



May 11, 2012

Kenneth Flewellyn, Assistant Finance Director  
City of Torrance  
3031 Torrance Boulevard  
Torrance, CA 90503

Dear Mr. Flewellyn:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Torrance (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 30, 2012, for the periods January through June 2012 and July through December 2012. Finance staff recently contacted you for further clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligations characteristics. Based on our application of the law, we do not believe the following items qualify as Enforceable Obligations (EO):

January through June 2012 ROPS

- Administrative expenses of \$20,198 (see Attachment A). The HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Therefore, \$20,198 of the claimed \$270,198 is not allowed.

July through December 2012 ROPS

- Item Nos. 11 and 12 – City advances totaling \$6.7 million. HSC section 34171 (d) (2) states that loans between the entity that created the redevelopment agency (RDA) and the former RDA are only enforceable if made within the first two years of the RDA's existence. It is our understanding the two City's advances were made in 1982 and 1983 whereas the RDA was created in the 1964.

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.

Department of 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.

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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.

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

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive style with a large, stylized "M" and "H".

MARK HILL  
Program Budget Manager

cc: Ms. Kristina Burns, Program Specialist III, Los Angeles County

**Attachment A**  
**Administrative Cost Calculation**  
**For the period January – June**

<b>Allowed Administrative Costs Calculation</b>	
<b>Total RPTTF Funding</b> (Line items 1, 2, 3, 7, and 15)	<b>1,032,648</b>
Less: Administrative expenses (line item 15 on page 1)	20,198
Total funded from RPTTF:	1,012,450
5% of tax allocation:	50,622
<b>Allowed Administrative Costs (Greater of 5% or \$250,000):</b>	<b>\$ 250,000</b>

<b>Line Items Considered Administrative Costs</b>			
<b>Page</b>	<b>Item No.</b>	<b>Debt Obligation</b>	
1	8	Administrative Cost (Downtown)	63,050
1	9	Administrative Cost (Industrial)	164,800
1	10	Administrative Cost (Skypark)	22,150
1		Administrative Costs from RPTTF	20,198
		Total:	270,198
		Administrative Cap:	250,000
		<b>Amount Denied (Total - Administrative Cap):</b>	<b>\$ 20,198</b>