DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 7, 2014

Mr. Mariano Aguirre, Director, Economic Development Department
City of Indio
100 Civic Center Mall
Indio, CA 92201

Dear Mr. Aguirre:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Indio Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on September 26, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

Based on a request from the Agency, Finance made the following adjustments:

- The Agency requested that Finance decrease the total Redevelopment Property Tax Trust Fund (RPTTF) request for Item Nos. 1, 2, 3, 4, and 5. The Agency had requested, in error, the amount required to cover the debt service payments for the month of March 2014 instead of March 2015 for these items. Specifically, the Agency requested the following adjustments totaling $53,386:
    - Item No. 1 – 2003 Tax Allocation Bond payment in the amount of $17,952 should be $15,521. Therefore, the amount has been adjusted by $2,431.
    - Item No. 2 – 2004A Taxable Tax Allocation Bonds in the amount of $275,433 should be $271,372. Therefore the amount has been adjusted by $4,060.
    - Item No. 3 – 2008A Subordinate Tax Allocation Bonds in the amount of $1,459,428 should be $1,438,629. Therefore, the amount has been adjusted by $20,799.
    - Item No. 4 – 2008B Taxable Subordinate Tax Allocation Bonds in the amount of $118,125 should be $97,538. Therefore, the amount has been adjusted by $20,587.
    - Item No. 5 – 1999 Housing Bond in the amount of $61,947 should be $56,438. Therefore, the amount has been adjusted by $$5,509.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 6 – Loan from Low Mod Housing Fund (SERAF Payment) in the amount of 5,496,191 of Other Funds is not allowed at this time.

  HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

  According to the County Auditor-Controller's reports, the amount distributed to the taxing entities for fiscal year 2012-13 and 2013-14 are $1,108,947 and $853,613 respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for fiscal year 2014-15 is $0. Therefore, the $92,895 requested for the LMIHF loan repayment from Other Funds is not allowed at this time.

- Item Nos. 18 and 19 – Landscaping and Building Repair/Maintenance in the amount of $150,000 and $300,000 of Other Funds are partially allowed. The estimated landscaping and building costs submitted by the agency includes maintenance costs for properties that were approved for transfer to the City of Indio for future development and governmental purposes during Finance's review of the Long-Range Property Management Plan and are no longer Agency's obligations. Therefore, Finance made the following adjustments:

  - Item No. 18 – The Agency requests for $150,000. Finance is approving $122,000 payment from Other Funds and $28,000 is not allowed.

  - Item No. 19 – The Agency requests for $300,000. Finance is approving $149,000 for payment from Other Funds and $151,000 is not allowed.

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. 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 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.

Except for items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, 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 $2,726,599 as summarized in the Approved RPTTF Distribution Table below:

Approved RPTTF Distribution For the period of January through June 2015		
Total RPTTF requested for non-administrative obligations		2,828,512
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations on ROPS	**$**	**2,953,512**
RPTTF adjustment to non-administrative obligations		
Item No. 1		(2,431)
Item No. 2		(4,060)
Item No. 3		(20,799)
Item No. 4		(20,587)
Item No. 5		(5,509)
Total RPTTF adjustments	**$**	**(53,386)**
Total RPTTF authorized for non-administrative obligations		2,775,126
Total RPTTF authorized for administrative obligations		125,000
Total RPTTF authorized for obligations	**$**	**2,900,126**
ROPS 13-14B prior period adjustment		(173,527)
Total RPTTF approved for distribution	**$**	**2,726,599**

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 14-15B review, Finance requested financial records to support the cash balances reported by the Agency; however, the Agency did not provide documentation to determine the balances reported. The beginning balances for Bond Proceeds, Reserve Balances, Other Funds, and RPTTF could not be supported. As a result, Finance will continue to work with the Agency after the ROPS 14-15B review period to properly identify the Agency's cash balances. If it is determined the Agency possesses 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 15-16A.

Please refer to the ROPS 14-15B 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 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 Beliz Chappuie, Supervisor or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Acting Program Budget Manager

cc: Mr. Dan Martinez, City Manager, City of Indio
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County
California State Controller's Office