DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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November 7, 2013

Mr. Isaiah Hagerman, Finance Director
City of Rancho Mirage
69825 Highway 111
Rancho Mirage, CA 92270

Dear Mr. Hagerman:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Rancho Mirage Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 30, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 13-14B at this time.

However, based upon information provided by the Agency during this review, adjustments were made to the Fund Balance form. Although these adjustments have no effect on the amount of RPTTF the Agency receives, they will affect the Agency's fund balances for the funds sources involved. The following adjustments were made:

- Bonds issued on or before December 31, 2010 – Beginning Available Fund Balance (Actual 01/01/13) in the amount of $52,175,790 should be $54,546,627 based on Agency's accounting records. Therefore, it was adjusted by $2,370,837.

- Bonds issued on or before December 31, 2010 – Expenditures for 13-14A Enforceable Obligations (Estimate 12/31/13) in the amount of $585,000 should be $23,752,516. Based on the Agency's 2013 Bond Redemption and Refunding Plan, unspent bond proceeds of $23,167,516 were applied to the retirement of debt. Therefore, it was adjusted by $23,167,516.

- Bonds issued on or before December 31, 2010 – Retention of Available Fund Balance (Estimate 12/31/13) in the amount of $51,387,503 should be $30,590,824 due to $23,752,516 expenditure amount and $2,370,837 beginning balance adjustments as noted above.

- Beginning Available Fund Balance (Actual 01/01/13) – Non-Admin RPTTF in the amount of $2,912,500 should be $2,965,137 based on Agency's accounting records. Therefore, it was adjusted by $52,637.

- Revenue/Income (Estimate 12/31/13) – Non-Admin RPTTF in the amount of $6,599,302 should be $6,568,316 according to the Riverside County Auditor-Controller's actual RPTTF distribution for ROPS 13-14A. Therefore, it was adjusted by $30,986.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. 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. 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.

Except for adjustments noted above, Finance is not objecting to the items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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 RPTTF distribution for the reporting period is $9,154,682 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2014		
Total RPTTF requested for non-administrative obligations		8,944,056
Total RPTTF requested for administrative obligations		215,371
Total Requested RPTTF	**$**	**9,159,427**
Total RPTTF approved for non-administrative obligations		8,944,056
Total RPTTF approved for administrative obligations		215,371
Total RPTTF approved for obligations	**$**	**9,159,427**
ROPS III prior period adjustment		(4,745)
Total RPTTF approved for distribution	**$**	**9,154,682**

Please refer to the ROPS 13-14B schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/.

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only 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 (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 Anna Kyumba, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Curt Watts, Director of Development Services, City of Rancho Mirage
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County
California State Controller's Office