



December 18, 2012

Ms. William B. Pattison, Jr., Finance Director
City of Coachella
1515 Sixth Street
Coachella, CA 92236

Dear Mr. Pattison:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 8, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Coachella Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 28, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 8, 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 October 18, 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 items being disputed.

Item 7 – Bagdouma Park Improvements in the amount of \$6.4 million funded by bond proceeds. At this time, Finance continues to deny this item. Chapter 26, Statutes of 2012 (AB 1484) allows bond proceeds derived from bonds issued prior to January 1, 2011 to be spent by the Successor Agency for the former Redevelopment Agency (RDA). This requires the Agency to receive a Finding of Completion from Finance. To receive a Finding of Completion the Successor Agency must successfully complete the following requirements:

- Complete two Due Diligence Reviews and remit the unencumbered balances identified during those reviews to the county auditor-controller for distribution to the local taxing entities.
- Pay the full amount of the July True-Up demand as calculated by the county auditor-controller for distribution to the local taxing entities.

Or

- Pay the full amount upon a final judicial determination of the amounts due for these processes and confirmation that those amounts have been paid to the county auditor-controller for distribution to the local taxing entities.

Once these requirements have been met, Finance will issue a Finding of Completion to a Successor Agency, which will, pursuant to Health and Safety Code (HSC) Section 34191.4 (c), allow a Successor Agency to spend excess bond proceeds for the purpose in which they were issued.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$1,436,059 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 1,311,059
Less: Six-month total for item(s) denied or reclassified as administrative cost	0
Total approved RPTTF for enforceable obligations	<u>\$ 1,311,059</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>125,000</u>
Total RPTTF approved:	\$ 1,436,059

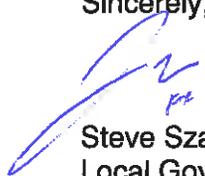
Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account 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. Kaye Reynolds, Controller, City of Coachella
Ms. Pam Elias, Chief Accountant, Property Tax Division, County of Riverside
Auditor Controller
California State Controller's Office