



April 26, 2012

Tae G. Rhee, Director of Finance
City of Bellflower
16600 Civic Center Drive
Bellflower, CA 90706

Dear Mr. Rhee:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Bellflower (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the periods of January through June 2012 and July through December 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:

January through June 2012 Period

- Item 9, on page 1 for cooperative agreements in the amount of \$21.2 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not EOs. It is our understanding that the agreement was between the City and the former RDA.
- Item 4, on page 5 for county property tax administrative fees in the amount of \$2,900. 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. Therefore, \$2,900 of the claimed \$3,200 is not allowed.

July through December 2012 Period

- Item 6, on page 1 for cooperative agreements in the amount of \$22.5 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the RDA and the former RDA are not EOs. It is our understanding that the agreement was between the City and the former RDA.
- Item 4, on page 5 for county property tax administrative fees in the amount of \$62,460. 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. Therefore, this item should not be on the ROPS.

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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.

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

Sincerely,

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

MARK HILL
Program Budget Manager

cc: Ms. Kristina Burns, Program Specialist III, Los Angeles County Department of Auditor-Controller