



April 27, 2012

John E. Woodhead IV, Acting Executive Director
Community Development Department
City of Anaheim
201 Anaheim Blvd, 10th Floor
Anaheim, CA 92805

Dear Mr. Woodhead:

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

The ROPS submitted to Finance for the January through June 2012 period is incomplete, and therefore, not approved for making obligation payments. The ROPS submitted to Finance shows only May and June 2012 as being approved by the Oversight Board. In addition, the funding sources are not included on the ROPS.

The HSC section 34177 (l) (3) specifically states that the first ROPS shall be for the period of January 1, 2012 to June 30, 2012, inclusive and approved by the Oversight Board. Please revise and submit a board-approved ROPS for the period January through June 2012 to the following email address:

Redevelopment_Administration@dof.ca.gov

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 the July through December 2012 period:

- Cooperation Agreements with the City in the amount of \$241 million. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for the following agreements with the City have not been awarded nor have there been encumbrances established against them.
 - Item 126, page 4 - La Palma Park \$6 million
 - Item 127, page 4 - Historic Preservation \$15 million
 - Item 128, page 4 - Stadium \$38 million
 - Item 129, page 4 - West Anaheim \$44 million
 - Item 130, page 4 - Canyon \$38 million
 - Item 131, page 4 - Economic Development \$100 million

The following items totaling \$137.6 million are also not considered EOs since no contracts have been awarded or no loan documents have been signed:

- Item 94, page 3 - First-time homebuyers loans \$4.6 million
 - Item 97, page 3 - First-time homebuyers loans \$8 million
 - Item 133, page 4 - Down payment assistance \$100 million
 - Item 134, page 4 - At-Risk Housing \$25 million
- Administrative expenses of \$28,671. The HSC section 34171 (b) limits the fiscal year 2011-12 administrative cost allowance to three percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. The City is allowed \$1,284,042 for administration costs. Therefore, \$28,671 of the claimed \$1,312,713 is not allowed. Item Nos. 135, 136, and 139 are considered to be administrative expenses.

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 Chikako Takagi-Galamba, Supervisor or Wendy Griffe, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Mr. Brad Hobson, Deputy Director, City of Anaheim
Frank Davies, Administrative Manager, Orange County