



May 11, 2012

Bruce Foltz, Finance Director  
City of Wasco  
746 8<sup>th</sup> Street  
Wasco, CA 93280

Dear Mr. Foltz:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Wasco Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 30, 2012, for the period January through 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 1 and 2 in the amount of \$2.5 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the 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. It is our understanding that the loans were not issued within the first two years of the RDA's establishment date of 1965.
- Page 1, items 7 and 8 in the amount of \$10,000 for legal fees and closing costs related to the sale of land. HSC section 34163 (d) prohibits a RDA from disposing of assets by sale, exchange, transfer, or assignment after June 27, 2011. These costs were incurred in January 2012, and therefore, were a prohibited RDA activity. Therefore, these items are not EOs.
- Page 1, item 3 for county tax administrative fees in the amount of \$20,556. HSC section 34182 (e) allows the county auditor-controller to deduct from the Redevelopment Property Tax Trust Fund for their administration costs prior to distributing property tax increment funds.

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.

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.

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:

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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](mailto:Redevelopment_Administration@dof.ca.gov)

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

Sincerely,



MARK HILL  
Program Budget Manager

cc: Ms. Ann K. Barnett, Auditor Controller, Kern County Auditor Controller