



May 7, 2012

Paul A. Melikian, Director of Administrative Services  
City of Reedley  
1733 Ninth Street  
Reedley, CA 93654

Dear Mr. Melikian:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Reedley (City) Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 24, 2012 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 do not qualify as EOs:

- Page 1, item 5 - Façade Grants #1 for the Reedley Shopping Center totaling \$75,000. It is our understanding that contracts were awarded after June 27, 2011 or have not yet been executed. HSC section 34163 (b) prohibits a redevelopment agency from entering a contract with an entity after June 27, 2011.
- Page 2, item 1 - Reedley Improvement Project totaling \$5.4 million in unexpended bond funds. Section 34177 (i) states bond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case, the proceeds may be used to defease the bonds. ABx1 26 does not allow successor agencies to enter into new contracts, unless those contracts are specifically required pursuant to the terms of another pre-existing contract that meets the requirements of ABx1 26, or are specifically required by bond indentures. The above requirements have not been established. Therefore, the unexpended funds may not be used to enter into new obligations.

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 and send to the following email address:

[Redevelopment\\_Administration@dof.ca.gov](mailto: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 inquiries to Evelyn Suess, Supervisor or Doug Evans, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive, flowing style.

MARK HILL  
Program Budget Manager

cc: Mr. George Gomez, Accounting Financial Manager, County of Fresno  
Ms. Robin Cook, Senior Accountant, County of Fresno