



April 20, 2012

Donna Kunz, Economic Development Director  
Economic and Community Development Department  
City of Bakersfield  
1600 Truxtun Avenue, Suite 300  
Bakersfield, CA 93301

Dear Ms. Kunz:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Bakersfield (City) Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 9, 2012 for the period January through 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 1, item 17, page 3, item 29, and page 6, item 14 in the amount of \$939,000 for Housing Set-Asides. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities.
- Various projects totaling \$13 million with the City. The following projects identify the City as the responsible party and are therefore not EO of the Agency:

Item No.	Page	Project Name	Amount
17	2	Interagency Loan/Fund 521	\$ 1,410,274
18	2	Interagency Loan/Fund 211	1,035,500
5	4	Interagency Loan/Fund 511	1,860,131
8	1	HUD Section 108 Loan	2,236,512
9	1	HUD Section 108 Loan	5,410,029
15	3	HUD Section 108 Loan	1,081,625
		<b>Total</b>	<b>\$ 13,034,071</b>

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.

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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 Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive style with a large, prominent "M" and "H".

MARK HILL  
Program Budget Manager

cc: Ms. Ann K. Barnett, Auditor Controller, Kern County