature in cursive script that reads "Mark Hill".

MARK HILL
Program Budget Manager

cc: Mr. Ted Gaebler, City Manager, City of Rancho Cordova
Mr. David M. Sander, Chair, Successor Agency Oversight Board, City of Rancho
Cordova
Mr. Ben Lamera, Assistant Auditor Controller, County of Sacramento
Ms. Kim Le, Senior Accounting Manager, County of Sacramento