



October 15, 2012

Mr. Jim Throop, Administrative Services Director
City of Paso 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 Paso Robles Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 31, 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, the following do not qualify as enforceable obligations:

- Item No. 5 – SERAF Repayment in the amount of \$1.2 million is identified as a loan from the Low and Moderate Income Housing Fund (LMIHF). HSC section 34176 (e) (6) (B) states loan or deferral repayments shall not be made prior to the 2013-14 fiscal year.
- Item No. 7 - ADA improvements in the amount of \$3.4 million were initiated by the City of Paso Robles as the result of a settlement agreement between the City and Plaintiffs. The former redevelopment agency (RDA) is not a party to the suit as well as the settlement agreement, and thus is not liable for the ensuing obligations. Although an agreement between the City and RDA was executed on February 1, 2011 with the intent of pledging RDA funds for the ADA projects, this agreement is void. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the RDA are not enforceable obligations.
- Although enforceable, Item No. 9, 10, and 11 are considered administrative expenses and has been reclassified.

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: \$518,257 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 957,858
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 5	524,601
Item 9 *	30,000
Item 10 *	5,000
Item 11 *	5,000
Total approved RPTTF for enforceable obligations	\$ 393,257
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	125,000
Total RPTTF approved:	\$ 518,257

* reclassified as administrative expense

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.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

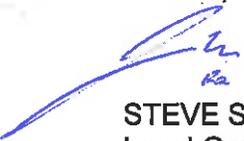
[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

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 Robert Scott, Supervisor or Derk Symons, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Ed Gallagher, Director of Community Development, City of Paso Robles
Ms. Barbara Godwin, Property Tax Manager, San Luis Obispo County