OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

A G E N D A

APRIL 10, 2013

City of Imperial Beach Council Chambers
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

SPECIAL MEETING – 10:30 a.m.

The Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency is endeavoring to be in total compliance with the Americans with Disabilities Act (ADA). If you require assistance or auxiliary aids in order to participate at Oversight Board meetings, please contact the City Clerk's/Secretary's Office at (619) 423-8301, as far in advance of the meeting as possible.

1. **CALL TO ORDER**

2. **ROLL CALL BY CITY CLERK/SECRETARY**

3. **PUBLIC COMMENTS** - Each person wishing to address the Oversight Board regarding items not on the posted agenda may do so at this time. In accordance with State law, the Oversight Board may not take action on an item not scheduled on the agenda. If appropriate, the item will be referred to the Successor Agency staff or placed on a future agenda.

4. **REPORTS**

   A. **APPROVAL OF MINUTES.**
   Recommendation: Approve the Oversight Board Regular Meeting Minutes of February 13, 2013.

   B. **ADOPTION OF RESOLUTION NO. OB-13-17 DISPUTING THE FINDINGS OF THE COUNTY AUDITOR-CONTROLLER IN ITS REVIEW OF THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 AND REFERRING THE MATTER TO THE STATE DEPARTMENT OF FINANCE FOR CONSIDERATION.**
   Recommendation: That the Oversight Board to the Imperial Beach Redevelopment Agency Successor Agency adopt Resolution No. OB-13-17 which:
   1. Disputes the findings of the County Auditor-Controller in its review of the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2013 through December 31, 2013; and
   2. Refers the matter to the State Department of Finance for consideration and a determination of what ultimately will be approved for inclusion in the ROPS 13-14A.

5. **ADJOURNMENT**

/s/
Jacqueline M. Hald, MMC
City Clerk/Secretary

For your convenience, a copy of the agenda and meeting packet may be viewed in the office of the City Clerk at City Hall or on our website at www.ImperialBeachCA.gov. Go to the Imperial Beach Redevelopment Agency Successor Agency page located under the Government Section.

Any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda will be made available for public inspection in the office of the City Clerk located at 825 Imperial Beach Blvd., Imperial Beach, CA 91932 during normal business hours.

DRAFT

ITEM NO. 4A

OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

MINUTES

FEBRUARY 13, 2013

City of Imperial Beach Council Chambers
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

REGULAR MEETING – 10:30 a.m.

1. **CALL TO ORDER**
CHAIRPERSON WINTER called the meeting to order at 10:30 a.m.

2. **ROLL CALL BY CITY CLERK/SECRETARY**
Oversight Board Members present: West, Saadat, Hentschke, Goodwin-Colbert, Foltz
Oversight Board Members absent: None
Vice Chairperson present: Fernandez
Chairperson present: Winter
Staff present: Deputy Executive Director Wade, City Attorney Lyon, Finance Director VonAchen, City Clerk/Secretary Hald

3. **PUBLIC COMMENT**
None.

4. **REPORTS**
A. APPROVAL OF MINUTES.

MOTION BY GOODWIN-COLBERT, SECOND BY SAADAT, TO APPROVE THE OVERSIGHT BOARD SPECIAL MEETING MINUTES OF JANUARY 2, 2013. MOTION CARRIED UNANIMOUSLY.

B. ADOPTION OF RESOLUTION NO. OB-13-14 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 AND RELATED ACTIONS.

CHAIRPERSON WINTER introduced the item.

DEPUTY EXECUTIVE DIRECTOR WADE reported on the item and explained the legal expenses that appear on the ROPS are for legal costs associated with litigation that applies to the wind down of redevelopment. The legal expenses that appear on the Administrative Budget are for legal costs that support the Successor Agency and the wind down of redevelopment.

MOTION BY WINTER, SECOND BY WEST, TO ADOPT RESOLUTION NO. OB-13-14 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 AND RELATED ACTIONS. MOTION CARRIED UNANIMOUSLY.

In response to Board Member West's concern about the costs associated with the wind down of redevelopment, DEPUTY EXECUTIVE DIRECTOR WADE stated that every agency, including the Department of Finance (DOF), has found the dissolution process to be more complex and involved than anyone expected. He noted that the DOF hired

60 new people just to handle the wind down of redevelopment, whereas the City of Imperial Beach did not have that benefit. He has personally spent 70 to 80 percent of his time on the dissolution process and associated projects. He expects costs to decrease over time.

C. ADOPTION OF RESOLUTION NO. OB-13-15 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 (ROPS 13-14A).

CHAIRPERSON WINTER introduced the item.

DEPUTY EXECUTIVE DIRECTOR WADE reported on the item, announced a revised ROPS 13-14A (Item #s 20 and 21) was provided as Last Minute Information and he responded to questions regarding legal costs.

BOARD MEMBER HENTSCHKE stated that it would be beneficial if expenses were correlated to projects.

MOTION BY GOODWIN-COLBERT, SECOND BY HENTSCHKE, TO ADOPT RESOLUTION NO. OB-13-15 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 (ROPS 13-14A). MOTION CARRIED UNANIMOULSY.

D. ADOPTION OF RESOLUTION NO. OB-13-16 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE LONG-RANGE PROPERTY MANAGEMENT PLAN PREPARED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5.

CHAIRPERSON WINTER introduced the item.

DEPUTY EXECUTIVE DIRECTOR WADE reported on the item. He responded to concerns of the Board regarding submittal of the plan ahead of schedule and noted that with expedited approval, the City can proceed with pending projects.

BOARD MEMBER HENTSCKE commended staff for being proactive and for completing the plan.

MOTION BY HENTSCHKE, SECOND BY FERNANDEZ, TO ADOPT RESOLUTION NO. OB-13-16 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE LONG-RANGE PROPERTY MANAGEMENT PLAN PREPARED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5. MOTION CARRIED UNANIMOUSLY.

CHAIRPERSON WINTER thanked Sudberry for holding on for the past four years and commented that Imperial Beach is lucky to have such a quality developer to put together a fabulous project.

5. ADJOURNMENT

The meeting was adjourned at 11:17 a.m.

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MAYDA C. WINTER, CHAIRPERSON

_____
JACQUELINE M. HALD, MMC
CITY CLERK/SECRETARY

AGENDA ITEM NO. 4B

STAFF REPORT
OVERSIGHT BOARD
TO THE
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

TO:	**CHAIR AND MEMBERS OF THE OVERSIGHT BOARD TO THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY**
FROM:	**GARY BROWN, EXECUTIVE DIRECTOR** **GREG WADE, DEPUTY DIRECTOR** GW
MEETING DATE:	**APRIL 10, 2013**
SUBJECT:	**ADOPTION OF RESOLUTION NO. OB-13-17 DISPUTING THE FINDINGS OF THE COUNTY AUDITOR-CONTROLLER IN ITS REVIEW OF THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 AND REFERRING THE MATTER TO THE STATE DEPARTMENT OF FINANCE FOR CONSIDERATION**

BACKGROUND:

On June 28, 2011, Assembly Bill No. X1 26 ("Dissolution Act") was signed into law by the Governor of California which called for the dissolution of redevelopment agencies throughout the State and established the procedures by which this was to be accomplished. On December 29, 2011, the California State Supreme Court largely upheld the Dissolution Act as constitutional and reformed and extended certain dates, by which certain dissolution actions were to occur under the Dissolution Act, by an additional four months. As a result of the Supreme Court's decision, on February 1, 2012, all California redevelopment agencies were dissolved, including the Imperial Beach Redevelopment Agency (the "Former Agency"), and successor agencies to the former redevelopment agencies were established and were tasked with paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the affairs of the former redevelopment agencies.

On January 5, 2012, as part of the wind-down process enacted by the Dissolution Act, the City Council adopted Resolution No. 2012-7136 electing for the City to serve as the successor agency to the Former Agency ("Successor Agency") upon the dissolution of the Former Agency under the Dissolution Act. As also required by the Dissolution Act, a seven-member Oversight Board consisting of representatives of the affected taxing entities, resident representatives of the City of Imperial Beach and staff of the Former Agency was created to oversee the activities of the Successor Agency. It is the duty of the Successor Agency to wind down the fiscal and business activities of the Former Agency and it is the responsibility of the Oversight Board to oversee the activities and actions of the Successor Agency.

On June 27, 2012, the State Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012) as a trailer bill for the Fiscal Year 2012-2013 State

budget package. Although the primary purpose of AB 1484 is to make technical and substantive amendments to the Dissolution Act based on issues that have arisen in the implementation of the Dissolution Act, AB 1484 also imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind-down process of former redevelopment agencies (including the preparation of a due diligence review) (reference hereinafter to the Dissolution Act means Assembly Bill No. X1 26 as amended by AB 1484).

Pursuant to Health and Safety Code (HSC) Section 34177 of AB 26, the Successor Agency prepared a draft Recognized Obligation Payment Schedule ("ROPS") by the required deadline of March 1, 2012, and adopted the draft ROPS on February 15, 2012 for the period ending June 30, 2012. This ROPS, for the period of January 1, 2012 through June 30, 2012, was subsequently modified and approved by the Oversight Board and submitted to the State of California Controller's Office (the "SCO") and the State of California Department of Finance (the "DOF") by April 15, 2012. Additionally, the Successor Agency adopted the second ROPS covering the period from July 1, 2012 through December 31, 2012, which was also approved by the Oversight Board and transmitted to the SCO and the DOF by April 15, 2012. The DOF did not request review of the First ROPS or the Second ROPS within the statutory period provided in the Dissolution Act.

On June 27, 2012, the State Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012) as a trailer bill for the Fiscal Year 2012-2013 State budget package. Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 also imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind-down process of former redevelopment agencies.

Pursuant to Section 34177(m) of AB 26 as amended by AB 1484, the Successor Agency was required to submit a third ROPS for the period of January 1, 2013 through June 30, 2013 (the "Third ROPS"), to the DOF and the CAC no later than September 1, 2012. On Wednesday, August 1, 2012, the Successor Agency adopted Resolution Number SA-12-13 approving the Third ROPS and authorizing staff to provide this ROPS to the Oversight Board for review and approval and concurrently to submit a copy to the San Diego County Administrative Officer, the San Diego County Auditor-Controller (the "CAC"), and the DOF. On August 22, 2012, the Oversight Board adopted Resolution No. OB-12-09 approving the Third ROPS. Immediately following the Oversight Board meeting at which the Third ROPS was approved, it was then forwarded to the DOF and to the CAC and a copy was posted on the Successor Agency's website, ahead of the September 1, 2012 deadline by which it was required to be submitted.

Included as part of the Third ROPS, was a prior period reconciliation identifying differences between actual payments and past obligations included on the First ROPS, along with the amount of Redevelopment Property Tax Trust Fund ("RPTTF") used to pay for each item. On October 1, 2012, the Successor Agency received a copy of a letter from CAC to the DOF regarding the CAC's review of the Third ROPS which was conducted pursuant to HSC Sections 34182.5 and 34186(a). In their letter, the CAC noted several issues it had with items on the Third ROPS, specifically with the prior period (ROPS I) reconciliation and recommended adjustments to the DOF that would have significantly reduced the amount of RPTTF that was to be made available to the Successor Agency on January 2, 2013. At their meeting on October 2, 2012, the Oversight Board disputed the CAC's findings and referred the matter to the DOF for a determination of what will be approved for inclusion in the Third ROPS as also provided pursuant to HSC Section 34182.5. On October 6, 2012, the Successor Agency received a letter from the DOF regarding its own review of the Third ROPS in which the DOF also questioned several items included on the Third ROPS.

Pursuant to HSC Section 34177(m), staff requested a Meet and Confer regarding the DOF's determination on our Third ROPS and included in this request our dispute of the CAC's recommended prior period (ROPS I) adjustments. On November 16, 2012, Successor Agency staff met and conferred with the DOF. Based upon that Meet and Confer, on December 18, 2012, the DOF issued a letter substantially altering its previous determinations and also issued a letter directing the CAC not to make any adjustments to the amount of RPTTF to be distributed on January 2, 2013 and to provide all available RPTTF to the Successor Agency.

