



May 17, 2012

Brian Ponty, Finance Director
City of Redwood City
1017 Middlefield Road
Redwood City, CA 94063

Dear Mr. Ponty:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Redwood City (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 9, 2012 for the period July through December 2012.

On April 27, 2012, Finance sent a letter stating the results of the review on the ROPS for January through July 2012. Using the documentation previously requested, it was determined the following items still do not qualify as EOs:

Page 1, item Nos. 5 and 6 for Capital Improvements totaling \$1.6 million. HSC section 34171(d)(2) states loan arrangements between the City and the former redevelopment agency are not enforceable obligations.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the 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 Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Kristen Mees, Economic Development Secretary, City of Redwood City
Mr. Bob Adler, Auditor Controller, San Mateo County
Ms. Shirley Tourel, Manager, Auditor Controller's Office, San Mateo County