



April 14, 2014

Ms. Rosanna B Moore, City Manager  
City of Brawley  
383 Main Street  
Brawley, CA 92227

Dear Ms. Moore:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Brawley Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 28, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 14-15A at this time.

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (d). However, Finance notes the oversight board has approved an amount that appears excessive, given the number and nature of the other obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the oversight board to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency provided financial records that displayed unrestricted available Other Balances totaling \$240,508.

Therefore, with the Agency's concurrence, the funding source for the following items have been reclassified to Other Funds and in the amounts specified below:

- Item No. 1 – 2006 Tax Allocation Bonds in the amount of \$6,989,879. The Agency requested \$253,546 of RPTTF; however, Finance is reclassifying \$219,158 to Other Balances and approving RPTTF in the amount of \$34,388.
- Item No. 2 – Securities Servicing in the amount of \$64,300. The Agency requested \$1,700 of RPTTF; however, Finance is reclassifying \$1,700 to Other Balances.

- Item No. 5 – Consulting Disclosure Services in the amount of \$47,300. The Agency requested \$2,150 of RPTTF; however, Finance is reclassifying \$2,150 to Other Balances.
- Item No. 6 – Consulting Services the amount of \$62,500. The Agency requested \$5,000 of RPTTF; however, Finance is reclassifying \$5,000 to Other Balances.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment 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 table below includes only the prior period adjustment (PPA) self-reported by the Agency and the following adjustment made by Finance:

- Finance authorized and the CAC distributed \$278,634 in Non-Admin RPTTF to the Agency for the ROPS 13-14A period; therefore, the available RPTTF was equal to the authorized amount of \$278,634. The Agency reported actual expenditures of Non-Admin RPTTF in the amount of \$254,007, but the PPA in the amount of \$1,700. However, the PPA adjustment should be \$24,627 (\$278,634-\$254,007). Therefore, Finance has increased the Agency's self-reported PPA by \$22,927 (\$24,627-\$1,700).

Except for the items denied in whole or in part as enforceable obligations or for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$134,761 as summarized below:

<b>Approved RPTTF Distribution For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	262,396
Total RPTTF requested for administrative obligations	125,000
<b>Total Requested RPTTF</b>	<b>\$ 387,396</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>262,396</b>
<u>Cash Balances - Items reclassified to other funding sources</u>	
Item No. 1	(219,158)
Item No. 2	(1,700)
Item No. 5	(2,150)
Item No. 6	(5,000)
	(228,008)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 34,388</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 159,388</b>
Self-Reported ROPS 13-14A prior period adjustment (PPA)	(1,700)
Finance Adjustment to ROPS 13-14A PPA	(22,927)
Total ROPS 13-14A PPA	(24,627)
<b>Total RPTTF approved for distribution</b>	<b>\$ 134,761</b>

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. 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 (j). 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 HSC section 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.

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

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Ruby Walla, Finance Director, City of Brawley  
Ms. Ann McDonald, Property Tax Manager, Imperial County  
California State Controller's Office