



May 21, 2012

Carlo Tomaino, Management Analyst
Redevelopment/Economic Development
City of Lake Forest
25550 Commercentre Drive, Suite 100
Lake Forest, CA 92630

Dear Mr. Tomaino:

The Department of Finance (Finance) reviewed the City of Lake Forest (City) Successor Agency Recognized Obligation Payment Schedule (ROPS), submitted on April 25, 2012 for the period January through June 2012 and July through December 2012 pursuant to Health and Safety Code section 34179 (h). In Finance's letter dated May 10, 2012, we questioned the following items:

- Item No. 1 – Reimbursement Agreement in the amount of \$12.5 million for both January through June 2012 and July through December periods.
- Item Nos. 3, 4, 5, 12, and 14 – Administrative expenses of \$1,715 for the July through December 2012 period.

The City provided additional information and consequently Item No. 1 has been determined to be an Enforceable Obligation. Therefore, we are no longer questioning that item. In discussion with the City, they agreed to reduce administrative expenses by \$1,715 and will submit a revised ROPS to reflect these changes.

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 Chikako Takagi-Galamba, Supervisor or Wendy Griffe, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Frank Davies, Administrative Manager, Orange County