



December 18, 2012

Mr. Romualdo J. Medina, City Manager
City of Calipatria
125 North Park Avenue
Calipatria, CA 92233

Dear Mr. Medina:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 15, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Calipatria Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 31, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 15, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 27, 2012.

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 item being disputed.

- Item No. 12 – Capital Improvements in the amount of \$2 million of bond funds. Finance continues to deny this Item at this time. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding there are no contracts for this item. Therefore, the item is not an enforceable obligation and not eligible for bond funding on this ROPS. Assuming the excess bond proceeds requested for use were issued prior to January 1, 2011, upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods.

In addition, per Finance's determination letter dated October 15, 2012, the following item is not being disputed by the Agency and continues to be denied:

- Item Nos. 5, 6, 8, and 9 are reclassified as administrative costs. Although this reclassification increased administrative costs to \$104,150, the administrative cost allowance has not been exceeded.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$219,502 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 149,502
Less: Six-month total for items reclassified as administrative cost	
Item 5	10,900
Item 6	5,250
Item 8	10,500
Item 9	7,500
Total approved RPTTF for enforceable obligations	\$ 115,352
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	104,150
Total RPTTF approved:	\$ 219,502

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Katy Lopez, Finance Director, City of Calipatria
Mr. Douglas R. Newland, Auditor-Controller, Imperial County
California State Controller's Office