



April 27, 2012

Jake Rahn, Financial Services Manager
City of San Clemente
100 Avenida Presidio
San Clemente, CA 92672

Dear Mr. Rahn:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of San Clemente Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 16, 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligations characteristics. Based on our application of the law, we do not believe the following items qualify as Enforceable Obligations (EO):

- Page 1, line 2 in the amount of \$1,778,345. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency are not enforceable obligations.
- Page 1, line 4 in the amount of \$6,500. The obligation is for the City of San Clemente not the former redevelopment agency. Therefore, an EO has not been established.

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 any inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Frank Davies, Auditor-Controller, Orange County