



April 20, 2012

Daniel Buffalo, Finance Director
City of Lakeport
225 Park Street
Lakeport, CA 95453

Dear Mr. Buffalo:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Lakeport Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 10, 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:

- Item No. 18 on page 1 in the amount of \$180,000 for Habitat for Humanity, Low Income Housing Construction is not an EO. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for this line item has not yet been awarded.
- Item No. 13 on page 2 for twenty percent in set-asides in the amount of \$91,426 for the Lakeport Housing Program is not an EO. HSC section 34177 (d) states that unencumbered balances of redevelopment agency funds must be remitted to the county auditor-controller for distribution to the taxing entities, including, but not limited to, the unencumbered balance of the Low and Moderate Income Housing Fund of a former redevelopment. Therefore, this item should be removed from the ROPS.

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.

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

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Cathy Saderlund, County Auditor-Controller, Lake County