



April 26, 2012

Andrew White, Finance Manager
City of Poway
P.O. Box 789
Poway, CA 92074-0789

Dear Mr. White:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Poway (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 11, 2012 for the period January to 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:

- Page 1, items 6 through 9; Page 13, item 12 – Loan agreements with the City totaling \$8.4 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 unless the loan agreements were entered into within the first two years of the date of the creation of the RDA.

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 Evelyn Suess, Supervisor or Mindy Patterson, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Tina White, Assistant City Manager, City of Poway
Mr. John French, Director of Administrative Services, City of Poway
Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, San Diego County