DISCUSSION:

On February 13, 2013, the Oversight Board adopted Resolution No. OB-13-15 approving the ROPS for the period of July 1, 2013 through December 31, 2013 (the "ROPS 13-14A") and on February 14, 2013, the ROPS 13-14A was submitted to the DOF, SCO and CAC. The ROPS 13-14A also included a prior period reconciliation for the Second ROPS period (from July 1, 2012 through December 31, 2012). Pursuant to HSC Sections 34182.5 and 34186(a), the CAC reviewed the ROPS 13-14A and recommended to the DOF that "prior period adjustments" be made to the Second ROPS reconciliation prepared and submitted by Successor Agency staff. The CAC recommendations were tabulated in an Excel spreadsheet and transmitted to both the DOF and to Successor Agency staff on March 20, 2013 (see Attachment 2). The spreadsheet provided indicated prior period adjustments totaling $727,238. If upheld by the DOF, this would reduce the total amount of RPTTF distributed to the Successor Agency for the ROPS 13-14A period by $727,238. Upon receipt of the CAC prior period adjustment spreadsheet, Successor Agency staff sent a letter to the DOF and the CAC dated March 28, 2013, disputing the findings of the CAC and advising them that the Successor Agency intended to recommend to the Oversight Board that it dispute the findings of the CAC and refer the matter to the DOF for a determination pursuant to HSC Section 34182.5 (see Attachment 3).

On March 29, 2013, the DOF sent a letter to Successor Agency staff regarding their determinations on the ROPS 13-14A and identified several items the DOF had either approved for partial funding or had reclassified as "administrative costs" (see Attachment 4). In their letter, the DOF indicated that $2,414,377 of RPPTF was approved for distribution to the Successor Agency out of $3,127,816 requested. The DOF further stated that the total amount of RPTTF approved for the ROPS 13-14A period included the prior period adjustments resulting from the CAC's review and audit of the ROS 13-14A and Prior Period Reconciliation conducted pursuant to HSC Section 34186(a). This resulted in a reduction of approved RPTTF by the amount of the prior period adjustment. Staff noted, however, that the amount shown in the DOF letter for the "ROPS II Prior Period Adjustment" had increased from the amount previously indicated by the CAC in their spreadsheet from $727,238 to $757,581. Staff immediately sought clarification on this increase and was advised that the increase had resulted from the DOF's determination that two items noted by the CAC in their review were included as prior period adjustments reducing the amount of RPTTF that would be made available to the Successor Agency by $30,343. In an email received on April 4, 2013, a revised Prior Period Adjustment Excel Spreadsheet was provided by the DOF to staff to reflect these changes (see Attachment 5).

In response to the determination letter received from the DOF regarding the ROPS 13-14A and the comments and ROPS II prior period adjustments recommended by the CAC, on April 4, 2012, staff submitted a request to Meet and Confer with the DOF on these determinations as provided for under HSC Section 34177(m). In addition to this request, staff is also recommending that the Oversight Board dispute the CAC's findings in their review and audit of the ROPS 13-14A and their recommended ROPS II Prior Period Adjustments and refer the matter to the DOF for a determination of what ultimately will be approved for inclusion in the ROPS 13-14A and which may potentially result in a reduction in eligible funds to be distributed

to the Successor Agency by the CAC from the RPTTF on June 1, 2013. Staff recommends this action as follows:

CAC COMMENTS/FINDINGS IN SPREADSHEET SUMMARY:

CAC's Finding/Comment (with which the DOF concurs), Line H of the CAC Summary: "The amount reported ($1,197,913) is not the same as the amount reported on the Prior Period Adjustment Report ($1,388,690). The difference between the two amounts is the Admin Allowance of $190,777, which was reported as part of the payment for RPTTF Non-Admin Enforceable Obligations in the Prior Period Adjustment report."

Response: The use of monies from the RPTTF with which to pay for administrative costs, including the administrative cost allowance, is a permissible use of RPTTF. The actual administrative costs ($190,777) incurred during the Second ROPS period was within (and below) the estimated amount of administrative costs ($415,637) approved by the DOF on our Second ROPS. The approval of this item by the DOF on our Second ROPS constitutes an enforceable obligation which, by definition, is eligible for payment from the RPTTF. Please see the DOF's letter dated May 29, 2012 not questioning any items on the Second ROPS and approving the Second ROPS in its entirety as submitted. Therefore, since the Successor Agency allocated $190,777 of RPTTF toward its administrative costs and the DOF approved $415,637 toward administrative costs as Item # 2 on Page 3 of the DOF-approved Second ROPS, the Successor Agency was lawfully authorized to properly expend RPTTF and such amount should not be reduced from the Successor Agency's June 1, 2013 RPTTF distribution.

CAC COMMENTS ON PRIOR PERIOD (SECOND ROPS) ADJUSTMENT:

1. **Housing Agreement, page 2, Item 2**

   CAC Finding/Comment (with which the DOF concurs): "The estimate was from LMIHF, but the actual was paid from RPTTF."

   Response: The Second ROPS was approved by the Successor Agency and Oversight Board and forwarded to the DOF on April 12, 2012 and, pursuant to HSC Section 34177(l)(3) of the Dissolution Act, is forward looking and, therefore, can only identify sources of funds available at the time the ROPS is prepared. At the time of the approval of the Second ROPS, there were sufficient Low and Moderate Income Housing Funds (LMIHF) with which to pay the $90,000 estimated Housing Agreement support costs. Soon afterwards, however, the Successor Agency issued a Notice of Insufficient Funds dated April 30, 2012 to the CAC notifying the CAC that, pursuant to HSC Section 34183(b), the Successor Agency would have insufficient funds with which to make payments on all obligations for the Second ROPS period ending December 31, 2012. In addition, the Successor Agency submitted a cash flow analysis to the CAC in support of its Notice showing a deficit of $3,208,435. Similarly, on March 29, 2012, the Successor Agency had sent a Notice of Insufficient Funds to the CAC for the First ROPS period. Although this Notice went unanswered by the CAC, at the end of the First ROPS period, the Successor Agency had insufficient funds with which to pay its enforceable obligations which were all approved on the First ROPS, including its bond debt, and was forced to use all available funds, including all available LMIHF, with which to make these required payments. This was done at the suggestion of the CAC as reflected in court documents dated May 29, 2012, which also substantiated the funding shortfall for the Second ROPS period (see attached highlighted documents submitted on behalf of the CAC to the California Superior Court on May 29, 2012).

   Given the expenditure of all available funds, including all available LMIHF, on other approved enforceable obligations, the $90,000 Housing Agreement payment approved by the DOF on our Second ROPS was made by the Successor Agency with RPTTF distributed on June 1, 2012. It should also be noted that, in the DOF's Third ROPS Meet

and Confer Determination dated December 18, 2012, the DOF also noted a shortfall in RPTTF for our Second ROPS period with which to pay all of our approved enforceable obligations (see attached DOF Third ROPS Meet and Confer Letter). Therefore, the Successor Agency was required to use RPTTF because it did not have LMIHF available to pay this obligation, and the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

2. **Administrative Costs, page 3, Item 2 – CAC Finding/Comment (with which the DOF concurs):** "The DOF approved $250,000 for admin cost. Since DOF reclassed some items from RPTTF to admin. ($61,836) is the plug in order to arrive the total approved admin cost ($250,000) [sic]."

   Response: As we have previously pointed out to the CAC and the DOF, both the First and Second ROPS were approved in their entirety by the DOF as stated in our DOF approval letter dated May 29, 2012, and as further stipulated by the DOF in court documents. This approval has been supported by the DOF both during our Third ROPS Meet and Confer and, as noted above, in the DOF's Third ROPS Meet and Confer Determination letter dated December 18, 2012. Therefore, we believe that the CAC's reference to the "reclass" of any items from RPTTF to administrative costs on our Second ROPS in fact occurred by an unlawful manipulation of and revision to an "Exhibit 12" which actions occurred (i) after the DOF's approval of both our First ROPS and Second ROPS, (ii) after the statutory period for the DOF to question items on either ROPS had long-since passed, (iii) after the Exhibit 12 was originally prepared, and (iv) after the payment of the June 1, 2012 RPTTF distribution of funds for payment of Second ROPS enforceable obligations and the expenditure of some of those funds in accordance with the DOF-approved Second ROPS. It is the Successor Agency's position that such manipulation and revisions to the Exhibit 12 for purposes of questioning the DOF-approved obligations listed on the Second ROPS after the statutory period to question any such obligations is both improper and statutorily unauthorized under the Dissolution Act. Not only does this item 2 constitute an enforceable obligation by virtue of its approval by the DOF on our Second ROPS for funding with RPTTF, but the actual amount paid is substantially less than that approved by the DOF. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

3. **Continuing Disclosure, page 3, Items 8 through 10 – CAC Finding/Comment (with which the DOF concurs):** "The DOF reclassed from RPTTF to Admin [sic]."

   Response: As discussed above, all of these items were approved by the DOF in their entirety on our Second ROPS, as was the funding of these items with the RPTTF , and the DOF, through manipulation and revisions to the "Exhibit 12" improperly "reclassed" after the fact and after the DOF had the authority under AB 26 to comment or object to items listed on the Second ROPS. As discussed above, therefore, these items constitute enforceable obligations eligible for payment from RPTTF. However, since no RPTTF was used to pay for these items, it is unclear why the CAC and the DOF commented on them.

4. **Continuing Disclosure – Audit Fees, page 3, Item 11 – CAC Finding/Comment (with which the DOF concurs):** "No fund was requested and approved from RPTTF, but actual payment was made from RPTTF for DDR audit costs."

   According to the CAC, the DOF has supported this adjustment. As noted above, the First and Second ROPS were both approved and submitted to the DOF on April 12, 2012. The requirement to conduct a Due Diligence Review (DDR) of housing and non-housing assets of the Successor Agency was enacted by the adoption of Assembly Bill No. 1484 (AB 1484) on June 27, 2012. Therefore, AB 1484 was enacted after the preparation of the Second ROPS and after its approval by the DOF making it impossible

to list it for funding on the Second ROPS. Nevertheless, the costs of the Successor Agency to retain and pay for the auditor during the Second ROPS period were statutorily required by AB 1484 and are not administrative costs because they were incurred by the Successor Agency by virtue of the statutory obligation to retain an auditor to prepare the Due Diligence Reviews required under HSC Section 34179.5(a) of the Dissolution Act. As such, payment of this obligation is required by State law under HSC Section 34179.5(a) and therefore constitutes an enforceable obligation pursuant to HSC Section 34171(d)(1)(C) of the Dissolution Act and is payable from RPTTF. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

5. **RDA Statute Compliance, page 3, Item 13 – CAC Finding/Comment (with which the DOF concurs):** "DOF reclassed from RPTTF to Admin [sic]."

   Resonse: As discussed in detail in item numbers 2 and 3 above, it is improper to state that the DOF "reclassed" this item from RPTTF to an administrative cost since this "reclassification" occurred after the DOF's approval of both our First and Second ROPS in their entirety and after the statutorily-defined time period in which to object to said item had elapsed, making any such "reclassification" both inappropriate and unauthorized.

6. **City Service Agreement, page 3, Item 14 – CAC Finding/Comment (with which the DOF concurs):** "DOF reclassed the estimate from RPTTF to admin [sic]."

   Response: As discussed in item numbers 2, 3 and 5 above, it is improper to state that the DOF "reclassed" this item from RPTTF to an administrative cost since this "reclassification" occurred after the DOF's approval of both our First and Second ROPS in their entirety and after the statutorily-defined time period in which to object to said item had elapsed, making any such "reclassification" both inappropriate and unauthorized. Since this agreement was approved by the DOF on our Second ROPS, and payment from RPTTF for this obligation was approved by the DOF, the Successor Agency's payment from RPTTF for this enforceable obligation is justified. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

7. **Legal, page 3, Item 17 – CAC Finding/Comment (with which the DOF concurs):** "DOF reclassed the estimate from RPTTF to admin, but the actual was paid from RPTTF."

