DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 15, 2012

Ms. Tina Rodriguez
Administrative Services Officer
City of Santa Monica
1685 Main Street
Santa Monica, CA 90401

Dear Ms. Rodriguez:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Santa Monica (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 26, 2012 for the period January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

The ROPS submitted to Finance for the period January through June 2012 is incomplete, and therefore, not approved for making obligation payments. The ROPS indicates that January 2012 payments have been made; however, payment amounts were not reported. The HSC section 34177 (l) (3) specifically states that the first ROPS shall be for the period of January 1, 2012 to June 30, 2012, inclusive. See the example provided in Exhibit 6 of http://www.dof.ca.gov/assembly_bills_26-27/view.php. Please resubmit a revised board-approved ROPS for the period January through June 2012 and submit to the following email address:

Redevelopment_Administration@dof.ca.gov

In addition, for the July through December 2012 ROPS, the City has requested and Finance has approved an extension to allow Finance ample time to review supporting documents submitted. Based on review of the ROPS, we noted the following items that should be corrected:

- Items 1 through 3, 5 through 10, and 13 through 17 indicate RORF as the source of funds for these obligations. HSC section 34177 (l) (1) require specific sources of payment for each obligation on the ROPS to be identified. The ROPS shall identify one or more of the following sources of payment:
    - Low and Moderate Income Housing Fund
    - Bond proceeds
    - Reserve balances
    - Administrative cost allowance
    - Redevelopment Property Tax Trust Fund

Line items with multiple funding sources should specify an amount for each funding source.

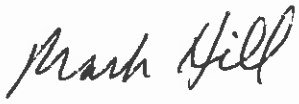
- HSC section 34171 (b) limits administrative expenses to three percent of property tax allocated to the successor agency or $250,000, whichever is greater. We noted that line items 17 and 18 totaling $1.1 million should be counted towards the administrative cap allowance.

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.

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 Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Kristina Burns, Program Specialist III, Los Angeles County