



May 31, 2012

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

Dear Ms. Alcantara:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Signal Hill Successor Agency (SA) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 23, 2012 for period January to June 2012 and May 23, 2012 for the period of July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items. On May 27, 2012, Finance sent the SA notice of its ROPS review results, listing a duplicate request for the fall bond payment as non-enforceable obligations.

On May 30, 2012, the SA provided additional documents to support the deficiency in the fall bond payment funding. As a result, Finance revised conclusions on the some of the line items the results of which are provided herewith.

January through June 2012 ROPS

Except for items disallowed in whole or in part as enforceable obligations noted in Finance's letter dated May 16, 2012, the Department of Finance is approving the remaining items listed in your January to June 2012 ROPS.

July through December 2012 ROPS

Finance is approving your July to December ROPS except items not considered enforceable obligations (EO) under HSC section 34171 (d). The following do not qualify as EOs:

- Page 1 line items 21, 22, page 3 line items 9, 10, 24, 25, page 4 line items 16 - 18 in the amount of \$8.7 million. 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 24 – 27 in the amount of \$35 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.

This letter supersedes previous letters and is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Robert Scott, Supervisor or Derk Symons, Lead Analyst at (916) 322-2985.

Sincerely,



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
Mr. Spencer Jones, Auditor, Auditor-Controller, Los Angeles County