   Response: As discussed in item numbers 2, 3, 5 and 6 above, it is improper to state that the DOF "reclassed" this item from RPTTF to an administrative cost since this "reclassification" occurred after the DOF's approval of both our First and Second ROPS in their entirety and after the statutorily-defined time period in which to object to said item had elapsed, making any such "reclassification" both inappropriate and unauthorized. Since the payment of these fees from RPTTF was approved by the DOF on our Second ROPS, and payment from RPTTF for this obligation was approved by the DOF, the Successor Agency's payment of this enforceable obligation with RPTTF is justified. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

8. **July 9, 2012 True-Up Demand Payment from County of San Diego, Item 19 – CAC Finding/Comment (with which the DOF concurs):** "Since the approved/received amount ($3,420,215) vs. agency's actual payment ($3,420,215) were reconciled for ROPS I on ROPS III completely, the true-up payment should not be part of the ROPS II reconciliation. The adjustment is pending for DOF's final determination."

   Response: The CAC comment, which the DOF apparently concurs, that the "approved/received amount" was $3,420,215 and that this true-up payment should not

be a part of the Second ROPS reconciliation is incorrect. The true-up payment calculation was the result of improperly questioned and reclassified items on the Successor Agency's First ROPS after the First ROPS was approved by the DOF, and therefore, the payment of the true-up payment had to be paid during the Second ROPS period by (July 12, 2012) using RPTTF distributed to the Successor Agency for its Second ROPS obligations since the Successor Agency had no other available funds. Had the DOF not maniputed and revised the Exhibit "12" after the DOF's approval of the First ROPS and after the time period within which to object to any items on the First ROPS had passed, there would never had been a true-up payment demand.

Specifically, on July 9, 2012, the Successor Agency received a demand from the CAC for payment of $372,115 by July 12, 2012 for distribution to the taxing entities pursuant to HSC Section 34183.5(b) of the Dissolution Act. In accordance with HSC Section 34183.5(b), this payment was intended to reflect the amount of residual balance from tax increment funds paid to the former RDA for First ROPS enforceable obligations approved by the DOF that were residual after payment of the First ROPS enforceable obligations and determined to be available for distribution to the affected taxing entities pursuant to HSC Section 34183(a)(4). Pursuant to HSC Section 34183.5(b)(1), the amount to be retained by taxing entities pursuant to HSC Section 34183(a)(4) for the January 1, 2012 through June 30, 2012 period "is determined based on the Recognized Obligation Payment Schedule approved by the Department of Finance" for approved enforceable obligations pursuant HSC Section 34179(h) and the amount determined owed by HSC Section 34183.5(b). In this regard, the DOF approved enforceable obligations on the First ROPS in the amount of $4,805,431. After the First ROPS was deemed effective and final pursuant to HSC Section 34179(h), the CAC and the DOF decided to question certain obligations listed on the First ROPS by claiming them as administrative costs and denying the source of payment from tax increment paid to the Former RDA – they questioned these items by manipulating and revising the "Exhibit 12" (see attached Exhibit 12 document - before and after the manipulation). This process of questioning the obligations after the period of DOF review of the First ROPS pursuant to HSC Section 34179(h) is not allowed under the Dissolution Act. In addition, it is important to highlight that the questioning of the obligations approved on the First ROPS by revisions to the "Exhibit 12" also occurred after the distribution and expenditure of funds toward the approved First ROPS obligations. Due to this subsequent and improper reclassification of DOF-approved enforceable obligations listed on the First ROPS, the CAC and the DOF improperly reduced the amount of DOF-approved enforceable obligations payable from RPTTF, via the revisions to the "Exhibit 12" and, therefore, determined that an amount of tax increment totaling $372,115 would be distributed to the taxing entities as a residual payment pursuant to HSC Section 34183.5(b). In reality, however, there was no residual balance payable to the taxing entities. Absent the manipulation to the Exhibit 12, no payment would have been required under HSC Section 34183.5(b). This payment was required to be made by the Successor Agency by July 12, 2012,otherwise the Successor Agency and City of Imperial Beach would have faced severe penalties set forth in the Dissolution Act, including the withholding of sales and use tax and property tax. The date of payment of the true-up payment of July 12, 2012 falls within the Second ROPS period. Since the Successor Agency had no other funds available to make this improperly calculated payment, the payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012 for its Second ROPS enforceable obligations, and properly identified on the Second ROPS reconciliation. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

9. **9th and Palm Tenant Relocation, Item 20 (Goodwill Industries) – CAC Finding/Comment (with which the DOF concurs):** "The total approved RPTTF & admin for ROPS I ($3,420,215) does not include this item (item 51 in ROPS I)".

Response: This statement is not correct. This item was in fact included on the First ROPS, as item # 51 on Page 4 of the First ROPS, and the First ROPS was approved in its entirety by the DOF. This approved First ROPS item is on the Second ROPS reconciliation because it was approved by the DOF on the First ROPS but went unfunded due to insufficient tax increment distribution to the Former RDA for the payment of First ROPS enforceable obligations. Therefore, payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012, on this enforceable obligation as a carry-over obligation from the First ROPS, which was approved by the DOF. The amount of this approved enforceable obligation was estimated on the First ROPS at $210,000, however, actual costs incurred were $206,744. It should also be noted that this item was for the relocation of a tenant from property acquired by the Former RDA in February 2009, with relocation finalized in September 2010. The relocation payment was made pursuant to a Settlement Agreement between Goodwill Industries and the Former RDA which was executed on January 31, 2012, prior to dissolution of the RDA. This, therefore, constitutes an enforceable obligation of the Former RDA and the Successor Agency. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

10. **9th and Palm Tenant Relocation, Item 21 (Southbay Drugs) – CAC Finding/Comment (with which the DOF concurs):** "The total approved RPTTF & admin for ROPS I ($3,420,215) does not include this item (item 50 in ROPS I)".

    Response: This statement is not correct. This item was in fact included on the First ROPS, as item # 50 on Page 4 of the First ROPS, and the First ROPS was approved in its entirety by the DOF. This approved First ROPS item is on the Second ROPS reconciliation because it was approved by the DOF on the First ROPS but went unfunded due to insufficient tax increment distribution to the Former RDA for the payment of First ROPS enforceable obligations. Therefore, payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012, on this enforceable obligation as a carry-over obligation from the First ROPS, which was approved by the DOF. The amount of this approved enforceable obligation was estimated on the First ROPS at $150,000,however, actual costs incurred totaled $157,791. RPTTF in the amount of $58,379 paid to the Successor Agency on June 1, 2012 toward Second ROPS enforceable obligations was used to pay a portion of this unfunded obligation and paid during the Second ROPS period. It should also be noted that this item was for the relocation of a tenant from property acquired by the Former RDA in February 2009, with relocation finalized in September 2010. The relocation payment was made pursuant to a Settlement Agreement between Southbay Drugs and the Former RDA which was executed on January 26, 2012, prior to dissolution of the RDA. This, therefore, constitutes an enforceable obligation of the Former RDA and the Successor Agency. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

11. **Legal Litigation, Item 22 – CAC Finding/Comment (with which the DOF concurs):** "Per clarification with DOF, litigation expenses voluntarily incurred in lawsuits against the State must be absorbed from the three-percent administrative cap."

    Response: The CAC comment and the DOF support of this adjustment is not supported by statutory provisions of the Dissolution Act. This item is for legal expenses related to litigation that was filed in connection with the June 1, 2012 RPTTF distribution. This litigation was initiated in response to erroneous directives from the DOF and the CAC regarding the withholding of RPTTF to successor agencies that had not yet received an affirmative DOF issued ROPS approval letter, even if the DOF missed the statutory deadline to comment on the ROPS. The withholding fo RPTTF would have been disastrous on the Successor Agency because it had no other funds with which to

pay its enforceable obligations including bond debt service payments. This issue was subsequently corrected after the litigation was filed and the DOF issued its approval letter. Therefore, these litigation cost were not incurred "voluntarily" and, in fact, were the result of actions by the DOF and the CAC. As specified in HSC Section 34171(b) of the Dissolution Act, costs relating to potential and pending litigation in connection with assets or obligations are not, by definition, considered an administrative cost and, therefore, constitute an enforceable obligation of the Successor Agency payable from the RPTTF. There is no restriction, as proposed by the CAC or the DOF, included in HSC 34171(b) that exempts litigation filed by the Successor Agency against the State where the Successor Agency is taking action to protect its rights under the Dissolution Act by initiating the lawsuit. Should the DOF continue to agree with the CAC on this finding, such action would be wholly unfair and would not be supported by the Dissolution Act. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

CAC COMMENTS ON ROPS 13-14A:

1. **Oversight Board Cost, Item 19 – CAC Finding/Comment (with which the DOF concurs):** "This is a new obligation. Should be part of the admin cost [sic]".

   Response: The DOF also states that this item has been reclassified as an administrative cost. According to the Dissolution Act, costs incurred by the Successor Agency in connection with performing statutorily required services for the Oversight Board are not administrative costs and are not paid using the Administrative Cost Allowance because they are costs incurred by the Successor Agency due to the Successor Agency being required to perform services for the Oversight Board pursuant to HSC Section 34179(c) of the Dissolution Act. As such, payment of this obligation is required by State law at HSC Section 34179(c) of the Dissolution Act and therefore constitutes an enforceable obligation pursuant to HSC Section 34171(d)(1)(C) of the Dissolution Act and shall be payable from RPTTF monies, not as an administrative cost.

2. **ROPS I Cash-Flow Deficit, Item 20 – CAC Finding/Comment:** "Per our records, ROPS I approved enforceable obligations were fully funded. The reconciliation for ROPS approved and actual payment was completed in ROPS III."

   Response: As discussed above, this statement is incorrect as the Successor Agency has clearly established that it had insufficient funds with which to pay all of its approved enforceable obligations included on both of our approved First ROPS and Second ROPS. The established cash-flow deficit was discussed at length and recognized by the DOF during our Third ROPS Meet and Confer with on November 16, 2012. The DOF's recognition of this cash-flow deficit was acknowledged by the DOF in its Third ROPS Meet and Confer Determination letter when it increased the amount for RPTTF approved to fund the shortfall during our ROPS II period. As discussed above in item number 8 under the CAC Prior Period Adjustments, the DOF approved enforceable obligations on the First ROPS in the amount of $4,805,431. After the First ROPS was deemed effective and final pursuant to HSC Section 34179(h) of the Dissolution Act, however, this amount, as initially shown in the "Exhibit 12" on the DOF's website, was subsequently and improperly reduced to $3,997,029, for a shortfall of $808,402. Due to this shortfall, approved First ROPS enforceable obligations eligible for payment from RPTTF went unfunded and were paid with City reserves and are now, therefore, requested by the Successor Agency to reimburse the City for these expenses.

It should be noted that, in their letter dated March 29, 2013, the DOF approved $193,291 of the $203,530 of RPTTF requested for this item. Successor Agency staff is satisfied with this approval.

3. **ROPS 3 Administrative Cost Allowance Approved Yet Unfunded, Item 21 – CAC Finding/Comment:** "The agency filed an insufficiency claim for ROPS III. Our office validated that the agency's deficiency amount is $964,696, however, the agency only claimed $149,052."

   Response: Although it is unclear why this comment is made, it nevertheless points out the on-going cash-flow deficit our Successor Agency has been experiencing and acknowledges the insufficient funding from RPTTF with which our Successor Agency must pay our approved enforceable obligations. Furthermore, simply because we are requesting the $149,052 of the Administrative Cost Allowance approved on our Third ROPS, it does not mean we do not still have other approved but unfunded enforceable obligations beyond that amount. If necessary, those obligations will be included on a future ROPS.

   It should be noted that, in their letter dated March 29, 2013, the DOF approved this item for funding with RPTTF.

As stated above, staff is recommending that the Oversight Board dispute the CAC's findings and refer the matter to the DOF for a determination of what ultimately will be approved for inclusion in the ROPS 13-14A which may result in a reduction in funds distributed from the RPTTF by the CAC to the Successor Agency on June 1, 2013.

ENVIRONMENTAL DETERMINATION:

The action recommended in this staff report does not constitute a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this action is an organizational or administrative action that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the CEQA Guidelines.

