



November 7, 2013

Ms. Terry Cahoon, Assistant Finance Director  
City of Paramount  
16400 Colorado Avenue  
Paramount, CA 90723

Dear Ms. Cahoon:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Paramount Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 25, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, 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 obligations for the reasons specified:

- Item No. 60 – Reimbursement agreement between the Agency and the City of Paramount (City) for ROPS I and II payments in the amount of \$238,302. Finance denied this obligation during ROPS I, II, and III. In addition, Finance approved retention of \$200,000 for this obligation during the OFA Meet and Confer determination letter dated May 24, 2013. Pursuant to HSC section 34178 (a), the OB cannot restore funding for denied obligations. Therefore, this line item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 62 – City loan agreement for past litigation expenses in the amount of \$150,000 is partially denied. The Agency provided supporting documents for legal services provided in the amount of \$13,634, which is considered an enforceable obligation. The remaining amount of \$136,366 (\$150,000 - \$13,634) is not supported; therefore, is not an obligation eligible for RPTTF funding.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that are required to be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency reported available other fund balances totaling \$219,654; however, only requested to expend \$65,775 on ROPS 13-14B.

Therefore, the funding source for the following items are being reclassified to the funding source and in the amounts specified below:

- Item No. 1 – 2003 Tax Allocation Bonds in the amount of \$906,300. The Agency requests \$840,525 of RPTTF and \$65,775 in other funds; however Finance is reclassifying \$103,179 of the RPTTF request to other funds. This item was determined to be an enforceable obligation for the ROPS 13-14B period. However, the obligation does not require payment from property tax revenues and the Agency has an additional \$103,179 in other funds. Therefore, Finance is approving RPTTF in the amount of \$737,346 and the use of other funds in the amount of \$168,954, totaling \$906,300 for Item No. 1.
- Item Nos. 61 and 63 through 73 – Development of Property Management Plan and property maintenance costs totaling \$50,700. The Agency requests \$50,700 of RPTTF; however Finance is reclassifying \$50,700 to other funds. These items were determined to be enforceable obligations for the ROPS 13-14B period. However, the obligations do not require payment from property tax revenues and the Agency has \$50,700 in other funds. Therefore, Finance is approving the use of other funds in the amount of \$50,700 for Item Nos. 61 and 63 through 73.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the below table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part as enforceable obligations and for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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 RPTTF distribution for the reporting period is \$1,211,436 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	1,901,992
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 2,026,992</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>1,901,992</b>
<u>Denied Items</u>	
Item No. 60	(283,302)
Item No. 62	(136,366)
	(419,668)
<u>Reclassified Items</u>	
Item No. 1	(103,179)
Item No. 61	(12,500)
Item No. 63	(6,000)
Item No. 64	(1,000)
Item No. 65	(9,100)
Item No. 66	(1,200)
Item No. 67	(200)
Item No. 68	(3,000)
Item No. 69	(6,000)
Item No. 70	(4,000)
Item No. 71	(5,000)
Item No. 72	(2,000)
Item No. 73	(700)
	(153,879)
<b>Total RPTTF approved for non-administrative obligations</b>	<b>1,328,445</b>
<b>Total RPTTF for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF approved for obligations</b>	<b>1,453,445</b>
ROPS III prior period adjustment	(242,009)
<b>Total RPTTF approved for distribution</b>	<b>\$ 1,211,436</b>

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. Beginning with the ROPS 13-14B period, Finance required successor agencies to identify fund balances for various types of funds in its possession. During our ROPS 13-14B review, Finance requested financial records to support the fund balances reported by the Agency; however, Finance was unable to reconcile the financial records to the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 13-14B review period to properly identify the Agency's fund balances. If it is determined the Agency possesses fund balances that are available to pay approved obligations, the Agency should request the use of these fund balances prior to requesting RPTTF in ROPS 14-15A.

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/.](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14B%20Forms%20by%20Successor%20Agency/)

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination

applies only to items where funding was requested for the six month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

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

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Karina Lam, Finance Director, City of Paramount  
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller  
California State Controller's Office