DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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May 14, 2012

Diane Perkin, Director of Administrative Services
City of Lakewood
5050 Clark Ave.
Lakewood, CA 90712

Dear Ms. Perkin:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Lakewood (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 1, 2012 for the period 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 Nos. 8 through 14 – City Loans and Advances to the RDA for $87.3 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable obligations.

- Item No. 17 – Low and Moderate Income Housing Fund Loan for $1.8 million. The loan was entered on January 24, 2012. HSC section 34163 (b) prohibits a RDA from incurring any obligations or making commitments after June 27, 2011.

July through December 2012 ROPS

- Item Nos. 8 through 14 – City Loans and Advances to the RDA for $87.3 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable obligations.

- Item No. 17 – Low and Moderate Income Housing Fund Loan for $1.8 million. The loan was entered on January 24, 2012. HSC section 34163 (b) prohibits a RDA from incurring any obligations or making commitments after June 27, 2011.

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.

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.

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,

MARK HILL
Program Budget Manager

cc: Ms. Anne Sapinoso, Senior Accountant, City of Lakewood
Ms. Kristina Burns, Program Specialist III Auditor, Los Angeles County