



November 6, 2015

Ms. Veronica Tapia, Management Analyst II
City of Palm Desert
73-510 Fred Waring Drive
Palm Desert, CA 92260

Dear Ms. Tapia:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Palm Desert Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 25, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item No. 57 – 2006 Tax Allocation Bonds Debt Service Payment in the amount of \$2,416,069 is partially allowed. The Agency requests \$2,416,069; however, the debt service schedule provided shows the payment due on June 30, 2016 is only \$2,251,331. Therefore, Finance is adjusting the requested Redevelopment Property Tax Trust Fund (RPTTF) funding by \$164,738 to \$2,251,331.
- Item No. 189 – Project Area Administration in the amount of \$494,412 payable from Other Funds is partially allowed. HSC section 34171 (b) (2) limits fiscal year 2015-16 administrative expenses to three percent of the RPTTF funds allocated to the Redevelopment Obligation Retirement Fund for the fiscal year or \$250,000. The Riverside County Auditor-Controller (CAC) distributed \$566,361 for the July through December 2015 period, thus leaving a balance of \$488,471 available for the January through June 2016 period. Therefore, \$5,941 of excess administrative cost is not allowed (please see Administrative Cap Calculation below). To the extent the Agency has Other Funds available, the Agency should use Other Funds to pay other enforceable obligations approved on the ROPS pursuant to HSC section 34188 (I) (1) (E).

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). 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 the item denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 \$16,204,139 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	16,480,402
Total RPTTF requested for administrative obligations	0
Total RPTTF requested for obligations on ROPS 15-16B	\$ 16,480,402
Total RPTTF requested for non-administrative obligations	16,480,402
<u>Denied Item</u>	
Item No. 57	(198,035)
Total RPTTF authorized for non-administrative obligations	\$ 16,282,367
Total RPTTF requested for administrative obligations	0
Total RPTTF authorized for administrative obligations	\$ 0
Total RPTTF authorized for obligations	\$ 16,282,367
ROPS 14-15B prior period adjustment	(78,228)
Total RPTTF approved for distribution	\$ 16,204,139

Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	18,878,716
Total RPTTF for 15-16B (January through June 2016)	16,282,367
Total RPTTF for fiscal year 2015-2016	35,161,083
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	1,054,832
Administrative allowance for ROPS 15-16A (July through December 2015)	(566,361)
Remaining administrative cost cap for ROPS 15-16B	488,471
ROPS 15-16B administrative obligations requested	(494,412)
Administrative costs in excess of the cap	\$ (5,941)

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>

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, 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.

Please direct inquiries to Cindie Lor, Supervisor, or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Janet Moore, Director of Housing, City of Palm Desert
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County