FISCAL IMPACT:

As noted above, the CAC initially found and determined that prior period adjustments for the Second ROPS period (July 1, 2012 through December 31, 2012) would reduce the total amount of RPTTF available for distribution to the Successor Agency for the ROPS 13-14A period by $727,238. The letter received from the DOF on March 29, 2013, however, indicated that this prior period adjustment had been increased by $20,343, resulting in a corresponding decrease in the amount of RPTTF available for distribution to the Successor Agency on June 1, 2013, by $757,581. The total amount of RPTTF approved by the DOF for distribution to the Successor Agency, therefore, would be $2,414,377 out of $3,127,816 requested by the Successor Agency.

DIRECTOR'S RECOMMENDATION:

Staff recommends that the Oversight Board to the Imperial Beach Redevelopment Agency Successor Agency adopt Resolution No. OB-13-17 which:

1. Disputes the findings of the County Auditor-Controller in its review of the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2013 through December 31, 2013; and

2. Refers the matter to the State Department of Finance for consideration and a determination of what ultimately will be approved for inclusion in the ROPS 13-14A.

Gregory Wade, Deputy Director

Attachments:

1. Resolution No. OB-13-17
2. March 20, 2013 Email & Excel Spreadsheet from County Auditor-Controller Regarding ROPS II Prior Period Adjustment
3. March 28, 2013 Letter from the Successor Agency to the DOF and CAC disputing the CAC Findings
4. March 29, 2013 Letter from the Department of Finance Regarding ROPS 13-14A
5. April 4, 2013 DOF-Revised Prior Period Adjustment Excel Spreadsheet

Attachment 1

RESOLUTION NO. OB-13-17

RESOLUTION OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY DISPUTING THE FINDINGS OF THE COUNTY AUDITOR-CONTROLLER IN ITS REVIEW OF THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 (ROPS 13-14A AND SECOND ROPS RECONCILIATION)

WHEREAS, the Imperial Beach Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Imperial Beach ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

WHEREAS, the City Council has adopted redevelopment plans for Imperial Beach's redevelopment project areas, and from time to time, the City Council has amended such redevelopment plans; and

WHEREAS, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

WHEREAS, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) ("AB 26") was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and to the California Health and Safety Code ("Health and Safety Code"), including adding Part 1.8 (commencing with Section 34161) ("Part 1.8") and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the Health and Safety Code; and

WHEREAS, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

WHEREAS, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the "Imperial Beach Redevelopment Agency Successor Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

WHEREAS, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 was to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies (AB 26 as amended by AB 1484 is hereinafter referred to as the "Dissolution Act"); and

WHEREAS, Health and Safety Code Section 34179 of the Dissolution Act establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Act; and

WHEREAS, pursuant to Health and Safety Code Section 34177 of AB 26, the Successor Agency (i) prepared its draft Recognized Obligation Payment Schedule ("ROPS") by March 1, 2012, (ii) adopted the draft ROPS on February 15, 2012 for the period ending June 30, 2012, as modified administratively by the Executive Director, (iii) submitted the draft ROPS to the State of California Controller's Office and the State of California Department of Finance ("Department of Finance") by April 15, 2012 for the period of January 1, 2012 through June 30, 2012, (iv) amended the draft ROPS as the first ROPS for submission to the State Controller's Office and the Department of Finance by April 15, 2012 and revised the ROPS to reflect the time period of January 1, 2012 through June 30, 2012 ("First ROPS"), and (v) adopted the second ROPS covering the period from July 1, 2012 through December 31, 2012 ("Second ROPS"); and

WHEREAS, in accordance with Health and Safety Code Sections 34177(l)(2)(B) and 34180(g) of AB 26, on April 11, 2012, the Oversight Board approved the First ROPS pursuant to Resolution No. OB-12-03 as proposed by the Successor Agency, and on April 11, 2012, the Oversight Board approved the Second ROPS pursuant to Resolution OB-12-04 as proposed by the Successor Agency. By letter dated May 29, 2012, the Department of Finance did not object to any obligations listed on the First ROPS or the Second ROPS or the funding sources for said obligations; and

WHEREAS, pursuant to Health and Safety Code Section 34177 of the Dissolution Act, the Successor Agency adopted the third ROPS covering the period from January 1, 2013 through June 30, 2013 ("Third ROPS") on August 1, 2012 pursuant to Resolution No. SA-12-13. In accordance with Health and Safety Code Sections 34177(l)(2)(B) and 34180(g), on August 22, 2012, the Oversight Board approved the Third ROPS pursuant to Resolution No. OB-12-09 as proposed by the Successor Agency. By letter dated October 6, 2012, the Department of Finance approved certain obligations and their funding source and rejected other obligations and their funding source as listed on the Third ROPS, including the First ROPS Reconciliation. After a meet and confer meeting among the Department of Finance and the Successor Agency on the rejected obligations, the Department of Finance issued a letter dated December 18, 2012 that superseded the letter dated October 6, 2012, approving most and rejecting some of the disputed obligations listed in the Third ROPS, including the First ROPS Reconciliation; and

WHEREAS, pursuant to Health and Safety Code Section 34177 of the Dissolution Act, the Successor Agency adopted the fourth ROPS covering the period from July 1, 2013 through December 31, 2013 ("ROPS 13-14A") on February 6, 2013 pursuant to Resolution No. SA-13-20; and

WHEREAS, in accordance with Health and Safety Code Sections 34177(l)(2)(B) and 34180(g) of the Dissolution Act, the ROPS 13-14A was submitted to the Oversight Board for review and approval. In this regard, as required by Health and Safety Code Section 34177(l)(2)(B), the Successor Agency also submitted a copy of the ROPS 13-14A to the County Administrative Officer, the County Auditor-Controller, and the Department of Finance at the same time that the Successor Agency submitted the ROPS 13-14A to the Oversight Board for approval; and

WHEREAS, on February, 13, 2013, by Resolution No. OB-13-15, the Oversight Board reviewed and approved the ROPS 13-14A as proposed by the Successor Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34177(m) of the Dissolution Act, the Successor Agency submitted the ROPS 13-14A for the period of July 1, 2013 through December 31, 2013, after its approval by the Oversight Board, to the Department of Finance and the County Auditor-Controller on February 14, 2013; and

WHEREAS, pursuant to Health and Safety Code Section 34177(l)(2)(C) of the Dissolution Act, a copy of the ROPS 13-14A as approved by the Oversight Board was submitted to the County Auditor-Controller and both the State Controller's Office and the Department of Finance on February 14, 2013 and was posted on the Successor Agency's internet website; and

WHEREAS, pursuant to Health and Safety Code Section 34177(m)(1) of the Dissolution Act, the Successor Agency submitted a copy of the ROPS 13-14A to the Department of Finance electronically on February 14, 2013, the Successor Agency having completed the ROPS 13-14A in the manner provided by the Department of Finance; and

WHEREAS, pursuant to Health and Safety Code Section 34183(a)(2) of the Dissolution Act, the County is required to make a payment of property tax revenues (i.e. former tax increment funds) to the Successor Agency by June 1, 2013 for payments to be made toward recognized obligations listed on the ROPS 13-14A for the period of July 1, 2013 through December 31, 2013; and

WHEREAS, pursuant to Health and Safety Code Section 34177(l)(3) of the Dissolution Act, the ROPS shall be forward looking to the next six (6) months; and

WHEREAS, according to Health and Safety Code Section 34177(l)(1) of the Dissolution Act, for each recognized obligation, the ROPS shall identify one or more of the following sources of payment: (i) Low and Moderate Income Housing Funds, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provisions of Part 1.85 of the Dissolution Act, and (vi) other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former Redevelopment Agency as approved by the Oversight Board in accordance with Part 1.85 of the Dissolution Act; and

WHEREAS, it is the intent of the Dissolution Act that the ROPS serve as the designated reporting mechanism for disclosing the Successor Agency's bi-annual payment obligations by amount and source and that the County Auditor-Controller will be responsible for ensuring that the Successor Agency receives revenues sufficient to meet the requirements of the ROPS during each bi-annual period; and

WHEREAS, on March 20, 2013, the Successor Agency received a copy of an Excel File and email from the County Auditor-Controller to the Department of Finance regarding its review of the ROPS 13-14A covering the period of July 1, 2013 through December 31, 2013, including the Second ROPS Reconciliation, as approved by the Oversight Board (the "County Letter"); and

WHEREAS, the County Letter noted issues regarding items identified on the ROPS 13-14A and the Second ROPS Reconciliation; and

WHEREAS, in connection with the issues raised by the County Auditor-Controller in the County Letter, Health and Safety Code Section 34182.5 of the Dissolution Act provides that, if the Oversight Board disputes the County Auditor-Controller's findings, the Oversight Board may refer the matter to the Department of Finance for a determination of what will be approved for inclusion in the ROPS 13-14A; and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency, as follows:

Section 1. The foregoing recitals are true and correct and are a substantive part of this Resolution.

Section 2. The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any constitutional, legal or equitable rights that the Successor Agency may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of AB 26 or AB 1484, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of AB 26 or AB 1484, and any and all related legal and factual issue, and the Successor Agency expressly reserved any and all rights, privileges, and defenses available under law and equity.

Section 3. The Oversight Board hereby disputes the issues noted and the findings made by the County Auditor-Controller in their Excel File and email ("County Letter") to the Department of Finance dated March 20, 2013.

Section 4. The Oversight Board hereby refers those matters to the Department of Finance for a determination of what will be approved for inclusion in the ROPS 13-14A, including the Second ROPS Reconciliation.

Section 5. The Executive Director, or designee, of the Successor Agency is hereby authorized and directed to take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution on behalf of the Successor Agency.

Section 6. The Oversight Board determines that the activity proposed by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because such activity is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines.

Section 7. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 8. This Resolution shall take effect upon the date of its adoption.

PASSED, APPROVED, AND ADOPTED by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 10th day of April 2013, by the following vote:

AYES:	**BOARD MEMBERS:**
NOES:	**BOARD MEMBERS:**
ABSENT:	**BOARD MEMBERS:**
DISQUALIFIED:	**BOARD MEMBERS:**

MAYDA WINTER, CHAIRPERSON

ATTEST:

JACQUELINE M. HALD, MMC
SECRETARY

Greg Wade

From: FGG, PTS <PTS.FGG@sdcounty.ca.gov>
Sent: Wednesday, March 20, 2013 4:21 PM
To: Scharffer, Andrea (Andrea.Scharffer@dof.ca.gov)
Cc: 'Chris.Hill@dof.ca.gov' (Chris.Hill@dof.ca.gov); 'redevelopment_administration@dof.ca.gov' (redevelopment_administration@dof.ca.gov); Perez, Juan R; Baker, Jon D; Dejesus, Nenita J; Erive, Kristofer; Yu, Liz; Chen, Angela; Greg Wade; Gary Brown; Mike McGrane; Ebuangan; Kathleen VonAchen; 'Winter4IB@aol.com' (Winter4IB@aol.com)
Subject: County of San Diego - Imperial Beach - ROPS II Prior Period Adjustment - ROPS 13-14A
Attachments: San Diego - Imperial Beach - ROPS II Prior Period Adjustment.xls

County of San Diego Auditor and Controller have completed its review for **City of Imperial Beach Successor Agency's ROPS 13-14A**. The attached Excel file is a template provided by the Department of Finance (see email below) for Prior Period Adjustment. Within that Excel file, the County inserted an extra tab which may or may not contain comments for the current period ROPS.

If you have any questions, feel free to call Nenette De Jesus or Angela Chen at (858) 694-2901.

Thank you,
Property Tax Services
Auditor & Controller
County of San Diego
PTS.FGG@sdcounty.ca.gov

From: Scharffer, Andrea [mailto:Andrea.Scharffer@dof.ca.gov]
Sent: Wednesday, March 20, 2013 10:04 AM
To: Perez, Juan R
Cc: Hill, Chris
Subject: County Auditor-Controller ROPS II Prior Period Adjustments - Due Friday, March 22, 2013

Hello County Auditor-Controllers:

As a friendly reminder, the ROPS II county auditor-controller (CAC) audited prior period adjustments are **due on Friday, March 22, 2013**. Please send the completed worksheet back to me with a cc to Chris Hill (Chris.Hill@dof.ca.gov) and to the Redevelopment Administration inbox (RedevelopmentAdministration@dof.ca.gov) by Friday, March 22, 2013.

