



April 14, 2014

Mr. Mariano Aguirre, Development Manager
City of Indio
100 Civic Center Mall
Indio, CA 92201

Dear Mr. Aguirre:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Indio 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.

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

- Item 37 – Reserve for Future Bond Debt in the amount of \$573,123.
HSC section 34171 (d) (1) (A) states that a reserve may be held when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year. The Agency is requesting sufficient RPTTF during ROPS 14-15A along with debt service reserves funded from ROPS 13-14B to make both the interest and principal payment due in August 2014. The next debt payment is due in February, 2015. Based on prior RPTTF distribution amount there should be sufficient RPTTF available to fund the February interest payment. Therefore, Finance is adjusting the requested funding by \$498,123.

The Agency can request reserves on the next ROPS for the larger principal payments due in August 2015.

- Item No. 41 – Housing Entity Administrative Cost Allowance in the amount of \$750,000.
Pursuant to HSC section 34177 (p), the housing entity administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency (RDA) elected to not assume the housing functions and that the housing functions were transferred to a local housing authority in the territorial jurisdiction of the RDA. Here, however, the City of Indio (City) elected to be the housing entity to the RDA and retained the housing assets by submitting the housing asset transfer form to Finance on August 1, 2012. Therefore, the City is not eligible for the housing entity administrative costs allowance of \$75,000.

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. However, the amount of RPTTF approved in the table below includes the prior period adjustment resulting from Finance's review.

Based on our review of the Agency's prior period adjustment reporting, the Agency failed to enter all RPTTF available that was actually expended. A reserve for bond debt service in the amount of \$362,321 was funded and available but not entered as encumbered. Actual expenditures include debt reserves encumbered for future debt service payments. As a result of our review, Finance is hereby adjusting the prior period adjustment reported by \$362,321 to accurately reflect actual expenditures authorized by Finance on the Agency's ROPS 13-14A. The total prior period adjustment, as calculated by Finance is \$0.

Except for the item denied in whole or in part as enforceable obligation, 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 \$3,370,880 as summarized below:

Approved RPTTF Distribution For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	3,819,003
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations	\$ 3,944,003
Total RPTTF requested for non-administrative obligations	3,819,003
<u>Denied Items</u>	
Item No. 37	(498,123)
Item No. 41	(75,000)
	(573,123)
Total RPTTF authorized for non-administrative obligations	\$ 3,245,880
Total RPTTF requested for administrative obligations	125,000
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 3,370,880
Self-Reported ROPS 13-14A Prior Period Adjustment (PPA)	(362,321)
Finance adjustment to ROPS 13-14A PPA	362,321
Total ROPS 13-14A PPA	0
Total RPTTF approved for distribution	\$ 3,370,880

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 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 Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Dan Martinez, City Manager, City of Indio
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County
California State Controller's Office