



May 6, 2012

Eddie Manfro
Assistant City Manager
City of Westminster
8200 Westminster Blvd,
Westminster, CA 92683

Dear Mr. Manfro:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Westminster Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 23, 2012 for the July through December 2012 period. 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:

- Items no. 12, 13, 14, 26, 27, 29, 36, 41, 42, 43, and 45 in the amount of \$ 27.1 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 either no contracts for these line items were awarded or contracts were awarded after June 27, 2011.
- Items 34, 35, and 46 in the amount of \$14.6 million. HSC section 34171(d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency are not enforceable obligations.
- Items No. 7, 9 and 16 are administrative expenses for which \$218,925 is not an EO. HSC section 34171 (b) limits administrative expenses to three percent of property tax allocated or \$250,000, whichever is greater. Three percent of the property tax allocated is \$382,099. Therefore, \$218,925 of the claimed \$601,024 is not an EO.

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 error in our conclusion, please provide evidence that the items questioned above meet the definition of an EO and send 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, 2012 property tax distribution date.

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Please direct inquiries to Jennifer Whittaker, Manager or Robert Scott, Supervisor at (916) 322-2985.

Sincerely,

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

MARK HILL
Program Budget Manager

cc: Ms. Robin Roberts, City Clerk, City of Westminster
Mr. Frank Davies, Administration Manager, Orange County