Andrea Scharffer
Finance Budget Analyst
phone (916) 445-1546, Ext. 3793
andrea.scharffer@dof.ca.gov

From: Scharffer, Andrea
Sent: Tuesday, February 26, 2013 1:23 PM
To: 'Juan.perez@sdcounty.ca.gov'

Cc: Hill, Chris
Subject: Revised Directions for County Auditor-Controller ROPS II Prior Period Adjustments - Due Friday, March 22, 2013
Importance: High

Hello County Auditor-Controllers:

We have had to make some changes to the procedures for the reporting of ROPS II county auditor-controller (CAC) audited prior period adjustments. We were notified that due to the fact that the ROPS 13-14A worksheets are locked, you are unable to cut and paste the tabs that we have developed into the master ROPS worksheet used by the successor agencies (SAs) in your county. Therefore, we have revised the following directions that CACs should use in order to complete and submit the ROPS II audited prior period adjustments:

1. Open to the SAs ROPS 13-14A workbook.
2. Open and save the attached CAC ROPS II Prior Period Adjustment template as county name - SA name – CAC ROPS II Prior Period Adjustment (for example: Ventura – Ojai - ROPS II Prior Period Adjustment).
3. Copy columns A-E from the Prior Period Payments tab in the SA's ROPS 13-14A workbook and paste that information into columns A-E in the CAC Prior Period Adjustment tab in the attached CAC ROPS II Prior Period Adjustment workbook.
4. Copy the SAs self-reported ROPS II RPTTF admin and non-admin prior period adjustments from the Prior Period Payments tab in the SA's ROPS 13-14A workbook (admin expenses should be in columns L and M and the non-admin expenses should be in columns N and O) and paste that information into columns F-I in the CAC Prior Period Adjustment tab in the attached CAC ROPS II Prior Period Adjustment workbook.
5. The CAC Summary tab in the in the attached CAC ROPS II Prior Period Adjustment workbook should populate based on the formulas that have been included in that tab.
6. Send the completed worksheet back to me with a cc to Chris Hill (Chris.Hill@dof.ca.gov) and to the Redevelopment Administration inbox (RedevelopmentAdministration@dof.ca.gov) by Friday, March 22, 2013.

As previously noted, the letters sent by Finance will include the SA's self-reported prior period adjustments or the CAC's audited prior period adjustments. Therefore, CAC's will know the final approved SA RPTTF amounts for the June 1, 2013 distributions. The revised CAC ROPS II Prior Period Adjustment workbook will soon be available on the Department of Finance's website at http://www.dof.ca.gov/redevelopment/ROPS/view.php, see the Information for County Auditor-Controller's section on this page for reference.

Thank you,

Andrea Scharffer
Finance Budget Analyst
phone (916) 445-1546, Ext. 3793
andrea.scharffer@dof.ca.gov

From: Scharffer, Andrea
Sent: Tuesday, February 19, 2013 6:18 PM
To: 'Juan.perez@sdcounty.ca.gov'
Cc: Hill, Chris
Subject: County Auditor-Controller ROPS II Prior Period Adjustments - Due Friday, March 22, 2013

County Auditor-Controllers:

Pursuant to Health and Safety Code Section (HSC) 34186 (a), successor agencies (SAs) are required to report on the Recognized Obligation Payment Schedules (ROPS) 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July 2012 through December 2012 (ROPS II) period. In addition, HSC Section 34186 (a) provides that those SA self-reported prior period adjustments are subject to audit by county auditor-controllers (CACs).

Should you decide to audit the SAs self-reported prior period adjustments, Finance would appreciate it if you would use the attached CAC ROPS II Prior Period Adjustment worksheet to submit your audit findings to the Department of Finance. The ROPS II Prior Period Adjustment worksheet will also soon be available on the Department of Finance's website at http://www.dof.ca.gov/redevelopment/ROPS/view.php, see the Information for County Auditor-Controller's section on this page for reference. We are asking that counties use the attached format, whenever possible, so that the database we are using to store this information can easily pick up the county totals as the formats will all be standardized. Below are the directions that CACs will need to use in order to complete and submit their audited prior period adjustments:

1. Copy and paste the CAC Summary and CAC Prior Period Adjustment tabs (included in the attachment) into the ROPS worksheet provided by the SA, as shown in the attachment.
2. Copy and paste the SAs self-reported prior period adjustments, from the Prior Period Payments tab in the ROPS worksheet provided by the SA, into columns A-R in the CAC Prior Period Adjustment tab.
3. Complete columns S, T, V, W, and Z in the CAC Prior Period Adjustment tab as necessary.
4. Save the completed worksheet as county name - SA name – CAC ROPS II Prior Period Adjustment (for example: Ventura – Ojai - ROPS II Prior Period Adjustment).
5. Send the completed worksheet back to me with a cc to Chris Hill (Chris.Hill@dof.ca.gov) and to the Redevelopment Administration inbox (RedevelopmentAdministration@dof.ca.gov).

Note that this ROPS period will be the last time that CACs will have to manually create the worksheets used to report their audited prior period adjustments. Beginning with ROPS 13-14B, the CAC specific tabs provided in the attachment will be included in the ROPS forms that are used by each SA, which will simplify this process. Also note that in an effort to provide greater transparency, the SA's self-reported and the CAC's adjusted/audited prior period adjustments will be included in the ROPS review 13-14A letters that will be posted to the Finance website.

All CAC ROPS II Prior Period Adjustment **worksheets for each SA must be received by Friday, March 22, 2013** in order to be factored into the final adjusted Redevelopment Property Tax Trust Fund (RPTTF) amounts approved by Finance.

Thank you,

Andrea Scharffer
Finance Budget Analyst
phone (916) 445-1546, Ext. 3793
andrea.scharffer@dof.ca.gov

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: Imperial Beach
County: San Diego

Successor Agency Self-Reported Prior Period Adjustments (Authorized vs. Actual Payments for the July 1, 2012 through December 31, 2012 period) as required in HSC section 34186 (a)			
G	Enter Authorized Non-Administrative Enforceable Obligations Funded by RPTTF (Should be the lesser of Finance's approved RPTTF amount for non-admin enforceable obligations allowance or the actual amount distributed)	1,287,742	
H	Enter Actual Non-Administrative Enforceable Obligations Paid with RPTTF	1,197,913	The amount reported by the agency on the Summary Report ($1,197,913) is not the same amount reported on the Prior Period Adjustment Report ($1,388.690). The difference between the two amounts is the Admin Allowance of $190.777, which was reported as part of the payment for RPTTF Non-Admin Enforceable Obligations in the Prior Period Adjustment report.
I	Enter Authorized Administrative AllowanceFunded with RPTTF (Should be the lesser of Finance's approved RPTTF amount for admin or the actual amount distributed)	100,948	
J	Enter Actual Administrative Expenses Paid with RPTTF	190,777	See above comment
K	Successor Agency Self-Reported Prior Period Adjustments to the Redevelopment Obligation Retirement Fund ((G-H)+(I-J)=K)	-	
County Auditor-Controller Reported Prior Period Adjustments (Authorized vs. Actual Payments for the July 1, 2012 through December 31, 2012 period) as required in HSC section 34186 (a)			
L	Enter Authorized Non-Administrative Enforceable Obligations Funded by RPTTF (Should be the lesser of Finance's approved RPTTF amount for non-admin enforceable obligations allowance or the actual amount distributed)	1,287,742	
M	Enter Actual Non-Administrative Enforceable Obligations Paid with RPTTF	244,286	
N	Enter Authorized Administrative Allowance Funded with RPTTF (Should be the lesser of Finance's approved RPTTF amount for admin or the actual amount distributed)	100,948	
O	Enter Actual Administrative Expenses Paid with RPTTF	417,166	
P	County Auditor-Controller Reported Non-Administrative and Administrative Prior Period Adjustments to the Redevelopment Obligation Retirement Fund ((L-M)+(N-O)=P)	727,238	

County A & C Comment

Name of Successor Agency: Imperial Beach
County: San Diego

Pursuant to Health and Safety Code section 34186 (a)
PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS II)
July 1, 2012 through December 31, 2012

Note: The County Auditor-Controller (CAC) will need to copy the following information from the Prop Period Payments tab that was completed by the Sucessor Agency (SA).									RPTTF Information to be Completed by the County Auditor-Controller (CAC) Note that the actual payments for admin and other non-admin enforceable obligations should equal the amounts provided to Finance by the CAC on the ROPS II Reporting Form				
					RPTTF Admin Allowance		RPTTF Non-Admin Enforceable Obligations		CAC Reported RPTTF Admin Allowance		Non-Admin Enforceable Obligations		
Item #	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	CAC Comments
		Grand Total			$ -	$ -	$ 2,015,215	$ 1,388,690	$ 250,000	$ 417,166	$ 1,287,742	$ 244,286	
	CAC Actual Amount Distributed								$ 100,948		$ 1,287,742		CAC's total distributed amount was $1,388,689.76
p1, 1	2003 Tax Allocation Bonds Series A	Wells Fargo Bank	Bond Debt Service	Palm Ave Commercial Corridor PA1, PA2			533,092	0			533,092	0	
p1, 2	2010 Tax Allocation Bonds Series	Wells Fargo Bank	Bond Debt Service	Palm Ave Commercial Corridor PA1, PA2			525,953	0			525,953	0	
p1, 3	City Loan 1995	City of Imperial Beach	Loan to finance start up costs	Palm Ave Commercial Corridor PA1, PA2			224,286	224,286			224,286	224,286	
p2, 1	Housing Management	See Attached	Mgt costs for Low/Mod Housing Program	Palm Ave Commercial Corridor PA1, PA2			0				0		
p2, 2	Housing Agreement	Imperial Beach	Support costs	Palm Ave Commercial Corridor PA1, PA2			0	90,000			0	0	The estimate was from LMIHF, but the actual was paid from RPTTF.
p2, 3	Hemlock Monitoring	Housing Authority/City Finance	South Bay Comm. Svcs Loan	Palm Ave Commercial Corridor PA1, PA2			0				0		
p2, 4	Calla Monitoring	Housing Authority/City Finance	South Bay Comm. Svcs Loan	Palm Ave Commercial Corridor PA1, PA2			0				0		
p2, 5	Beachwind Monitoring	Housing Authority/City Finance	Beachwood Loan	Palm Ave Commercial Corridor PA1, PA2			0				0		
p2, 6	Housing Reporting	Housing Authority/City Finance	RDA Statatory Compliance	Palm Ave Commercial Corridor PA1, PA2			0				0		
p2, 7	Clean & Green Monitoring	Housing Authority	10 yr Contract Compliance	Palm Ave Commercial Corridor PA1, PA2			0				0		
p2, 8	Deficit Housing Oblig.	Housing Authority	RDA Statatory Compliance	Palm Ave Commercial Corridor PA1, PA2			0				0		
p2, 9	Age Proportionality	Housing Authority	RDA Statatory Compliance	Palm Ave Commercial Corridor PA1, PA2			0				0		
p3, 1	RDA Management	Various	Admin of RDA	Palm Ave Commercial Corridor PA1, PA2			0				0		
p3, 2	Admin Costs ***	City of Imperial Beach	Per AB 26	Palm Ave Commercial Corridor PA1, PA2			415,637	190,777	(61,836)	190,777	0		DOF approved $250,000 for admin cost. Since DOF reclassed some items from RPTTF to admin. ($61,836) is the plug in order to arrive the total approved admin cost ($250,000)
p3, 3	RDA Accrued Liabilities	City of Imperial Beach	Vacation/Sick Liability as of 1/31/2012	Palm Ave Commercial Corridor PA1, PA2			0				0		
p3, 4	RDA Unfunded PERS Liability	City of Imperial Beach	Unfunded Pension Liability as of 1/31/2012	Palm Ave Commercial Corridor PA1, PA2			0				0		
p3, 5	RDA 30 Layoff Notice Cost	City of Imperial Beach	Labor Contract Requirement	Palm Ave Commercial Corridor PA1, PA2			0				0		
p3, 6	RDA Outstanding WC Liability	City of Imperial Beach	Workers Compensation Liability 1/31/2012	Palm Ave Commercial Corridor PA1, PA2			0				0		
p3, 7	Graffiti Abatement	Various	RDA Staffing and Program Costs	Palm Ave Commercial Corridor PA1, PA2			0				0		
p3, 8	Continuing Disclosure	Wells Fargo	Mandatory Annual Bond Disclosure	Palm Ave Commercial Corridor PA1, PA2			3,200		3,200		0		DOF reclassed from RPTTF to Admin
p3, 9	Continuing Disclosure	Bond Management/NBS	Mandatory Annual Bond Disclosure	Palm Ave Commercial Corridor PA1, PA2			4,000		4,000		0		DOF reclassed from RPTTF to Admin
p3, 10	Continuing Disclosure	HDL	Assessment Information	Palm Ave Commercial Corridor PA1, PA2			2,025		2,025		0		DOF reclassed from RPTTF to Admin
p3, 11	Continuing Disclosure	Lance Soll	Audit Fees	Palm Ave Commercial Corridor PA1, PA2			0	20,000			0	20,000	No fund was requested and approved from RPTTF, but actual payment was made from RPTTF for DDR audit costs.
p3, 12	IBCC Monitoring	City of Imperial Beach	IB Community Clinic Loan	Palm Ave Commercial Corridor PA1, PA2			2,611				2,611		
p3, 13	RDA Statute Compliance	City of Imperial Beach	Compliance	Palm Ave Commercial Corridor PA1, PA2			2,611		2,611		0		DOF reclassed from RPTTF to Admin
p3, 14	City Service Agreement	City of Imperial Beach	Oversight and related costs	Palm Ave Commercial Corridor PA1, PA2			240,000	156,046	240,000	156,046	0	0	DOF reclassed the estimate from RPTTF to admin.
p3, 15	Hotel DDA Compliance	City of Imperial Beach	DDA Compliance Issues	Palm Ave Commercial Corridor PA1, PA2			0				0		
p3, 16	Capital Trailer Rental	Bert's	Temp Trailer for Project Management	Palm Ave Commercial Corridor PA1, PA2			1,800				1,800		
p3, 17	Legal	McDougal/Kane Balmer		Palm Ave Commercial Corridor PA1, PA2			60,000	60,000	60,000	60,000	0	0	DOF reclassed the estimate from RPTTF to admin, but the actual was paid from RPTTF.

