DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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April 12, 2015

Mr. John Quinn, Finance Director
City of Calexico
608 Heber Avenue
Calexico, CA 92231

Dear Mr. Quinn:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Calexico Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on March 2, 2015 for the period of July 1 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

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

- Item No. 1 – 2000 TABs (interest only), debt service payment in the amount of $42,132 is partially approved. The amount requested includes $17,132 of interest and $25,000 of principal amounts. The Agency has made a separate request for the six month amount of principal amount on Item No. 19 of the ROPS. As such, Finance approves the six month amount of interest of $17,132 and denies the six month amount of principal of $25,000.

Finance also adjusted the total amount requested for Item No. 19 by $35,000 and Item No. 23 by $592,500 to accurately reflect the use of reserve funds requested from Redevelopment Property Tax Trust Fund (RPTTF) during the ROPS 14-15B period to fund debt service payments. The amounts are in addition to the RPPTF requested to match the upcoming period's debt service amounts.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 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. 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 part, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your

ROPS 15-16A, 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 $1,212,024 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution For the period of July through December 2015		
Total RPTTF requested for non-administrative obligations		1,242,266
Total RPTTF requested for administrative obligations		0
Total RPTTF requested for obligations on ROPS	**$**	**1,242,266**
Total RPTTF requested for non-administrative obligations		**1,242,266**
Denied Item		
Item No. 1		(25,000)
Total RPTTF authorized for non-administrative obligations	**$**	**1,217,266**
Total RPTTF requested for administrative obligations		**0**
Total RPTTF authorized for administrative obligations	**$**	**0**
Total RPTTF authorized for obligations	**$**	**1,217,266**
ROPS 14-15A prior period adjustment		(5,242)
Total RPTTF approved for distribution	**$**	**1,212,024**

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 15-16A review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was able to support some of the amounts reported with the trial balance provided. Finance will continue to work with the Agency after the ROPS 15-16A review period to resolve any remaining issues as described above. If it is determined the Agency possesses additional 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 15-16B.

Please refer to the ROPS 15-16A 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 July 1 through December 31, 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 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 Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Richard Warne, Interim City Manager, City of Calexico
Ms. Ann McDonald, Property Tax Manager, Imperial County
California State Controller's Office