



May 11, 2012

Annette Munoz, Finance Director
City of Buellton
107 West Highway 246
Buellton, CA 93427

Dear Ms. Munoz:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Buellton (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 30, 2012, for the periods of January through June 2012 and July through December 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:

January through June 2012 ROPS

- Item No. 2 – City loan of \$278,167. The Cooperation Agreement is dated February 26, 1993. HSC Section 34167 (d) (2) requires loans or advances from the City or County to the RDA to be repaid pursuant to a binding repayment schedule or other mandatory loan terms. Although the agreement was executed within the first two year of the RDA's existence, a binding repayment schedule had not been established for the city loan. Therefore, the loan is not an EO.

July through December 2012 ROPS

- Item No. 2 – City loan of \$278,167. The Cooperation Agreement is dated February 26, 1993. HSC Section 34167 (d) (2) requires loans or advances from the City or County to the RDA to be repaid pursuant to a binding repayment schedule or other mandatory loan terms. Although the agreement was executed within the first two year of the RDA's existence, a binding repayment schedule had not been established for the city loan. Therefore, the loan is not an EO.

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.

Department of 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 property tax distribution date.

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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 and submit to the following email address:

Redevelopment_Administration@dof.ca.gov.

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

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive, slightly slanted style.

MARK HILL
Program Budget Manager

cc: Mr. Ed Price, Division Chief Property Tax Division