Item #	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	RPTTF Admin Allowance		RPTTF Non-Admin Enforceable Obligations		CAC Reported RPTTF Admin Allowance		Non-Admin Enforceable Obligations		
					Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	
p3, 18	Interim Audit Management	City of Imperial Beach	Additional Audit Requirement	Palm Ave Commercial Corridor PA1, PA2			0				0		
p4, 1	9th & Palm	Nasland Engineering	9th and Palm Project	Palm Ave Commercial Corridor PA1, PA2			0				0		
p4, 2	9th & Palm	Mireles Landscaping	9th and Palm Project	Palm Ave Commercial Corridor PA1, PA2			0				0		
p4, 3	9th & Palm	Project Management/Legal	9th and Palm Project	Palm Ave Commercial Corridor PA1, PA2			0				0		
19	July 9, 2012 True-Up Demand Payment from County of San Diego	County of San Diego	All ROPS I Items Approved Per DOF, so Payment Demand Improper and Use of June 1, 2012 Monies to Pay Demand is Proper	Palm Ave Commercial Corridor PA1, PA2			0	372,115			0	0	Since the approved/received amount ($3,420,215) vs. agency's actual payment ($3,420,215) were reconciled for ROPS I on ROPS III completely, the true-up payment should not be part of the ROPS II reconciliation. This adjustment is pending for DOF's final determination.
20	9th and Palm Tenant Relocation	Goodwill Industries	Approved on ROPS I But Not Funded/Paid	Palm Ave Commercial Corridor PA1, PA2			0	206,744			0	0	The total approved RPTTF & admin for ROPS I ($3,420,2015) does not include this item (item 51 in ROPS I)
21	9th and Palm Tenant Relocation	Southbay Drugs	Approved on ROPS I But Not Funded/Paid	Palm Ave Commercial Corridor PA1, PA2			0	58,379			0	0	The total approved RPTTF & admin amount for ROPS I ($3,420,2015) does not include this item (item 50 in ROPS I)
22	Legal Litigation	Kane Balmer	Legal Litigation related to June 1 RPPTF Distribution	Palm Ave Commercial Corridor PA1, PA2			0	10,343		10,343	0	0	Per clarification with DOF, litigation expenses voluntarily incurred in lawsuits against the State must be absorbed from the three-percent administrative cap.
NOTE 1:			The actual amounts provided are estimates since the books of the SA are not yet closed for the period July 1, 2012 through December 30, 2012 and there may be payments not yet recorded in the SA's general ledger.										
NOTE 2:			The SA issued a Notice of Insufficient Funds dated April 30, 2012 to the County A-C notifying the County A-C pursuant to Section 34183(b) that the SA has insufficient funds to make payments on all obligations for the period ending December 31, 2012. In addition, the SA submitted a cash flow analysis to the County A-C in support of its Notice showing a deficit of $3,208,435.								
Item #11	Continuing Disclosure	Lance Soll	On June 27, 2012, Assembly Bill No. 1484 ("AB 1484") was enacted into law and amended Assembly Bill No. X1 26 ("AB 26"). AB 1484 was enacted after the preparation of the Second ROPS and after the DOF approval the Second ROPS. AB 1484 imposed a requirement on the successor Agency to retain an auditor to perform the Due Diligence Reviews for housing and non-housing assets. The cost to retain the auditor and paid during the Second ROPS period by the Successor Agency are not administrative costs because they are costs incurred by the Successor Agency due to the Successor Agency being required to retain the auditor to cause the preparation of the Due Diligence Reviews pursuant to Health and Safety Code Section 34179.5(a). As such, payment of this obligation is required by State law at Health and Safety Code Section 34179.5(a) and therefore constitutes an enforceable obligation pursuant to Health and Safety Code Section 34171(d)(1)(C) and shall be payable from RPTTF monies, not as an administrative cost.								
Item #17	Legal	McDougal/Kane Balmer	On June 27, 2012, Assembly Bill No. 1484 ("AB 1484") was enacted into law and amended Assembly Bill No. X1 26 ("AB 26"). AB 1484 imposed additional statutory provisions relating to the activities of successor agencies and to the wind down process of former redevelopment agencies, requiring analysis and additional review by legal counsel than originally estimated in the Spring of 2012 when the Second ROPS was prepared by the Successor Agency and approved by the Oversight Board and the Department of Finance. According to the Dissolution Act, these payment amounts listed on a ROPS are solely minimum estimated payment amounts the Successor Agency reasonably anticipates to pay during the 6-month period. Specifically, pursuant to H&S Code Section 34171(m), a "ROPS" means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in Section 34177(m) of the Health and Safety Code. Therefore, amounts listed on a ROPS are estimates of minimum payments for the upcoming six month period, and may be greater than estimated. This is the case with this Item 17 listed on the Second ROPS due to the enactment of AB 1484.								
Item #19	True Up Payment - July 12, 2012	San Diego County-Auditor Controller	On or about July 9, 2012, the Successor Agency received a demand from the County of San Diego for payment of $372,115 by July 12, 2012 for distribution to the taxing entities pursuant to Health and Safety Code Section 34183.5(b). In accordance with Health and Safety Code Section 34183.5(b), this payment was intended to reflect the amount of residual balance from tax increment funds paid to the former RDA for First ROPS enforceable obligations approved by the DOF that were residual after payment of said obligations and determined owed to the taxing entities pursuant to Health and Safety Code Section 34183(a)(4). Pursuant to Health and Safety Code Section 34183.5(b)(1), the amount to be retained by taxing entities pursuant to Health and Safety Code Section 34183(a)(4) for the January 1, 2012 through June 30, 2012 period "is determined based on the Recognized Obligation Payment Schedule approved by the Department of Finance" for approved enforceable obligations pursuant to Health and Safety Code Section 34179(h) and the amount determined owed by Health and Safety Code Section 34183.5(b). In this regard, the Department of Finance approved enforceable obligations for the First ROPS period of January 1, 2012 through June 30, 2012 in the amount of $4,805,431. After the First ROPS was deemed effective and final pursuant to Health and Safety Section 34179(h) of the Dissolution Act,								
Item #19	Continued; True Up Payment - July 12, 2012	San Diego County-Auditor Controller	the County and the Department of Finance decided to question certain obligations listed on the First ROPS by claiming them as administrative costs and denying the source of payment from tax increment paid to the former RDA. This process of questioning the obligations after the period of Department of Finance review of the First ROPS pursuant to Health and Safety Code Section 34179(h) is not allowed by the Dissolution Act. Due to this subsequent and improper reclassification of DOF-approved enforceable obligations listed on the First ROPS, the County and the Department of Finance improperly reduced the amount of DOF-approved enforceable obligations payable from RPTTF and, therefore, determined that an amount of tax increment totaling $372,115 would be distributed to the taxing entities as a residual pursuant to Health and Safety Code Section 34183.5(b). This payment was required to be made by the Successor Agency by July 12, 2012 (otherwise the Successor Agency and City of Imperial Beach would have faced severe penalties set forth in the Dissolution Act), which date falls within the Second ROPS period. Since the Successor Agency had no other funds available to make this improperly calculated payment, the payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012.								
Item #20	9th and Palm Tenant Relocation	Goodwill Industries	This ROPS I item is on the ROPS 2 Reconciliation because it was approved by the DOF on the First ROPS but went unfunded due to insufficient tax increment distribution on January 2, 2012. Therefore, payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012. This item's total enforceable obligation totals $210,000, per ROPS 1.										
Item #21	9th and Palm Tenant Relocation	Southbay Drugs	This ROPS I item is on the ROPS 2 Reconciliation because it was approved by the DOF on the First ROPS but went unfunded due to insufficient tax increment distribution on January 2, 2012. Therefore, payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012. This item's total enforceable obligation on the ROPS 1 totaled $160,000, although the amount has been subsequently refined and revised to $157,791, leaving a remaining balance of $66,808.										
Item #22	Legal Litigation	Kane Balmer	These are legal expenses related to litigation that was filed in connection with the June 1, 2012 RPTTF distribution. Costs relating to potential and pending litigation in connection with assets or obligations constitute an enforceable obligation of the Successor Agency and shall be payable from RPTTF monies, not as an administrative cost pursuant to Health and Safety Code Section 34171(b).										

