



December 18, 2012

Ms. Linda Benedetti-Leal, City Manager
City of Paramount
16400 Colorado Avenue,
Paramount, CA 90723

Dear Ms. Benedetti-Leal:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated November 15, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Paramount Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 24, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on November 15, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 26, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

- Item 27 – Owner Participation Agreement in the amount of \$5.5 million. Finance continues to deny the item. Although an enforceable obligation, the Owner Participation Agreement dated February 1, 2011, between the former redevelopment agency (RDA) and Falcon Fuels states the former RDA's obligations are to be paid from existing RDA funds and shall not be construed as a pledge of any other revenues of the former RDA. Therefore, the item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item 54 – Capital Improvement Project in the amount of \$2.47 million. Finance continues to deny the item. Finance previously denied the item as the contract is between the City of Paramount and a third party; the former RDA is not a party to the agreement. In addition, the contract was entered into after June 27, 2011. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. Therefore, the item is not eligible for bond funding at this time. However, successor agencies will be eligible to expend bonds issued prior to January 1, 2011, once a finding of completion is received per 34191.4 (c). Those obligations should be reported on a subsequent ROPS.

In addition, per Finance's ROPS letter dated November 15, 2012, the following items continue to be denied and were not contested by the Agency:

- Item Nos. 29 and 30 totaling \$1.77 million are contracts between the City and third parties and the Agency is not a party to the agreement. Further, Item No. 30 and 54 were entered into after June 27, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Therefore, these items are not enforceable obligations and not eligible for funding.
- Item Nos. 39 through 43 – Housing Successor Administrative Costs totaling \$754,500. HSC section 34176 (a) (2) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the City of Paramount assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor. Therefore, these items are not enforceable obligations and not eligible for RPTTF funding.
- Item Nos. 44, 45, 46, 50, 51, and 52 – Pass through payments totaling \$274,560. Per HSC section 34183 (a) (1), the county auditor-controller will make the required pass through payments starting with the July through December 2012 ROPS. Therefore, these items are not enforceable obligations and not eligible for funding.
- Item No. 56 - Bond funded projects totaling \$1.9 million. It is our understanding that contracts are not in place for this line item. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Therefore, this line item is not an enforceable obligation and not eligible for bond funding on this ROPS. Upon receiving a Finding of Completion from Finance, this item may become enforceable pursuant to HSC section 34191.4 (c). Until then, this item is not an enforceable obligation and not authorized for payment.
- Item Nos. 28, 31, 32, 36, 53, and 57 – Although enforceable, the types of services requested totaling \$47,330 are considered general administrative expenses and have been reclassified.

The Agency's maximum approved RPTTF distribution for the reporting period is: \$3,176,141 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 3,289,241
Less: Six-month total for items denied or reclassified as administrative cost	
Item 27	200,000
Item 28*	1,130
Item 29	15,600
Item 30	15,000
Item 31*	6,300
Item 32*	25,000
Item 36*	2,500
Item 39	5,000
Item 42	2,500
Item 44**	0
Item 45**	0
Item 46**	0
Item 50**	0
Item 51**	0
Item 52**	0
Item 53*	10,000
Item 57*	2,400
Total approved RPTTF for enforceable obligations	\$ 3,003,811
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	172,330
Total RPTTF approved:	\$ 3,176,141

*Reclassified as administrative cost

**No payments requested for the reporting period

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. 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 questioned on this ROPS or a preceding ROPS.

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Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', is written over a light grey diagonal line that extends from the top left towards the center of the page.

STEVE SZALAY
Local Government Consultant

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