



April 26, 2012

Laura Rocha, Finance Director
City of San Marcos
1 Civic Center Drive
San Marcos, CA 92069

Dear Ms. Rocha:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of San Marcos (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 16, 2012 for the period January to June 2012. Finance staff contacted you for 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:

- Page 2, items 14 through 16 – Various bond projects totaling \$4.6 million. No contracts have been executed for these projects. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 28, 2011. Additionally, HSC section 34177 (i) states bond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case, the proceeds may be used to defease the bonds.
- Page 3, lines 9 and 19, and page 4, line 5 – Various projects totaling \$34.4 million. The contracts for these line items were executed after June 28, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 28, 2011.

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

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, San Diego County