



April 9, 2019

Mr. David B. Dale, City Manager
City of Calexico
608 Heber Avenue
Calexico, CA 92231

Dear Mr. Dale:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Calexico Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on February 1, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 27 – Calexico Unified School District (CUSD) Capital Facilities funded from 2011 bond proceeds is partially allowed in the amount of \$81,183. The Agency requests to expend \$1,446,592 in bond proceeds derived from its 2011 Tax Allocation Bonds (TAB). The Agency contends the proceeds of the bonds are the property of CUSD, not the Agency, and therefore should be used to reimburse CUSD for the project the bonds were intended. Finance continues to partially allow this item for the following reasons:
 - None of the agreements between the former Redevelopment Agency (RDA) and CUSD require the former RDA to build the project or send the 2011 bond proceeds to CUSD.
 - CUSD is not a party to the Indenture and therefore has no direct claim to the proceeds.
 - The Agency claims the project is complete and is seeking to reimburse CUSD for the project costs. The Indenture does not discuss or imply any obligation to reimburse CUSD.

Since an enforceable obligation related to the use of the 2011 bond proceeds did not exist prior to June 27, 2011, the limitations of HSC section 34191.4 (c) (2) (A) apply to this issuance. Therefore, the Agency may only expend a total of \$81,183 of proceeds derived from its 2011 TAB. Pursuant to HSC section 34191.4 (c) (2), after receiving a Finding of Completion the Agency may expend proceeds derived from bonds issued on or after January 1, 2011 in a manner consistent with the original bond covenants. The Agency received a Finding of Completion on October 3, 2013. During our review of previous ROPS, Finance adjusted this item to \$81,183 because HSC section 34191.4 (c) (2) (A) limits the Agency's expenditure authority to five percent of the 2011 bond proceeds until the Agency has an approved Last and Final ROPS. Therefore, the Agency may only expend a total of \$81,183 of proceeds derived from its 2011 TAB and the excess \$1,365,409 in Bond Proceeds is not allowed.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in Redevelopment Property Tax Trust Fund (RPTTF) are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 3 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

Except for the item adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

<http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/>

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,804,301 as summarized in the Approved RPTTF Distribution table on Page 3 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

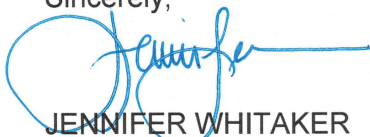
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Cindie Lor, Supervisor, or Sarah Krtil, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Karla E. Lobatos, Finance Director, City of Calexico
Ms. Ann McDonald, Property Tax Manager, Imperial County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 706,668	\$ 1,924,221	\$ 2,630,889
Administrative RPTTF Requested	86,562	125,000	211,562
Total RPTTF Requested	793,230	2,049,221	2,842,451
RPTTF Authorized	706,668	1,924,221	2,630,889
Administrative RPTTF Authorized	86,562	125,000	211,562
Total RPTTF Authorized for Obligations	793,230	2,049,221	2,842,451
Prior Period Adjustment	(38,150)	0	(38,150)
Total RPTTF Approved for Distribution	\$ 755,080	\$ 2,049,221	\$ 2,804,301