



May 25, 2012

Donna Mullally, Manager of Fiscal Services
City of Irvine
One Civic Center Plaza
Irvine, CA 92623-9575

Dear Ms. Mullally:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Irvine (City) Successor Agency (SA) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 10, 2012 for the period January through June 2012 and July through December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

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 as listed on both ROPS:

Line No. 1 is an amended development agreement for \$1.4 billion. The contract for the project does not commit tax increment. Therefore, the line is not an EO.

Line No. 8 is a City loan for \$2.8 million. HSC section 34171(d) (2) states that agreements, contracts, or arrangements between the City and SA are not EOs.

Except for items disallowed in whole or in part as enforceable obligations noted above, Department of Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. Therefore as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available in the RPTTF.

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Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,

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

MARK HILL
Program Budget Manager

cc: Mr. Frank Davies, Administrative Manager, Auditor-Controller's Office, Orange County