



April 27, 2012

Aaron Busch, Community Development Director
City of Yuba City
1201 Civic Center Boulevard
Yuba City, CA 95993

Dear Mr. Busch:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Yuba City (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the period January through June 2012. Finance staff recently contacted you for further clarification of items listed in the ROPS.

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

- Item No. 7 – Loan from the City in the amount of \$22.9 million. The Cooperative Agreement between the City and the redevelopment agency is dated April 18, 1988. HSC section 34171(d)(2) states that agreements, contracts or arrangements between the entity that created the redevelopment agency (RDA) and the former RDA are only enforceable if made within the first two years of the RDA's existence. The RDA was established in 1958. The loan between the City and the RDA was made subsequent to the first two-year period. Therefore, the loan is not an EO.
- Item Nos. 14 and 15 – HWY 99/20 Gateway Enhancement Project in the amount of \$84,250. The agreement was executed on August 11, 2011. HSC section 34163 (b) prohibits these commitments to commence if valid contracts have not been entered into prior to June 28, 2011.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the ROPS to be ineffective until Finance approval and may cause payment delays for valid obligations. 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.

Mr. Busch
April 27, 2012
Page 2

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

Sincerely,

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

MARK HILL
Program Budget Manager

cc: Mr. Richard Eberle, Yuba County Auditor-Controller