



April 14, 2013

Mr. Joe Perez, Community Development Director
City of Bell
6330 Pine Avenue
Bell, CA 90201

Dear Mr. Perez:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Bell Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on March 1, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligation(s):

- Item No. 3 – Although enforceable, audit services totaling \$15,000 is considered a general administrative cost and has been reclassified.
- Item No. 13 – LAUSD settlement agreement in the amount of \$363,714. The Agency did not provide documentation for this item. Finance's Meet and Confer Determination Letter dated January 23, 2013, continues to deny the item at this time. The City of Bell, the Agency, and the District entered into a reimbursement agreement on September 28, 1987 to resolve issues related to the District's concern over the fiscal impact of the City of Bell's Redevelopment Plan (Plan) on the District and the anticipated allocation of tax increment monies arising from the Plan.

Under the reimbursement agreement, the Agency is required to pay the District two percent of tax increment beginning with the first year of the Plan through the duration of the project. However, it is unclear if the full amount owed under the reimbursement agreement was paid to the District. Currently, the Agency and the District are gathering and reviewing documents to determine the actual amount owed under the reimbursement agreement that was not paid. Finance reviewed the reimbursement agreement and determined that it is an enforceable obligation; however, the amount actually owed, if any, cannot be determined without further information. Therefore, this item is not an enforceable obligation at this time. Upon determination of the final payment owed, the Agency should put this on future ROPS to be funded with Redevelopment Property Tax Trust Fund (RPTTF) funding.

Except for item denied in whole or in part as an enforceable obligation, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$1,798,313 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 2,039,406
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 6*	15,000
Item 13	363,714
Total approved RPTTF for enforceable obligations	\$ 1,660,692
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	140,000
Minus: ROPS II prior period adjustment	(2,379)
Total RPTTF approved for distribution:	\$ 1,798,313

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/>.

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the

Mr. Perez
April 14, 2013
Page 3

ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Kylie Le, Supervisor or Brian Dunham, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Josh Betta, Finance Director, City of Bell
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller
California State Controller's Office