



April 24, 2012

Marcela Piedra, Director
Economic Development
City of El Centro
1249 West Main Street
El Centro, CA 92243

Dear Ms. Piedra:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of El Centro (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 13, 2012 for multiple reporting periods. Finance staff contacted you for clarification of items listed in the ROPS.

The ROPS submitted to Finance is incomplete, and therefore, not approved for making obligation payments. The HSC section 34177 (l) (3) specifically states that the first ROPS shall be for the period of January 1, 2012 to June 30, 2012, inclusive. The ROPS submitted contained periods for May 2012, November 2012, and May 2013. See the example ROPS provided in Exhibit 6 of http://www.dof.ca.gov/assembly_bills_26-27/view.php. Please resubmit a revised board-approved ROPS for the period January 1, 2012 to June 30, 2012, inclusive. Submit the revised ROPS to Redevelopment_Administration@dof.ca.gov.

In addition, Finance has determined line items included on the ROPS are not enforceable obligations (EO). HSC section 34171 (d) lists enforceable obligations characteristics. Based on our application of the law, the following items do not qualify as EOs:

- Line item 8, for \$2.3 million. HSC section 34171 (d) (2) states agreements, contracts, or arrangements between the city that created the redevelopment agency and the former redevelopment agency are not enforceable obligations.
- Line items 12, 13, 14, and 15, totaling \$3.5 million. Documentation provided identifies the City, not the former RDA as being contractually obligated to the third party. Therefore, these items are not enforceable.
- Line 16 in the amount of \$100,000 for expenditure contracts signed after June 28, 2011. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 28, 2011.

As authorized by HSC section 34179 (h), Finance is returning your ROPS. This action will cause the ROPS to be ineffective until Finance approval.

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Please direct inquiries to Jennifer Whitaker, Manager or Robert Scott, Supervisor 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, stylized "M" and "H".

MARK HILL
Program Budget Manager

cc: Mr. Douglas R. Newland, Auditor-Controller, Imperial County