



April 14, 2016

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

Dear Ms. Gutierrez:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Imperial Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on February 1, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item Nos. 6, 16, 17, and 19 – Projects in the amount of \$2,863,852 in Bond Proceeds. The Agency received a Finding of Completion on May 11, 2015 and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. Our approval is specifically limited to the use of excess pre-2011 bond proceeds pursuant to HSC section 34191.4 (c) (1). Therefore, we have changed the Obligation Types reported for the items to “Bond Funded Project – Pre-2011”. Such approval, however, should not be construed as approval of the applicable projects themselves as enforceable obligations. Furthermore, projects funded with pre-2011 bond proceeds are limited to the amount of proceeds available with the Agency.
- The Agency requested costs to be funded from Administrative Redevelopment Property Tax Trust Fund (RPTTF) funding; however, these costs are not considered administrative costs. Therefore, the requested amounts for the following items have been reclassified from Administrative RPTTF to RPTTF for ROPS 16-17:
  - Item No. 20 – Bond trustees fees in the amount of \$2,000
  - Item No. 24 – Bond trustees fees in the amount of \$2,000
  - Item No. 25 – Bond disclosure fees in the amount of \$3,700
  - Item No. 26 – Bond disclosure fees in the amount of \$3,700
  - Item No. 28 — Property disposition costs in the amount of \$5,000

- Item Nos. 25 and 26 – 2005 and 2007 Tax Allocation Bond disclosure fees totaling \$7,400 is partially allowed. Although total requested is \$7,400 (\$3,700 for each item), only a total of \$3,700 (\$1,850 for each item) is due for the fiscal year based on the bond disclosure invoice provided by the Agency. Therefore, the excess \$1,850 for each item, totaling \$3,700, is not eligible for RPTTF funding for the January 1, 2017 through June 30, 2017 period (ROPS B period).
- Item No. 27 – Bond Credit Rating professional service fees in the amount of \$15,000 is reclassified from RPTTF to Bond Proceeds. It is our understanding that the costs related to the issuance of the 2015 bonds. Generally, the bond proceeds derived from the refunding bond are used to fund issuance costs. Finance approved Oversight Board (OB) Resolution No. 2015-07, which approved the issuance of 2015 refunding bonds. Furthermore, Finance notes that the savings analysis report provided by the Agency during review of the OB action indicated \$160,000 in bond proceeds was available to fund issuance costs. Therefore, Finance reclassified the requested \$15,000 from Administrative RPTTF to Bond proceeds.
- Item No. 29 – ROPS 13-14A Admin shortfall request in the total outstanding amount of \$125,000 is not allowed. During ROPS 13-14A, Finance rejected the ROPS 13-14A submitted by the Agency because the form was incomplete. The Agency did not resubmit a complete ROPS as requested. Therefore, Finance's May 17, 2013 letter only approved a total amount of \$1,057,315 for debt service payments due December 1, 2013. The Agency was not authorized for Administrative Cost Allowance (ACA) funding for the ROPS 13-14A period, and therefore, did not have an ACA shortfall. This item is not an enforceable obligation and the requested \$125,000 in RPTTF funding is not allowed.
- On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. 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 our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified to Other Funds in the amount specified below:
  - Item No. 20 – 2007 Tax Allocation Bond Trustee Fees in the amount of \$2,000. The Agency requests \$2,000 of RPTTF; however, Finance is reclassifying \$76 to Other Funds. This item is an enforceable obligation for the ROPS 16-17 period. However, the obligation does not require payment from property tax revenues and the Agency has \$76 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$1,924 and the use of Other Funds in the amount of \$76, totaling \$2,000 for the July 1, 2016 through December 31, 2016 (ROPS A period).

Except for the items denied in whole or in part or the items that have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,781,940 as summarized in the Approved RPTTF Distribution Table on Page 5 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the ROPS B period based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

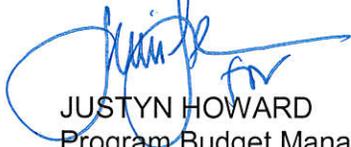
Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for 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.

Ms. Laura Gutierrez  
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Please direct inquiries to Cindie Lor, Supervisor, or Steven Huckabay, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Justyn Howard', with a large circular flourish on the left side and a horizontal line extending to the right.

JUSTYN HOWARD  
Program Budget Manager

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

Attachment

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<u><b>ROPS A Period</b></u>	<u><b>ROPS B Period</b></u>	<u><b>Total</b></u>
Requested RPTTF (excluding administrative obligations)	\$ 1,065,302	\$ 454,014	\$ 1,519,316
Requested Administrative RPTTF	257,000	149,400	406,400
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>1,322,302</b>	<b>603,414</b>	<b>\$ 1,925,716</b>
<b>Total RPTTF requested</b>	<b>1,065,302</b>	<b>454,014</b>	<b>1,519,316</b>
<u>Denied Items</u>			
Item No. 25	0	(1,850)	(1,850)
Item No. 26	0	(1,850)	(1,850)
	0	(3,700)	(3,700)
<u>Reclassified Items</u>			
Item No. 20 *	1,924	0	1,924
Item No. 24	0	2,000	2,000
Item No. 25	0	3,700	3,700
Item No. 26	0	3,700	3,700
Item No. 28	5,000	0	5,000
	6,924	9,400	16,324
<b>Total RPTTF authorized</b>	<b>1,072,226</b>	<b>459,714</b>	<b>\$ 1,531,940</b>
<b>Total Administrative RPTTF requested</b>	<b>257,000</b>	<b>149,400</b>	<b>406,400</b>
<u>Reclassified Items</u>			
Item No. 20	(2,000)	0	(2,000)
Item No. 24	0	(2,000)	(2,000)
Item No. 25	0	(3,700)	(3,700)
Item No. 26	0	(3,700)	(3,700)
Item No. 27	0	(15,000)	(15,000)
Item No. 28	(5,000)	0	(5,000)
	(7,000)	(24,400)	(31,400)
<u>Denied Item</u>			
Item No. 29	(125,000)	0	(125,000)
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>1,197,226</b>	<b>584,714</b>	<b>\$ 1,781,940</b>

\*Total authorized amount for Item No. 20 is \$2,000; however, \$76 in RPTTF was reclassified to Other Funds.