DEPARTMENT OF FINANCE
EDMUND G. BROWN JR. • GOVERNOR
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April 2, 2015

Mr. Jim Throop, Director of Administrative Services
City of El Paso De Robles
821 Pine Street, Suite A
Paso Robles, CA 93446

Dear Mr. Throop:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of El Paso De Robles Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 24, 2015 for the period of July 1, 2015 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 15-16A at this time.

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b). However, Finance notes the oversight board has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Fund (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 provided financial records that indicated available unrestricted cash totaling $504,441.

Therefore, with the Agency's concurrence, the funding source for the following items have been reclassified to Other Funds in the amount specified below:

Item No.	Project Name/ Debt Obligation	ROPS 14-15B Amount of RPTTF Requested	Amount Reclassified to Other Funds
1	Certificate of Participation Financing Agreement	$ 268,674	$ 268,674
2	Bonds for non-housing projects	65,052	65,052
3	Bonds for non-housing projects	100,000	100,000
8	Cooperative Administrative Agreement	125,000	70,715
	Total	**$ 558,726**	**$ 504,441**

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. HSC section 34186 (a) also specifies 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 Redevelopment Property Tax Trust Fund (RPTTF) approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

The amount of RPTTF approved (in the table on the next page) includes an excess prior period adjustment of $13,785. The RPTTF approved for ROPS 15-16A obligations totaling $54,285 is insufficient to allow for the ROPS 14-15A prior period adjustment of $68,070. As such, the Agency should use the excess prior period adjustment of $13,785 ($68,070 - $54,285) as Reserve Balances on future ROPS, prior to requesting RPTTF.

Except for the items that have been reclassified or the adjustment to the Agency's self-reported ROPS 14-15A PPA, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 RPTTF distribution for the reporting period is zero as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution For the period of July through December 2015		
Total RPTTF requested for non-administrative obligations		433,726
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations on ROPS	**$**	**558,726**
Total RPTTF requested for non-administrative obligations		**433,726**
Cash Balances - Items reclassified to Other Funds		
Item No. 1		(268,674)
Item No. 2		(65,052)
Item No. 8		(100,000)
		(433,726)
Total RPTTF authorized for non-administrative obligations	**$**	**0**
Total RPTTF requested for administrative obligations		**125,000**
Reclassified Item		
Item No. 8		(70,715)
Total RPTTF authorized for administrative obligations	**$**	**54,285**
Total RPTTF authorized for obligations	**$**	**54,285**
ROPS 14-15A prior period adjustment		(68,070)
Excess PPA		13,785
Total RPTTF approved for distribution	**$**	**0**

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. During the ROPS 15-16A review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was able to support the amounts reported, but not the funding source. Therefore, as noted above, Finance has reclassified the available cash balances of $504,441 ($433,726 RPTTF Non-Admin + $70,715 RPTTF Admin) that were supported by the Agency's records. Finance will continue to work with the Agency after the ROPS 15-16A review period to resolve any remaining issues as described above. If it is determined the Agency possesses additional cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16B.

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2015. This determination only applies 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 section 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Wendy Griffe, Supervisor or Jared Smith, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Ed Gallagher, Director of Community Development, City of El Paso De Robles
Ms. Barbara Godwin, Property Tax Manager, San Luis Obispo County
California State Controller's Office