



May 17, 2012

Arne Croce, Interim City Manager  
City of Bell  
6330 Pine Avenue  
Bell, CA 90201

Dear Mr. Croce:

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

We have reviewed our determination of what are enforceable obligations. This letter incorporates two new issues for each ROPS, which are listed in the third bullet under each 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:

January through June 2012 ROPS:

- Page 1, item 2 in the amount of \$32.6 million for 2005 Mobile Home Park Bonds. It is our understanding the bonds are secured and paid by mobile home rent revenue and not tax increment revenue.
- Page 1, item 8 in the amount of \$20.5 million for pension override. It is our understanding this expense is paid directly through Los Angeles County and not from tax increment revenue; therefore, the item is not considered an EO.
- Page 1, items 6 and 7 in the amount of \$360,000 for legal services and \$1.3 million for audit services. The City of Bell did not provide documentation to determine if these amounts are EOs.
- Page 1, item 9 in the amount \$11 million for a loan with the City. The Agency did not provide documentation to support this item. In addition, the Agency should note that HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former 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.

- Page 1, items 10, 11 and 12 in the amount of \$15.5 million for Mobile Home Park improvements. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for these line items have not been executed.
- Page 1, items 13 and 14 in the amount of \$1.7 million for SERAF Loan Repayment. The Agency did not provide documentation to support these items. HSC section 34167 (d) (2) states loans are considered enforceable obligations to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms.

July through December 2012 ROPS:

- Page 1, item 2 in the amount of \$32.6 million for 2005 Mobile Home Park Bonds. It is our understanding the bonds are secured and paid by mobile home rent revenue and not tax increment revenue.
- Page 1, item 8 in the amount of \$19.5 million for pension override. It is our understanding this expense is paid directly through Los Angeles County and not from tax increment revenue; therefore, the item is not considered an EO.
- Page 1, items 6 and 7 in the amount of \$180,000 for legal services and \$1.2 million for audit services. The City of Bell did not provide documentation to determine if these amounts are EOs.
- Page 1, item 9 in the amount \$11 million for a loan with the City. The Agency did not provide documentation to support this item. In addition, the Agency should note that HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former 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.
- Page 1, items 10 and 11 in the amount of \$15.5 million for Mobile Home Park improvements. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for these lines items have not been executed.
- Page 1, items 12 and 13 in the amount of \$1.5 million for SERAF Loan Repayment. The Agency did not provide documentation to support these items. HSC section 34167 (d) (2) states loans are considered enforceable obligations to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms.

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:

Redevelopment\_Administration@dof.ca.gov.

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

Mr. Croce  
May 17, 2012  
Page 3

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.

Please direct inquiries to Evelyn Suess, Supervisor or Brian Dunham, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Hill". The signature is written in a cursive, slightly slanted style.

MARK HILL  
Program Budget Manager

cc: Ms. Nancy Fong, City of Bell  
Mr. Matt McCleary, Consultant, RSG, Inc.  
Ms. Kristina Burns, Program Specialist III, County of Los Angeles