

May 17, 2013

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

Dear Ms. Scott:

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 Cathedral Successor Agency Agency submitted a ROPS 13-14A to Finance 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 May 6, 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. 55 – Eastern Riverside County Interoperable Communications Authority (ERICA) Lease Purchase Agreement in the amount of \$1,486,743 funded with bond proceeds. Finance no longer objects to this item. The contract is between the City of Cathedral City (City) and Motorola, Inc. executed on September 17, 2008. This item was originally denied as the former redevelopment agency (RDA) is neither a party to the contract nor responsible for payment of the contract. During the Meet and Confer process, the Agency provided a reimbursement agreement between the City and the RDA dated January 17, 2011. The ERICA project is listed on the reimbursement agreement, demonstrating that the former RDA is responsible for payment of the contract.

Pursuant to HSC section 34191.4 (c) the Agency's requests to use bond funds for these obligations may be allowable once the Agency receives a Finding of Completion from Finance. Prior to the Meet and Confer, the Agency received a Finding of Completion from Finance on April 17, 2013. Therefore, the Agency may utilize proceeds derived from bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants per HSC section 34191.4 (c). As such, this item is eligible for expenditure on this ROPS.

Item Nos. 76 and 77 – Downtown Development and Eagle Canyon Dam projects funded with bond proceeds totaling \$7.5 million. Finance no longer objects to these items.

Pursuant to HSC section 34191.4 (c) the Agency's requests to use bond funds for these obligations may be allowable once the Agency receives a Finding of Completion from Finance. Prior to the Meet and Confer, the Agency received a Finding of Completion from Finance on April 17, 2013. Therefore, the Agency may utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c). As such, these items are eligible for expenditure on the ROPS.

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: \$7,981,086 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 7,854,053
Minus: Six-month total for item denied	-
Total approved RPTTF for enforceable obligations	\$ 7,854,053
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	235,621
Minus: ROPS II prior period adjustment	(108,588)
<b>Total RPTTF approved for distribution:</b>	<b>\$ 7,981,086</b>

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 by the Agency. 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.

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%2013-14A%20Forms%20by%20Successor%20Agency/)

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. Kevin Biersack, Accounting Services Manager, City of Cathedral  
Ms. Pam Elias, Chief Accountant Property Tax Division, County of Riverside  
California State Controller's Office