Name of Successor Agency: Imperial Beach
County: San Diego

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A)
July 1, 2013 through December 31, 2013

Item #	Project Name/ Debt Obligation	Payee	Description/ Project Scope	Total Outstanding Debt or Obligation	Funding Source					County Auditor & Controller Comment
					Bond	Reserved	Admin	RPTTF	Other	
19	Oversight Board Cost	Imperial Beach Successor	IB Oversight Board Costs. See Notes Page.	$40,000				$20,000		This is a new obligation. Should be part of the admin cost.
20	ROPS I Cash-Flow Deficit	City of Imperial Beach	ROPS I Approved Yet Unfunded Enforceable Obligation	$203,530				$203,530		Per our records, ROPS I approved enforceable obligations were fully funded. The reconciliation for ROPS approved and actual payment was completed in ROPS III.
21	ROPS 3 Administrative Cost Allowance Approved Yet Unfunded	City of Imperial Beach	Unfunded DOF Approved Administration Cost Allowance from ROPS 3	$149,052				$149,052		The agency filed an insufficiency claim for ROPS III. Our office validated that the agency's deficiency amount is $964,696, however, the ageny only claimed $149,052. (Refer to CAC Letter tab for our office validation result regarding the insufficiency claim)

TRACY M. SANDOVAL
GENERAL MANAGER/
AUDITOR & CONTROLLER
(619) 531-5413
FAX: (619) 531-5219

County of San Diego

FINANCE & GENERAL GOVERNMENT GROUP

1600 PACIFIC HIGHWAY, SUITE 166, SAN DIEGO, CA 92101-2422

ASSESSOR/RECORDER/COUNTY CLERK
AUDITOR AND CONTROLLER
CHIEF ADMINISTRATIVE OFFICE
CIVIL SERVICE COMMISSION
CLERK OF THE BOARD
COUNTY COMMUNICATIONS OFFICE
COUNTY COUNSEL
COUNTY TECHNOLOGY OFFICE
GRAND JURY
HUMAN RESOURCES
RETIREMENT ASSOCIATION
TREASURER-TAX COLLECTOR

January 29, 2013

Gregory Wade
City of Imperial Beach
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

Dear Mr. Wade:

CITY OF IMPERIAL BEACH SUCCESSOR AGENCY'S CLAIM OF INSUFFICIENCY

Our office received your notification of insufficient funds to service debts according to the Recognized Obligation Payment Schedule for the period January 2013 to June 2013 (ROPS III) pursuant to Health and Safety (H&S) Code Section 34183(b). As required by this statute, we completed the review of cash flow analysis and other supporting information, and submitted our review results to State Controller's Office (SCO) for further verification. After consideration, the SCO concurred with our office that your agency has insufficient funds to pay required debt service. The deficiency amount is $964,696, (difference between Redevelopment Property Tax Trust Fund distribution amount of $2,577,217 and the approved ROPS III enforceable obligations of $3,541,913), and it is subject to change by the Department of Finance's (DOF) final determination of your agency's cash balance as part of their review of your agency's Other Funds Due Diligence Report.

To address the insufficiency amount and ensure prompt payment of debt, you agency has the options below:

- Pursuant to H&S Code Section 34173(h), the city may loan or grant funds at the city's discretion, but the receipt and use of these funds shall be reflected on the ROPS or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation should be created and included in your future ROPS for repayment.
- Pursuant to H&S Code Section 34183(c), the county treasurer may loan the funds from the County treasury to your agency at the request of DOF. An enforceable obligation should be created and included in your future ROPS for repayment. Should your agency pursue this option, you should consult the DOF on the process established for these requests.

If you have any questions, please contact Juan Perez or Nenette de Jesus of Property Tax Services at (858) 694-2901.

Sincerely,

BRIAN J. RUEHLE
Deputy Controller

PTS:JP:ge

Printed on recycled paper

City of Imperial Beach, California

OFFICE OF THE CITY MANAGER

825 Imperial Beach Blvd., Imperial Beach, CA 91932 Tel: (619) 423-8303 Fax: (619) 628-1395

March 28, 2013

Steve Szalay
Local Government Consultant
Department of Finance
915 L Street
Sacramento, CA 95814-3706

And

Tracy Sandoval
County of San Diego
General Manager
Finance and General Government/Auditor and Controller
Property Tax Services
5530 Overland Avenue, Fourth Floor
San Diego, CA92123

SUBJECT: **SAN DIEGO COUNTY AUDITOR-CONTROLLER'S COMMENTS/FINDINGS ON THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY'S RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 INCLUDING THE SECOND ROPS PRIOR PERIOD RECONCILIATION**

Dear Mr. Szalay and Ms. Sandoval:

On March 20, 2013, the Imperial Beach Redevelopment Agency Successor Agency (the "Successor Agency") received the Excel File containing comments and findings of the San Diego County Auditor and Controller (the "CAC") on the Successor Agency's Recognized Obligation Payment Schedule for the period July 1, 2013 through December 31, 2013 (the "ROPS 13-14A") including the reconciliation of the Second ROPS for the period July 1, 2012 through December 31, 2012. Based on the CAC's comments and findings, the CAC is proposing adjustments to the June 1, 2013 distribution of funds from the Redevelopment Property Tax Trust Fund ("RPTTF") to the Successor Agency's Redevelopment Obligation Retirement Fund ("RORF") in the total amount of $727,238.

Please be advised that the Successor Agency disputes the CAC's comments and findings based on the reasons provided in this letter, and respectfully requests that the California Department of Finance (the "DOF") not agree with the CAC and not deduct from the Successor Agency's RPTTF distribution on June 1, 2013 any amount, including $727,238 proposed by the CAC, otherwise payable to the Successor

Agency for payment of its enforceable obligations set forth in ROPS 13-14A. Further, pursuant to Health and Safety Code ("HSC") Section 34182.5 of the Dissolution Act (Assembly Bill No. X1 26 as amended by Assembly Bill No. 1484), the Successor Agency will be seeking the concurrence of its Oversight Board in the Oversight Board's dispute of the CAC's comments and findings and reference of the matter to the DOF for a determination of what items will be approved for inclusion in the ROPS 13-14A including the reconciliation of the Second ROPS. The CAC's comments and findings and the Successor Agency's dispute of those findings are as follows:

CAC COMMENTS/FINDINGS ON SUMMARY

The CAC's comment under Line H of the CAC Summary is that the "amount reported ($1,197,913) is not the same as the amount report on the Prior Period Adjustment Report ($1,388,690). The difference between the two amounts is the Admin Allowance of $190,777, which was reported as part of the payment for RPTTF Non-Admin Enforceable Obligations in the Prior Period Adjustment report." The use of monies from the RPTTF with which to pay for administrative costs, including the administrative cost allowance, is a permissible use of RPTTF. The actual administrative costs ($190,777) incurred during the Second ROPS period was within (and below) the estimated amount of administrative costs ($415,637) approved by the DOF on our Second ROPS. The approval of this item by the DOF on our Second ROPS constitutes an enforceable obligation which, by definition, is eligible for payment from the RPTTF. Please see the DOF's letter dated May 29, 2012 not questioning any items on the Second ROPS and approving the Second ROPS as submitted. Therefore, since the Successor Agency allocated $190,777 of RPTTF toward its administrative costs and the DOF approved $415,637 toward administrative costs as Item # 2 on Page 3 of the DOF-approved Second ROPS, the Successor Agency was lawfully authorized to properly expend RPTTF and such amount should not be reduced from the Successor Agency's June 1, 2013 RPTTF distribution.

CAC COMMENTS ON PRIOR PERIOD (SECOND ROPS) ADJUSTMENT

1. **Housing Agreement, page 2, Item 2** – The CAC comments that "The estimate was from LMIHF, but the actual was paid from RPTTF." The Second ROPS was approved by the Successor Agency and Oversight Board and forwarded to the DOF on April 12, 2012 and, pursuant to HSC Section 34177(l)(3) of the Dissolution Act, is forward looking and, therefore, can only identify sources of funds available at the time the ROPS is prepared. At the time of the approval of the Second ROPS, there were sufficient Low and Moderate Income Housing Funds (LMIHF) with which to pay the $90,000 estimated Housing Agreement support costs. Soon afterwards, however, the Successor Agency issued a Notice of Insufficient Funds dated April 30, 2012 to the CAC notifying the CAC that, pursuant to HSC Section 34183(b), the Successor Agency would have insufficient funds with which to make payments on all obligations for the Second ROPS period ending December 31, 2012. In addition, the Successor Agency submitted a cash flow analysis to the CAC in support of its Notice showing a deficit of $3,208,435. Similarly, on March 29, 2012, the Successor Agency had sent a Notice of Insufficient Funds to the CAC for the First ROPS period. Although this Notice went unanswered by the CAC, at the end of the First ROPS period, the Successor Agency had insufficient funds with which to pay its enforceable obligations which were all approved on the First ROPS, including its bond debt, and was forced to use all available

funds, including all available LMIHF, with which to make these required payments. This was done at the suggestion of the CAC as reflected in court documents dated May 29, 2012, which also substantiated the funding shortfall for the Second ROPS period (see attached highlighted documents submitted on behalf of the CAC to the State Superior Court on May 29, 2012).

Given the expenditure of all available funds, including all available LMIHF, on other approved enforceable obligations, the $90,000 Housing Agreement payment approved by the DOF on our Second ROPS was made by the Successor Agency with RPTTF distributed on June 1, 2012. It should also be noted that, in the DOF's Third ROPS Meet and Confer Determination dated December 18, 2012, the DOF also noted a shortfall in RPTTF for our Second ROPS period with which to pay all of our approved enforceable obligations (see attached DOF Third ROPS Meet and Confer Letter). Therefore, the Successor Agency was required to use RPTTF because it did not have LMIHF available to pay this obligation, and the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

2. **Administrative Costs, page 3, Item 2** – The CAC comments that the "DOF approved $250,000 for admin cost. Since DOF reclassed some items from RPTTF to admin. ($61,836) is the plug in order to arrive the total approved admin cost ($250,000) [sic]." As we have previously pointed out to the CAC and the DOF, both the First and Second ROPS were approved in their entirety by the DOF as stated in our DOF approval letter dated May 29, 2012, and as further stipulated by the DOF in court documents. This approval has been supported by the DOF both during our Third ROPS Meet and Confer and, as noted above, in the DOF's Third ROPS Meet and Confer Determination letter dated December 18, 2012. Therefore, we believe that the CAC's reference to the "reclass" of any items from RPTTF to administrative costs on our Second ROPS in fact occurred by an unlawful manipulation of and revision to an "Exhibit 12" which actions occurred (i) after the DOF's approval of both our First ROPS and Second ROPS, (ii) after the statutory period for the DOF to question items on either ROPS had long-since passed, (iii) after the Exhibit 12 was originally prepared, and (iv) after the payment of the June 1, 2012 RPTTF distribution of funds for payment of Second ROPS enforceable obligations and the expenditure of some of those funds in accordance with the DOF-approved Second ROPS. It is the Successor Agency's position that such manipulation and revisions to the Exhibit 12 for purposes of questioning the DOF-approved obligations listed on the Second ROPS after the statutory period to question any such obligations is both improper and statutorily unauthorized under the Dissolution Act. Not only does this item 2 constitute an enforceable obligation by virtue of its approval by the DOF on our Second ROPS for funding with RPTTF, but the actual amount paid is substantially less than that approved by the DOF. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

3. **Continuing Disclosure, page 3, Items 8 through 10** – The CAC comments that "DOF reclassed from RPTTF to Admin [sic]." As discussed above, all of these items were approved in their entirety on our Second ROPS, as was the funding of these items with the RPTTF , and the DOF, through manipulation and revisions to the "Exhibit 12" improperly "reclassed" after the fact and

after the DOF had the authority to comment or object to items listed on the Second ROPS. As discussed above, therefore, these items constitute enforceable obligations eligible for payment from RPTTF. However, since no RPTTF was used to pay for these items, it is unclear why the CAC is commenting on them.

4. **Continuing Disclosure – Audit Fees, page 3, Item 11** – The CAC comments that "No fund was requested and approved from RPTTF, but actual payment was made from RPTTF for DDR audit costs." As noted above, the First and Second ROPS were both approved and submitted to the DOF on April 12, 2012. The requirement to conduct a Due Diligence Review (DDR) of housing and non-housing assets of the Successor Agency was enacted by the adoption of Assembly Bill No. 1484 (AB 1484) on June 27, 2012. Therefore, AB 1484 was enacted after the preparation of the Second ROPS and after its approval by the DOF making it impossible to list it for funding on the Second ROPS. Nevertheless, the costs of the Successor Agency to retain and pay for the auditor during the Second ROPS period were required by AB 1484 and are not administrative costs because they were incurred by the Successor Agency by virtue of the statutory obligation to retain an auditor to prepare the Due Diligence Reviews required under HSC Section 34179.5(a) of the Dissolution Act. As such, payment of this obligation is required by State law under HSC Section 34179.5(a) and therefore constitutes an enforceable obligation pursuant to HSC Section 34171(d)(1)(C) of the Dissolution Act and is payable from RPTTF. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

5. **RDA Statute Compliance, page 3, Item 13** – The CAC comments that "DOF reclassed from RPTTF to Admin [sic]." As discussed in detail in item numbers 2 and 3 above, it is improper to state that the DOF "reclassed" this item from RPTTF to an administrative cost since this "reclassification" occurred after approval of both our First and Second ROPS in their entirety and after the statutorily-defined time period in which to so had elapsed, making any such "reclassification" both inappropriate and unauthorized.

