



October 10, 2012

Ms. Marissa Christiansen, Assistant to the City Manager
City of Redondo Beach
415 Diamond Street
Redondo Beach, CA 90277

Dear Ms. Christiansen:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Redondo Beach 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, Item No. 3 – 1990 cooperative agreement by and between the City of Redondo Beach and the former Redevelopment Agency of the City of Redondo Beach in the amount of \$7.9 million is not an enforceable obligation. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the RDA are not enforceable. Therefore, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

On September 12, 2012, Finance lead analyst Michael Barr communicated via e-mail our approval of the Redondo Beach Oversight Board resolution OB-1208-008, approving a credit agreement with Bank of America to refinance the outstanding credit agreement with Bank of the West. This letter also serves as an approval of this oversight board action. To the extent you have or plan to exercise your authority to enter into the Bank of America credit agreement, Finance authorizes an amendment to Item No. 1 pursuant to HSC section 34179 (h) in order to reflect the change in payee and reduced funding amount. Since the ROPS III submitted still reflects an obligation to Bank of the West, Finance is most likely approving an amount higher than will be needed should the agreement with Bank of America materialize. It is expected that future RPTTF distributions will be adjusted to reflect differences between actual payments and estimated obligations pursuant to HSC section 34186 (a).

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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$738,077 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 8,491,603
Less: Six-month total for item(s) denied or reclassified as administrative cost Item No. 3	7,878,526
Total approved RPTTF for enforceable obligations	\$ 613,077
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	125,000
Total RPTTF approved:	\$ 738,077

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.

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

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Doug Kaku, Grants Financial Administrator, City of Redondo Beach
Ms. Kristina Burns, Manager, Los Angeles County Auditor-Controller's Office