



October 11, 2012

Ms. Joann Shao, Accounting Manager
City of South El Monte
1415 N. Santa Anita Ave
South El Monte, CA 91733

Dear Ms. Shao:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the South El Monte Improvement District Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 28, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligation(s):

- Item No 6 and 9 – Although enforceable, auditing services and bank fees totaling \$10,550 are considered general administrative expenses and have been reclassified.
- Item No. 8 - SERAF repayment in the amount of \$330,000. HSC section 34176 (e) (6) (B) states that loan or deferral repayments shall not be made prior to the 2013-14 fiscal year. Therefore, this line item is not an enforceable obligation and will not be eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.
- Item No. 15 – Bond related construction costs in the amount of \$1.6 million. It is our understanding that no contracts are in place for this item. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Therefore, this item is not an enforceable obligation and not eligible for bond funding on this ROPS. Upon receiving a Finding of Completion from Finance, this item may become enforceable pursuant to HSC section 34191.4 (c). Until then, they are not enforceable obligations and not authorized for payment.
- Item No. 16 – Housing bond proceeds in the amount of \$37,526. The Agency did not provide documentation to support this item. Therefore, this item is not an enforceable obligation and not eligible for bond funding on this ROPS. Upon receiving a Finding of Completion from Finance, this item may become enforceable pursuant to HSC section 34191.4 (c). Until then, they are not enforceable obligations and not authorized for payment.

Except for item(s) denied in whole or in part as enforceable obligation(s) as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet and confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$1,743,198 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 1,915,579
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 6*	7,750
Item 8	330,000
Item 9*	2,800
Total approved RPTTF for enforceable obligations	\$ 1,575,029
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	168,169
Total RPTTF approved:	\$ 1,743,198

*Reclassified as administrative cost

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

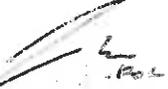
All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to 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 successor agency in the RPTTF.

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Please direct inquiries to Kylie Le, Supervisor or Brian Dunham, Lead Analyst at
(916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Anthony Ybarra, City Manager, City of South El Monte
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller