



April 1, 2014

Ms. Marcela Piedra, Director of Economic Development
City of El Centro
1249 Main Street
El Centro, CA 92243

Dear Ms. Piedra:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of El Centro Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 20, 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.

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

- Item No. 13 – 2011 Bond Expenditure Agreement in the amount of \$9,528,576. As noted below this item was listed on ROPS 14-15A as Item No. 10 and was renumbered to No. 13. Finance's review of the Oversight Board Resolution No. 14-02 determined that the Agency is not permitted to enter into a bond expenditure agreement. The bond agreement is for the expenditure of 2011 bond proceeds; however, there is no contractual commitment to a third party pursuant to HSC section 34163 (b) for authorized use of these bond proceeds. HSC section 34191.4 (c) (2) (B) requires these bond proceeds to be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

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 available Reserve Balances totaling \$2,457,635.

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

- Item No. 1 – 2007 Tax Allocation Bonds, Series A in the amount of \$1,050,469
- Item No. 2 – 2007 Tax Allocation Bonds, Series B in the amount of \$235,801

- Item No. 5 – 2011 Lease Revenue Bonds, Series C in the amount of \$1,003,706

Finance also made adjustments to the item number sequence on ROPS 14-15A for consistency with prior ROPS. Items which do not require funding any longer should be classified as “retired” on the ROPS. Furthermore, item numbers may only be used once and new obligations of the Agency should be listed with the next available sequential number. Pursuant to HSC section 34177 (a) (2) documents are to be provided in a manner of Finance’s choosing; therefore, the obligations on ROPS 13-14B should have been reported in the following sequence:

- Item Nos. 6, 9, 10, and 11 were retired during ROPS 13-14B period and should not be used for new obligations or replace existing numbered obligations.
- Item No. 12 – 2007 Bond Expenditure Agreement
- Item No. 13 – 2011 Bond Expenditure Agreement
- Item No. 14 – 2007 Prior Bond Expenditures
- Item No. 15 – 2007 Prior Bond Expenditures

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 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 only includes the prior period adjustment self-reported by the Agency.

Except 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/

The Agency’s maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$125,000 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	2,289,976
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 2,414,976
Total RPTTF requested for non-administrative obligations	2,289,976
<u>Cash Balances - Items reclassified to other funding sources</u>	
Item No. 1	(1,050,469)
Item No. 2	(235,801)
Item No. 5	(1,003,706)
	(2,289,976)
Total RPTTF authorized for non-administrative obligations	0
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 125,000
ROPS 13-14A prior period adjustment	0
Total RPTTF approved for distribution	\$ 125,000

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, 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 section 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 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: Mr. Ruben Duran, City Manager, City of El Centro
Ms. Ann McDonald, Property Tax Manager, Imperial County
California State Controller's Office