

December 17, 2015

Mr. Nick Fenley, Acting City Manager
City of Calexico
608 Heber Avenue
Calexico, CA 92231

Dear Mr. Quinn:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 9, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Calexico Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on October 1, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 9, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on November 19, 2015.

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 determination being disputed.

- Item No. 27 – CUSD Capital Facilities funded from 2011 Bond Proceeds was partially allowed in the amount of \$71,864. Finance continues to partially allow this item. The Agency requests to expend \$1,446,592 derived from its 2011 Tax Allocation Bonds (School District). Pursuant to HSC section 34191.4 (c) (2), after receiving a Finding of Completion the Agency may expend proceeds derived from bonds issued on or after January 1, 2011, in a manner consistent with the original bond covenants. The Agency received a Finding of Completion on October 3, 2013. Finance initially adjusted this item because HSC section 34191.4 (c) (2) (A) limits the Agency's expenditure authority to five percent of the 2011 bond proceeds until the Agency has an approved Last and Final ROPS.

During the Meet and Confer process, the Agency contended that the proceeds of the bonds are the property of the Calexico Unified School District (CUSD), not the Agency. However, none of the agreements between the former Redevelopment Agency (RDA) and CUSD require the former RDA to build the project or send the 2011 Bond Proceeds to CUSD. Since an enforceable obligation did not exist prior to June 27, 2011, related to the use of the 2011 Bond Proceeds, the limitations of HSC section 34191.4 (c) (2) (A) apply to this issuance. Therefore, the Agency may only expend \$71,864 of proceeds derived from their 2011 Tax Allocation Bonds (School District).

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of Redevelopment Property Tax Trust Fund (RPTTF) approved in the table below only reflects the Agency's self-reported prior period adjustment.

Except for the item denied in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. The Agency's maximum approved RPTTF distribution for the reporting period is \$1,625,176 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	1,882,024
Total RPTTF requested for administrative obligations	0
Total RPTTF requested for obligations on ROPS 15-16B	\$ 1,882,024
Total RPTTF authorized for non-administrative obligations	1,882,024
Total RPTTF authorized for administrative obligations	0
Total RPTTF authorized for obligations	\$ 1,882,024
ROPS 14-15B prior period adjustment	(256,848)
Total RPTTF approved for distribution	\$ 1,625,176

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

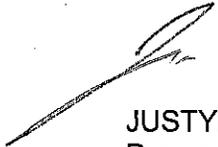
The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a

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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.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Eduardo Gutierrez, Acting Finance Director, City of Calexico
Ms. Ann McDonald, Property Tax Manager, Imperial County