



May 10, 2012

Ed Velasco, Housing Manager  
Community/Economic Development  
City of Downey  
11111 Brookshire Avenue  
Downey, CA 90241

Dear Mr. Velasco:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Downey Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 30, 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:

- Various projects totaling \$75.3 million. There were no documents to show the Agency has established EOs for the following items:

Item No.	Page	Project Name	Amount
2	1	City Loan Agreement #25	\$ 1,792,000
3	1	City Loan Agreement #27	168,000
4	1	City Loan Agreement #31	224,000
5	1	City Loan Agreement #35	224,000
6	1	City Loan Agreement #38	168,000
7	1	Public Works Master Agreement	50,000,000
8	1	City Aid Master Agreement	22,000,000
6	2	Housing Set Aside	780,000
		<b>Total</b>	<b>\$ 75,356,000</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.

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 send to the following email address:

[Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov)

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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.

Please direct inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,

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

MARK HILL  
Program Budget Manager

cc: Ms. Kristina Burns, Program Specialist III, County of Los Angeles Auditor-Controller