



April 15, 2013

Mr. Christopher J. Jicha, Senior Consultant Kosmont Companies
Pismo Beach Designated Local Authority
865 South Figueroa Street, 35th Floor
Los Angeles, CA 90017

Dear Mr. Jicha:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Designated Local Authority Successor Agency to the Pismo Beach Redevelopment Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on March 1, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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 does not qualify as an enforceable obligation:

- Item No. 10 – Lucia Mar Unified School District (District) Agreement signed in September 1988 totaling an unknown amount is not an obligation eligible for funding on the ROPS. Section 2.2 of the Agreement states that 100 percent of the tax increment shall be allocated to the Agency, until such allocations have continued for 20 years. Thereafter, 100 percent shall be allocated to the District through deposit into the Capital Facilities Fund directly by the county auditor controller (CAC). Per the CAC, the District has been receiving 100 percent of the tax increment from the development area since 2008.

The Agreement's pass-through payments have been paid directly to the District since 2008 and per the Agreement should continue to be paid directly to the District until the Agency's dissolution. Therefore, it is unnecessary to request funding through the ROPS process. In addition, per HSC section 34183 (a) (1), the CAC will make the required pass-through payments prior to distributing funds for approved expenditures on the ROPS. Therefore, this item is denied for Redevelopment Property Tax Trust Fund (RPTTF) funding on the ROPS.

Except for the item denied in whole or in part as an enforceable obligation, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, 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 \$16,500 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 251,714
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 10	251,714
Total approved RPTTF for enforceable obligations	\$ -
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	31,000
Minus: ROPS II prior period adjustment	(14,500)
Total RPTTF approved for distribution:	\$ 16,500

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 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 above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

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

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 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 34171 (d), HSC section 34191.4 (c)(2)(B)

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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 Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Tom Murray, Chair, Designated Local Authority, Kosmont Companies
Ms. Barbara Godwin, Property Tax Manager, County of San Luis Obispo
California State Controller's Office