



April 13, 2012

Vanessa Kirks, Fiscal Manager
City of Riverside
Development Department
3900 Main Street, 5th Floor
Riverside, CA 92522

Dear Ms. Kirks:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Riverside Successor Agency (City) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on March 30, 2012. Finance staff contacted you for clarification of items listed in the ROPS.

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

- HSC section 34171 (d) (2) states in part enforceable obligations do not include any agreements, contracts, or arrangements between the City that created the redevelopment agency and the redevelopment agency itself. The City and the Redevelopment Agency it created entered into multiple loan agreements. The following loan agreements are not EOs:
 - Page 1, items 21 and 27 through 36, and page 9 item 37 lists loans with the City totaling \$41.3 million.
 - Page 1, item 37 and 38 is a cooperative and a grant agreement with the city totaling \$61.2 million.
 - Page 2, item 13 is a loan with the City Housing Authority totaling \$1 million.
- Page 1, item 26 is a revolving line of credit with an unused balance of \$19.9 million. HSC section 34163 (b) prohibits a redevelopment agency from incurring any obligations or making commitments after June 27, 2011. Since the Riverside former RDA never accessed the \$19.9 million line of credit balance and there are no expenditure contracts or agreements supporting the liability, the line item is not an EO.
- Page 4, item 13; page 6, items 13, 16, and 17; page 7, items 34 and 36; Page 8, items 3, 7, and 8; and page 9, item 16 totaling \$19.9 million are contracts with the city and not with the RDA. Therefore, these are not EOs.
- Page 3, item 34; page 4, item 4; page 9, item 36; and page 10, item 1 are various projects with no expenditure contracts in place totaling \$15.4 million. HSC section 34163 (b) prohibits a redevelopment agency from incurring any obligations or making commitments after June 27, 2011.

Ms. Kirke
April 11, 2012
Page 2

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. Further, items listed in future ROPS are 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 Robert Scott, Supervisor or Mindy Patterson, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County
Auditor-Controller
Ms. Jennifer Baschel, Business Process Analyst II, Riverside County Auditor-Controller
Ms. April Nash, Supervising Accountant, Riverside County Auditor-Controller