



May 16, 2012

Maida Alcantara, Finance Director
City of Signal Hill
2175 Cherry Avenue
Signal Hill, CA 90755

Dear Ms. Alcantara:

Pursuant to Health and Safety Code (HSC) section 34177 (l)(2)(C), the city of Signal Hill Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 2 for the period January through June 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:

- Page 2 line items 13, 14, 15, 18, and 20, page 3 line items 1 and 5–10, page 4 line items 1 and 13–18 in the amount of \$24.1million. 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 awarded or were awarded after June 27, 2011.
- Page 1, line items 21 and 25 in the amount of \$36.6 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 and the former redevelopment agency are not enforceable obligations.
- Page 1 line item 26, page 5 line item 5 in the amount of \$4.8 million. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities.

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 and submit to the following email address:

Redevelopment_Administration@dof.ca.gov

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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 Jennifer Whittaker, Manager or Robert Scott, Supervisor at (916) 322-2985.

Sincerely,

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

MARK HILL
Program Budget Manager

cc: Ms. Elise McCaleb, Redevelopment/Economic Development Manager, City of Signal Hill
Ms. Kristina Burns, Program Specialist III, County of Los Angeles