



April 15, 2014

Mr. Patrick Griffin, Interim Finance Director
City of La Quinta
78-495 Calle Tampico
La Quinta, CA 92253

Dear Mr. Griffin:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of La Quinta Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on March 3, 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.

Our review noted that Agency's Oversight Board Resolution No. 2014-01 made a finding that Item No. 25, Advances from City General Fund, in the amount of \$43,097,046 was for legitimate redevelopment purposes. Finance partially approved the OB Resolution, agreeing that the loan was for redevelopment purposes. However, \$6.5 million of the stated loan principal balance of \$41 million is comprised of accrued and unpaid interest. Pursuant to HSC section 34191.4 (b) (2), the accumulated interest on the remaining principal amount should be recalculated from loan origination at the interest rate earned by funds deposited in the Local Agency Investment Fund (LAIF). Since the amount requested for ROPS 14-15A does not exceed the repayment formula outlined in HSC section 34191.4 (b) (2) (A), Finance is approving the amount requested. However, the approved amount of \$690,238 should only be applied to repayment of principal for Item No. 25.

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. 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. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$16,814,010 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	16,441,546
Total RPTTF requested for administrative obligations	492,335
Total RPTTF requested for obligations	\$ 16,933,881
Total RPTTF requested for non-administrative obligations	16,441,546
Total RPTTF requested for administrative obligations	492,335
Total RPTTF authorized for obligations	\$ 16,933,881
ROPS 13-14A prior period adjustment	(119,871)
Total RPTTF approved for distribution	\$ 16,814,010

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

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

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.

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. Frank Spevacek, Executive Director, City of La Quinta
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County
California State Controller's Office