



December 17, 2015

Ms. Marcela Piedra, Director of Economic Development
City of El Centro
1249 Main Street
El Centro, CA 92243

Dear Ms. Piedra:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 3, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of El Centro Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on September 28, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 3, 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 16, 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 determinations being disputed.

- Item No. 12 – 2007 Bond Expenditure Agreement in the amount of \$1,500,000 was partially allowed. Finance no longer denies this item. Finance approved the bond expenditure agreement under Oversight Board Resolution No. 14-01, which authorized the Agency to transfer \$8,676,310 in excess 2007 Bond Proceeds to the City of El Centro. Subsequently, the Agency reported expenditures of bond proceeds totaling \$7,455,588 on ROPS 14-15A (Item Nos. 12, 14, and 15) and \$131,372 on ROPS 14-15B (Item No. 12). Further, the Agency was authorized to expend \$750,000 on ROPS 15-16A (Item No. 12). Therefore, Finance initially determined that the total expended and authorized to date is \$8,336,960 (\$7,455,588 + \$131,372 + \$750,000), leaving an available 2007 excess bond proceeds balance of \$339,350.

During the Meet and Confer process, the Agency contended that the \$6,764,851 in expenditures reported for Item Nos. 14 and 15 on ROPS 14-15A were incurred prior to the bond expenditure agreement and should be accounted for separately from the \$8,676,310 requested for transfer under the expenditure agreement. The Agency also provided the October 2015 bond statements showing available balances of \$1,924,822 and \$2,368,645 for the Series A and B Bonds. Therefore, Finance is approving \$1,500,000 in Bond Proceeds funding for the ROPS 15-16B period.

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 whole or 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 \$977,706 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	852,706
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 977,706
Total RPTTF authorized for non-administrative obligations	852,706
Total RPTTF authorized for administrative obligations	125,000
Total RPTTF authorized for obligations	\$ 977,706
ROPS 14-15B prior period adjustment	0
Total RPTTF approved for distribution	\$ 977,706

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. Ruben Duran, City Manager, City of El Centro
Ms. Ann McDonald, Property Tax Manager, Imperial County