



December 17, 2015

Ms. Laura Gutierrez, Finance Director
City of Imperial
420 South Imperial Avenue
Imperial, CA 92251

Dear Ms. Gutierrez:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 18, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Imperial Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on October 5, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 18, 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 December 1, 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. 4 – County of Imperial OPA/DDA in the amount of \$265,125. Finance approved this item in its entirety for expenditure using excess bond proceeds. During the meet and confer, the Agency requested the approved funds be reclassified to Item No. 17 for expenditure toward the Library Improvements Project. Based on additional review and as further discussed below, Finance reclassifies the \$265,125 requested to Item No. 17.
- Item No. 17 – Library Improvements Project in the amount of \$700,000. Finance initially approved this item in its entirety for expenditure using excess bond proceeds. During the meet and confer, the Agency requested the amount be increased by \$372,025 or the amounts requested for Item Nos. 4 and 23. The Agency provided a revised estimate for the library project showing increased costs and trustee statements, dated November 2015, to support the availability of excess bond proceeds. Therefore, Finance approves the augmentation for this item to \$1,122,025 (\$750,000 + 265,125 + \$106,900) using 2007 Tax Allocation Bond proceeds.
- Item No. 23 – Business Assistance Program in the amount of \$106,900 in Bond Proceeds funding is not allowed. Finance issued a Finding of Completion on May 11, 2015, 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. However,

the Agency did not provide documents to support requested amount. During the meet and confer, the Agency requested to instead reclassify the amount requested for this line item to Item No. 17 for expenditure toward the Library Improvements Project. Based on additional information and as further discussed above, Finance reclassifies the \$106,900 requested to Item No. 17.

- 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 includes the prior period adjustment resulting from Finance's review of the Agency's self-reported prior period adjustment (PPA). Finance made adjustments to the PPA form to correct Agency reported amounts for RPTTF as follows:

The Agency's self-reported PPA for the ROPS 14-15B was incorrectly reported in its entirety. Adjustments were made to correctly reflect the Authorized amounts, Available amounts, and Actual expenditures. Finance worked with the Agency during the review resulting in a PPA to be applied to the ROPS 15-16B RPTTF distribution of \$384,818.

During the meet and confer process, the Agency requested that the PPA be adjusted further. The Agency provided that although it was approved to spend \$223,465 for Item No. 2 – 2007 Tax Allocation Bond during the ROPS 14-15B period and did not spend the funds during the approved period, the Agency did make the debt service payment during the July through December period (ROPS 15-16A). Therefore, Finance is adjusting the PPA amount to \$161,353 (\$384,818 - \$223,465). The Agency should continue to work with Finance on completing its PPA form to ensure the Agency accurately reports amounts approved, available, and expended for each ROPS period.

In addition, per Finance's letter dated November 18, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 1 – Finance is approving the Agency's request to increase requested amount from \$546,838 to \$552,639, resulting in an increase of \$5,801 in Redevelopment Property Tax Trust Fund (RPTTF) funding.

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 \$518,286 as summarized in the Approved RPTTF Distribution table on the next page:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	548,838
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 673,838
RPTTF adjustment to non-administrative obligations	5,801
Total RPTTF adjustments	\$ 5,801
Total RPTTF authorized for non-administrative obligations	\$ 554,639
Total RPTTF requested for administrative obligations	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 679,639
Self-reported ROPS 14-15B prior period adjustment (PPA)	0
Finance adjustment to ROPS 14-15B PPA	(161,353)
Total ROPS 14-15B PPA	(161,353)
Total RPTTF approved for distribution	\$ 518,286

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 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.

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Please direct inquiries to Evelyn Sues, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. George Galvan, Planning and Development Director, City of Imperial
Ms. Ann McDonald, Property Tax Manager, Imperial County