



May 17, 2012

Mr. Dennis Wilberg, City Manager
City of Mission Viejo
200 Civic Center
Mission Viejo, CA 92691

Dear Mr. Wilberg:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Mission Viejo Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 10 for the period 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 does not qualify as an EO:

Page 2, item 8 in the amount of \$1.28 million for affordable housing and the right of way acquisition: HSC section 34163(b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for this line item were awarded after June 27, 2011.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the 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 submit to the following email address:

Redevelopment_Administration@dof.ca.gov

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 any inquiries to Robert Scott, Supervisor at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Frank Davies, Administrative Manager, Orange County