



May 1, 2012

Alan Wolken, Director
Redevelopment Agency
City of Richmond
440 Civic Center Plaza
Richmond, CA 94804

Dear Mr. Wolken:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Richmond Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 26, 2012 for the period January through June 2012.

The ROPS submitted to Finance is incomplete, and therefore, not approved for making obligation payments. For the following line items funded by multiple funding sources, the ROPS submitted must include a specific amount for each funding source:

- Page 1, items 20-27
- Page 2, items 1-26, 33-36
- Page 3, items 1-7, 22-25

Please use the template on the Finance's website at: http://www.dof.ca.gov/assembly_bills_26-27/view.php (Exhibit 6). Please revise and submit a board-approved ROPS for the period January through June 2012 to the following email address:

Redevelopment_Administration@dof.ca.gov

In addition, Finance has determined line items included on the ROPS are not enforceable obligations (EOs). HSC section 34171 (d) lists enforceable obligations characteristics. Based on a sample of line items reviewed and application of the law, the following items do not qualify as EOs:

- Items 28 and 29 on page 1 totaling \$17.4 million for the Metrowalk Phase II Disposition and Development Agreement. 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 the remainder of the rehabilitation and construction improvements have not been awarded.
- Item 5 on page 2 in the amount of \$29 million. 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 have not been awarded.

Mr. Alan Wolken

May 1, 2012

Page 2

- Item 12 on page 2 and item 23 on page 3 totaling \$15.8 million. It is our understanding that these loans are between the City of Richmond and a third party. As the RDA is neither a party to the loan nor responsible for payment of the loan, these line items are not enforceable obligations per HSC 34167 (d) (2).

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the ROPS to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

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

Sincerely,



MARK HILL

Program Budget Manager

cc: Mr. Ted Ferrer, Senior Accountant, City of Richmond
Mr. Bob Campbell, Auditor-Controller, Contra Costa County Auditor-Controller's Office
Mr. Jay Wilverding, Chief Accountant, Contra Costa County Auditor-Controller's Office