



October 15, 2012

Ms. Tami Scott, Administrative Services Director
City of Cathedral City
68-700 Avenida Lalo Guerrero
Cathedral City, CA 92234

Dear Ms. Scott:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Cathedral 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 through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item No. 20 – Downtown Development in the amount of \$246 million of bond proceeds. The Owner Participation Agreement (OPA) between Cathedral City Redevelopment Agency and City Urban Revitalization Corporation is not specific to any projects. Additionally, no construction contracts are in place. Pursuant to HSC section 34173 (b), an agency is prohibited from entering into a contract after June 27, 2011. Therefore, this is not an enforceable obligation.
- Item No. 43 – Eagle Canyon Dam Memorandum of Understanding (MOU) in the amount of \$500,000 of bond proceeds. The MOU is intent to contract in the future; however, no contracts are in place. Pursuant to HSC section 34173 (b), an agency is prohibited from entering into a contract after June 27, 2011. Therefore, this is not an enforceable obligation.
- Administrative costs claimed for RPTTF exceed the allowance by \$7,248. HSC section 34171 (b) limits the 2012-13 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater.

Amount administrative costs for fiscal year 2012-13	\$456,661
Administrative costs claimed for July through December 2012	222,300
Administrative costs claimed for January through June 2013	241,609
Overage	\$ 7,248

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$8,046,389 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 7,812,028
Less: Six-month total for item(s) denied or reclassified as administrative cost	0
Total approved RPTTF for enforceable obligations	\$ 7,812,028
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	234,361
Total RPTTF approved:	\$ 8,046,389
Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 7,410,000
Total RPTTF for the period January through June 2013	7,812,028
Total RPTTF for fiscal year 2012-13:	\$ 15,222,028
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	456,661
Administrative allowance for the period of July through December 2012	222,300
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 234,361

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.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

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.

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Please direct inquiries to Beliz Chappuie, Supervisor or Mindy Patterson, Lead Analyst at
(916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Kevin Biersack, Accounting Services Manager, City of Cathedral City
Ms. Pam Elias, Chief Accountant, Property Tax Division, Riverside County
Auditor Controller