



March 22, 2019

Ms. Sheila Poisson, Assistant Finance Director
City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503

Dear Ms. Poisson:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Torrance Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 23, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 50 – 2018 Tax Allocation Refunding Bonds debt service payment in the amount of \$22,646 in Other Funds funding and \$483,339 in Redevelopment Property Tax Trust Fund (RPTTF) funding totaling \$505,985 (\$22,646 + \$483,339) has been adjusted. The Agency inadvertently requested the incorrect amount for the ROPS A period. Therefore, with the Agency's concurrence, the \$22,646 in Other Funds requested for the ROPS A period has been decreased by \$935 to \$21,711.
- Item Nos. 52 and 53 – 2018 Tax Allocation Refunding Bonds issuance costs in the total outstanding amount of \$340,773 is not allowed. The Agency requested a total of \$340,773 (\$144,844 + \$195,929) from RPTTF to pay for the costs of issuance associated with the recently issued 2018 Tax Allocation Refunding Bonds for the Downtown and Industrial Project Areas. However, HSC Section 34177.5 (a) (3) (C) states that the principal amount of the refunding bonds and other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves and to pay related costs of issuance. The Agency should pay the costs of issuance from refunding bond proceeds, and not RPTTF. Therefore, the requested total of \$340,773 for Item Nos. 52 and 53 is not eligible for RPTTF funding.
- Item No. 54 – Appraisal costs in the total outstanding amount of \$4,500 is not allowed. The funding request relates to two properties approved for transfer to the City of Torrance (City) for future development on the Agency's Long-Range Property Management Plan (LRPMP). Appraisal costs for the two properties are ineligible for funding as the properties should have been transferred to the City upon approval of the LRPMP on May 8, 2015. Therefore, the requested \$4,500 is not eligible for RPTTF funding.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 3 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

<http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/>

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,010,380 as summarized in the Approved RPTTF Distribution table on Page 3 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

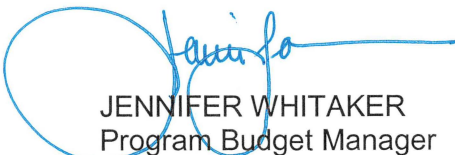
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Brian Dunham, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Wendy Wu, Accountant, City of Torrance

Attachment

Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 2,446,887	\$ 659,701	\$ 3,106,588
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	2,571,887	784,701	3,356,588
RPTTF Requested	2,446,887	659,701	3,106,588
<u>Adjustments</u>			
Item No. 52	(144,844)	0	(144,844)
Item No. 53	(195,929)	0	(195,929)
Item No. 54	(4,500)	0	(4,500)
	(345,273)	0	(345,273)
RPTTF Authorized	2,101,614	659,701	2,761,315
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Authorized for Obligations	2,226,614	784,701	3,011,315
Prior Period Adjustment	(935)	0	(935)
Total RPTTF Approved for Distribution	\$ 2,225,679	\$ 784,701	\$ 3,010,380