



December 17, 2014

Mr. Tae Rhee, Finance Director/ City Treasurer  
City of Bellflower  
16600 Civic Center Drive  
Bellflower, CA 90706

Dear Mr. Rhee:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated October 15, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Bellflower Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to Finance on September 3, 2014, for the period of January through June 2015. Finance issued a ROPS determination letter on October 15, 2014. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on October 29, 2014.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

- Item No. 31 – Finance continues to maintain that the total outstanding balance for the Amended and Restated Cooperation Agreement loan is overstated as it includes miscalculated interest. Based on our review of the Agency's calculation, the Agency recalculated the accumulated interest by using the historic Local Agency Investment Fund (LAIF) interest rate from the origination of the loans. However, HSC section 34191.4 requires the recalculation of the accumulated interest at a rate not to exceed the interest rate earned by funds deposited in the LAIF at the time the Oversight Board finds that the loan was for legitimate redevelopment purposes and is deemed an enforceable obligation. As such, Finance has recalculated the interest using the LAIF interest rate at the time the Agency's Oversight Board made the finding the loan was for legitimate redevelopment purposes and has reflected the reduction to the loan's total outstanding balance in the ROPS14-15B.

Finance has recalculated the total outstanding loan balance to be approximately \$12,000,000 and therefore has reduced the outstanding loan balance reported on the Agency's ROPS Detail Form by approximately \$1,000,000. Since the amount requested for ROPS 14-15B does not exceed the repayment formula outlined in HSC section 34191.4 (b) (2) (A), Finance is approving the amount requested.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

The Agency's maximum approved RPTTF distribution for the reporting period is \$690,807 as summarized in the Approved RPTTF Distribution Table below:

| <b>Approved RPTTF Distribution</b>                        |                   |
|---|-------------------|
| <b>For the period of January through June 2015</b>        |                   |
| Total RPTTF requested for non-administrative obligations  | 632,362           |
| Total RPTTF requested for administrative obligations      | 62,000            |
| <b>Total RPTTF requested for obligations on ROPS</b>      | <b>\$ 694,362</b> |
| Total RPTTF authorized for non-administrative obligations | 632,362           |
| Total RPTTF authorized for administrative obligations     | 62,000            |
| <b>Total RPTTF authorized for obligations</b>             | <b>\$ 694,362</b> |
| ROPS 13-14B prior period adjustment                       | (3,555)           |
| <b>Total RPTTF approved for distribution</b>              | <b>\$ 690,807</b> |

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Acting Program Budget Manager

cc: Ms. Pearl Tsui, Finance Manager, City of Bellflower  
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County  
California State Controller's Office