



May 17, 2013

Mr. Oscar G. Rodriquez, City Manager
City of Calexico
608 Heber Avenue
Calexico, CA 92231

Dear Mr. Rodriquez:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 13, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Calexico Successor Agency (Agency) submitted a ROPS 13-14A to Finance on February 28, 2013 for the period of July through December 2013. 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 April 23, 2013.

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 items being disputed.

- Item No. 13 – Affordable Housing Covenant Monitoring in the amount of \$233,200. Finance continues to deny this item. Previous statutory housing obligations associated with the former redevelopment agencies (RDA) are not enforceable obligations. HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. This transfer of duties and obligations includes such statutory costs as affordable housing covenant monitoring. Therefore, this item is not an enforceable obligation and is not eligible for funding on the ROPS.
- Item No. 17 – 2nd Street/Anza Road in the amount of \$2,784,858. Finance continues to deny this item at this time. Pursuant to HSC section 34191.4 (c), the Agency's request to use bond funds for these obligations may be allowable once the Agency receives a Finding of Completion (FOC) from Finance. Upon receiving a FOC, the Agency may be allowed to request funding on future ROPS.

In addition, per Finance's ROPS letter dated April 13, 2013, the following item was not disputed by the Agency and continues to be reclassified as an administrative cost:

- Item No. 18 – Oversight Board Expenses in the amount of \$15,000. This item is considered a general administrative cost and has been reclassified. Although this

reclassification increased administrative costs to \$140,000, the administrative cost allowance for fiscal year 2013-14 has not been exceeded.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. 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 July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on 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 denied on this ROPS or a preceding ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$1,423,582 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 1,487,641
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 13	5,300
Item 18*	15,000
Total approved RPTTF for enforceable obligations	\$ 1,467,341
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	140,000
Minus: ROPS II prior period adjustment	(183,759)
Total RPTTF approved for distribution:	\$ 1,423,582

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. The amount of RPTTF approved in the above table includes the prior period adjustment that was self-reported. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the above table includes only the prior period adjustment that was self-reported by the Agency.

Finance noted that the Agency reported an actual obligations and administrative expenses paid with RPTTF in the amount of \$983,130. Our review of the CAC distribution report indicates that the Agency received \$1,197,122 to pay ROPS II obligations. Therefore, Finance encourages the CAC to audit the Agency's self-reported expenses and make any necessary adjustments to the Agency's future RPTTF distributions as authorized by HSC section 34186 (a).

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14A_Forms_by_Successor_Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Wendy Griffe, Supervisor or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. John Quinn, Finance Director, City of Calexico
Ms. Ann McDonald, Property Tax Manager, County of Imperial
California State Controller's Office