



May 9, 2012

Ms. Sofia Leung, Finance Manager
City of La Puente
15900 E. Main Street
La Puente, CA 91744

Dear Ms. Leung:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of La Puente (City) Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 26, 2012 for the periods 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 ROPS:

- Page 2, items 5-10 – Various loan agreements totaling \$3.6 million. No supporting documents were provided to show these are EOs.
- Page 1, items 6-9 and page 2, items 1 through 4 – Loan agreements with the City totaling \$13 million. 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. These loans occurred 2 years after the RDA establishment date of October 1989.
- Administrative cost claimed exceeds allowance by \$6,401. HSC section 34171 (b) limits administrative expenses to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. The administrative expenses calculation is shown in Attachment A.

As authorized by HSC section 34179 (h), Finance is returning the 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 and submit to the following email address:

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 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 Mindy Patterson, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

Attachment

cc: Mr. Ward Komers, Director of Administrative Services, City of La Puente
Ms. Kristina Burns, Program Specialist III, County of Los Angeles Auditor-Controller

**Administrative Cost Calculation
For the Period January – June 2012**

Line item	Page	Project Name/Debt Obligation	Payment Source	Amount
1	1	2007 Tax Allocation Bonds	RPTTF	\$ 135,437
4	1	Loan agreement entered on 3/12/1990	RPTTF	188,035
5	1	Loan agreement entered on 3/12/1991	RPTTF	106,401
6	1	Loan agreement entered on 1/28/1992*	RPTTF	15,791
7	1	Loan agreement entered on 2/09/1993*	RPTTF	9,861
8	1	Loan agreement entered on 10/26/1993*	RPTTF	7,301
9	1	Loan agreement entered on 7/26/1994*	RPTTF	37,401
10	1	Loan agreement entered on 6/27/2000	RPTTF	1,444
11	1	Loan agreement entered on 10/10/2000	RPTTF	1,846
12	1	Loan agreement entered on 1/28/2003	RPTTF	3,203
1	2	Loan agreement entered on 6/10/2003*	RPTTF	28,289
2	2	Loan agreement entered on 12/21/2004*	RPTTF	496,960
3	2	Loan agreement entered on 11/09/2005*	RPTTF	230,443
4	2	Loan agreement entered on 4/17/2007*	RPTTF	490,887
5	2	Loan agreement entered on 5/24/2007*	RPTTF	60,768
6	2	Loan agreement entered on 8/2/2007*	RPTTF	53,808
7	2	Loan agreement entered on 3/11/2008*	RPTTF	105,160
8	2	Loan agreement entered on 6/9/2009*	RPTTF	52,677
9	2	Loan agreement entered on 6/23/2009*	RPTTF	56,940
10	2	Loan agreement entered 2/23/2010*	RPTTF	32,747
17	2	Administrative Fees for Tax Allocation	RPTTF	1,272
18	2	Financial Services	RPTTF	2,150
9	3	French American Bakery Site	RPTTF	360,748
Total RPTTF Claimed:				\$2,479,586
Less Disallowed RPTTF Amounts (see line items with asterisk above):				\$1,679,033
Admin Allowance (Greater of 5% or \$250,000):				\$ 250,000

Line items qualifying as administrative costs				
Line item	Page	Project Name/Debt Obligation	Payment Source	Amount
13	2	Consultant Services/property tax analysis	RPTTF	\$ 1,740
14	2	Consultant Services/lobbying services	RPTTF	15,000
15	2	Administration	RPTTF	1,875
16	2	Legal services	RPTTF	23,000
19	2	Financial services/auditing fees	RPTTF	6,250
2	3	Administration for FY 10/11 - LMIH**	RPTTF	36,112
3	3	Administration for FY 10/11 - Cap Project**	RPTTF	68,258
6	3	Administrative Cost Allowance	RPTTF	104,166
Total:				256,401
Admin Allowance:				250,000
Total Disallowed Admin Cost (Total – Admin Allowance):				\$6,401