

December 17, 2014

Mr. Romuldo J. Medina, City Manager  
City of Calipatria  
125 North Park Avenue  
Calipatria, CA 92233

Dear Mr. Medina:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 17, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Calipatria Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to Finance on October 03, 2014, for the period of January through June 2015. Finance issued a ROPS determination letter on November 17, 2014. 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 December 04, 2014.

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 Nos. 4 and 11 – 2010 Tax Allocation Bonds and Successor Agency Administration reclassification totaling \$111,871. Finance no longer reclassifies these items. Finance initially reclassified these items to Reserve Balances based on amounts reported in the Cash Balance Report. However, based on additional information provided by the Agency during the meet and confer, the Agency may not receive sufficient funds from the Redevelopment Property Tax Trust Fund (RPTTF) to meet its enforceable obligations during the ROPS 14-15B period. As such, the Agency is permitted to retain cash balance reserves on-hand.
- Item No. 12 – Capital Improvements in the amount of \$923,186 payable from Bond Proceeds. Finance no longer denies this item and has increased the amount approved for ROPS 14-15B period to \$1,020,530 per the Agency's request. A Finding of Completion was issued on August 7, 2013 and, the Agency can now utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants. We note that the requested funds are derived from bonds issued in 2010. Therefore, this item constitutes an excess bond obligation pursuant to HSC section 34191.4 (c). During the meet and confer, the Agency also provided additional documentation to support the actual bond proceeds needed during the ROPS 14-15B period in the amount of \$1,020,530.

In addition, per Finance's letter dated November 17, 2014, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. The amount of RPTTF approved in the table below reflects the prior period adjustment self-reported by the Agency. 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. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency.

Except for the item denied in whole or in part or items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. The Agency's maximum approved RPTTF distribution for the reporting period is \$208,002 as summarized in the Approved RPTTF Distribution Table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of January through June 2015</b>	
Total RPTTF requested for non-administrative obligations	111,440
Total RPTTF requested for administrative obligations	100,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 211,440</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>111,440</b>
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 111,440</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>100,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 211,440</b>
ROPS 13-14B prior period adjustment	(3,438)
<b>Total RPTTF approved for distribution</b>	<b>\$ 208,002</b>

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 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 for whatever reason 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 Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Acting Program Budget Manager

cc: Ms. Katy Lopez, Finance Director, City of Calipatria  
Ms. Ann McDonald, Property Tax Manager, Imperial County  
California State Controller's Office