6. **City Service Agreement, page 3, Item 14** – The CAC comments that "DOF reclassed the estimate from RPTTF to admin [sic]." As discussed in item numbers 2, 3 and 5 above, it is improper to state that the DOF "reclassed" this item from RPTTF to an administrative cost since this "reclassification" occurred after approval of both our First and Second ROPS in their entirety and after the statutorily-defined time period in which to so had elapsed, making any such "reclassification" both inappropriate and unauthorized. Since this agreement was approved on our Second ROPS, and payment from RPTTF for this obligation was approved by the DOF, the Successor Agency's payment from RPTTF for this enforceable obligation is justified. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

7. **Legal, page 3, Item 17** – The CAC comments that "DOF reclassed the estimate from RPTTF to admin, but the actual was paid from RPTTF." As discussed in item numbers 2, 3, 5 and 6 above, it is improper to state that the DOF "reclassed" this item from RPTTF to an administrative cost

since this "reclassification" occurred after approval of both our First and Second ROPS in their entirety and after the statutorily-defined time period in which to so had elapsed, making any such "reclassification" both inappropriate and unauthorized. Since the payment of these fees from RPTTF was approved on our Second ROPS, and payment from RPTTF for this obligation was approved by the DOF, the Successor Agency's payment of this enforceable obligation with RPTTF is justified. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

8. **July 9, 2012 True-Up Demand Payment from County of San Diego, Item 19** – The CAC comments that "Since the approved/received amount ($3,420,215) vs. agency's actual payment ($3,420,215) were reconciled for ROPS I on ROPS III completely, the true-up payment should not be part of the ROPS II reconciliation. The adjustment is pending for DOF's final determination." The CAC comment that the "approved/received amount" was $3,420,215 and that this true-up payment should not be a part of the Second ROPS reconciliation is incorrect. The true-up payment calculation was the result of improperly questioned and reclassified items on the Successor Agency's First ROPS after the First ROPS was approved by the DOF, and therefore, the payment of the true-up payment had to be paid during the Second ROPS period by (July 12, 2012) using RPTTF distributed to the Successor Agency for its Second ROPS obligations.

   Specifically, on July 9, 2012, the Successor Agency received a demand from the CAC for payment of $372,115 by July 12, 2012 for distribution to the taxing entities pursuant to HSC Section 34183.5(b) of the Dissolution Act. In accordance with HSC Section 34183.5(b), this payment was intended to reflect the amount of residual balance from tax increment funds paid to the former RDA for First ROPS enforceable obligations approved by the DOF that were residual after payment of the First ROPS enforceable obligations and determined to be available for distribution to the affected taxing entities pursuant to HSC Section 34183(a)(4). Pursuant to HSC Section 34183.5(b)(1), the amount to be retained by taxing entities pursuant to HSC Section 34183(a)(4) for the January 1, 2012 through June 30, 2012 period "is determined based on the Recognized Obligation Payment Schedule approved by the Department of Finance" for approved enforceable obligations pursuant HSC Section 34179(h) and the amount determined owed by HSC Section 34183.5(b). In this regard, the DOF approved enforceable obligations on the First ROPS in the amount of $4,805,431. After the First ROPS was deemed effective and final pursuant to HSC Section 34179(h), the CAC and the DOF decided to question certain obligations listed on the First ROPS by claiming them as administrative costs and denying the source of payment from tax increment paid to the Former RDA – they questioned these items by manipulating and revising the "Exhibit 12" (see attached Exhibit 12 document). This process of questioning the obligations after the period of DOF review of the First ROPS pursuant to HSC Section 34179(h) is not allowed under the Dissolution Act. In addition, it is important to highlight that the questioning of the obligations approved on the First ROPS by revisions to the "Exhibit 12" also occurred after the distribution and expenditure of funds toward the approved First ROPS obligations. Due to this subsequent and improper reclassification of DOF-approved enforceable obligations listed on the First ROPS, the CAC and the DOF improperly reduced the

amount of DOF-approved enforceable obligations payable from RPTTF, via the revisions to the "Exhibit 12" and, therefore, determined that an amount of tax increment totaling $372,115 would be distributed to the taxing entities as a residual payment pursuant to HSC Section 34183.5(b). In reality, however, there was no residual balance payable to the taxing entities. This payment was required to be made by the Successor Agency by July 12, 2012,otherwise the Successor Agency and City of Imperial Beach would have faced severe penalties set forth in the Dissolution Act. The date of payment of the true-up payment of July 12, 2012 falls within the Second ROPS period. Since the Successor Agency had no other funds available to make this improperly calculated payment, the payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012 for its Second ROPS enforceable obligations, and properly identified on the Second ROPS reconciliation. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

9. **9th and Palm Tenant Relocation, Item 20 (Goodwill Industries)** – The CAC comments that "The total approved RPTTF & admin for ROPS I ($3,420,215) does not include this item (item 51 in ROPS I)". This statement is not correct. This item was in fact included on the First ROPS, as item # 51 on Page 4 of the First ROPS, and the First ROPS was approved in its entirety by the DOF. This approved First ROPS item is on the Second ROPS reconciliation because it was approved by the DOF on the First ROPS but went unfunded due to insufficient tax increment distribution to the Former RDA for the payment of First ROPS enforceable obligations. Therefore, payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012, on this enforceable obligation as a carry-over obligation from the First ROPS, which was approved by the DOF. The amount of this approved enforceable obligation was estimated on the First ROPS at $210,000, however, actual costs incurred were $206,744. It should also be noted that this item was for the relocation of a tenant from property acquired by the Former RDA in February 2009, with relocation finalized in September 2010. The relocation payment was made pursuant to a Settlement Agreement between Goodwill Industries and the Former RDA which was executed on January 31, 2012, prior to dissolution of the RDA. This, therefore, constitutes an enforceable obligation of the Former RDA and the Successor Agency. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

10. **9th and Palm Tenant Relocation, Item 21 (Southbay Drugs)** – The CAC comments that "The total approved RPTTF & admin for ROPS I ($3,420,215) does not include this item (item 50 in ROPS I)". This statement is not correct. This item was in fact included on the First ROPS, as item # 50 on Page 4 of the First ROPS, and the First ROPS was approved in its entirety by the DOF. This approved First ROPS item is on the Second ROPS reconciliation because it was approved by the DOF on the First ROPS but went unfunded due to insufficient tax increment distribution to the Former RDA for the payment of First ROPS enforceable obligations. Therefore, payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012, on this enforceable obligation as a carry-over obligation from the First ROPS, which was approved by

the DOF. The amount of this approved enforceable obligation was estimated on the First ROPS at $150,000,however, actual costs incurred totaled $157,791. RPTTF in the amount of $58,379 paid to the Successor Agency on June 1, 2012 toward Second ROPS enforceable obligations was used to pay a portion of this unfunded obligation and paid during the Second ROPS period. It should also be noted that this item was for the relocation of a tenant from property acquired by the Former RDA in February 2009, with relocation finalized in September 2010. The relocation payment was made pursuant to a Settlement Agreement between Southbay Drugs and the Former RDA which was executed on January 26, 2012, prior to dissolution of the RDA. This, therefore, constitutes an enforceable obligation of the Former RDA and the Successor Agency. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

11. **Legal Litigation, Item 22** – The CAC comments that "Per clarification with DOF, litigation expenses voluntarily incurred in lawsuits against the State must be absorbed from the three-percent administrative cap." The CAC comment is not supported by statutory provisions of the Dissolution Act. This item is for legal expenses related to litigation that was filed in connection with the June 1, 2012 RPTTF distribution. This litigation was initiated in response to erroneous directives from the DOF and the CAC regarding the withholding of RPTTF to successor agencies whose ROPS had not yet been approved that were subsequently corrected after the litigation was filed. Therefore, these litigation cost were not incurred "voluntarily" and, in fact, were the result of actions by the DOF and the CAC. As specified in HSC Section 34171(b) of the Dissolution Act, costs relating to potential and pending litigation in connection with assets or obligations are not, by definition, considered an administrative cost and, therefore, constitute an enforceable obligation of the Successor Agency payable from the RPTTF. There is no restriction, as proposed by the CAC, included in HSC 34171(b) that exempts litigation filed by the Successor Agency against the State where the Successor Agency is taking action to protect its rights under the Dissolution Act. Should the DOF agree with the CAC on this finding, such action would be wholly unfair and would not be supported by the Dissolution Act. Therefore, the Successor Agency should not be penalized for using such RPTTF by a reduction in the Successor Agency's RPTTF distribution on June 1, 2013.

<u>CAC COMMENTS ON ROPS 13-14A</u>

1. **Oversight Board Cost, Item 19** – The CAC comments that "This is a new obligation. Should be part of the admin cost [sic]". Costs incurred by the Successor Agency in connection with performing statutorily required services for the Oversight Board are not administrative costs and are not paid using the Administrative Cost Allowance because they are costs incurred by the Successor Agency due to the Successor Agency being required to perform services for the Oversight Board pursuant to HSC Section 34179(c) of the Dissolution Act. As such, payment of this obligation is required by State law at HSC Section 34179(c) of the Dissolution Act and therefore constitutes an enforceable obligation pursuant to HSC Section 34171(d)(1)(C) of the Dissolution Act and shall be payable from RPTTF monies, not as an administrative cost.

2. **ROPS I Cash-Flow Deficit, Item 20** – The CAC comments that "Per our records, ROPS I approved enforceable obligations were fully funded. The reconciliation for ROPS approved and actual payment was completed in ROPS III." As discussed above, this statement is incorrect as the Successor Agency has clearly established that it had insufficient funds with which to pay all of its approved enforceable obligations included on both of our approved First ROPS and Second ROPS. The established cash-flow deficit was discussed at length and recognized by the DOF during our Third ROPS Meet and Confer with on November 16, 2012. The DOF's recognition of this cash-flow deficit was acknowledged by the DOF in its Third ROPS Meet and Confer Determination letter when it increased the amount for RPTTF approved to fund the shortfall during our ROPS II period. As discussed above in item number 8 under the CAC Prior Period Adjustments, the DOF approved enforceable obligations on the First ROPS in the amount of $4,805,431. After the First ROPS was deemed effective and final pursuant to HSC Section 34179(h) of the Dissolution Act, however, this amount, as initially shown in the "Exhibit 12" on the DOF's website, was subsequently and improperly reduced to $3,997,029, for a shortfall of $808,402. Due to this shortfall, approved First ROPS enforceable obligations eligible for payment from RPTTF went unfunded and were paid with City reserves and are now, therefore, requested by the Successor Agency to reimburse the City for these expenses.

3. **ROPS 3 Administrative Cost Allowance Approved Yet Unfunded, Item 21** – The CAC comments that "The agency filed an insufficiency claim for ROPS III. Our office validated that the agency's deficiency amount is $964,696, however, the agency only claimed $149,052." Although it is unclear why this comment is made, it nevertheless points out the on-going cash-flow deficit our Successor Agency has been experiencing and acknowledges the insufficient funding from RPTTF with which our Successor Agency must pay our approved enforceable obligations. Furthermore, simply because we are requesting the $149,052 of the Administrative Cost Allowance approved on our Third ROPS, it does not mean we do not still have other approved but unfunded enforceable obligations beyond that amount. If necessary, those obligations will be included on a future ROPS.

If you have any questions regarding this information, please feel free to contact me.

Sincerely,

Gregory Wade
Deputy Director

ATTACHMENT 4

DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. ▪ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

March 29, 2013

Mr. Gregory Wade, Deputy Director
City of Imperial Beach
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

Dear Mr. Wade:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Imperial Beach Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 14, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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:

- Item No. 20 – ROPS I Cash-flow Deficit in the amount of $203,530 is partially denied. The Agency provided documentation which shows $193,291 is for obligations that were unfunded during the ROPS I period. Therefore, the difference of $10,239 is denied.

  In addition the Agency requested $93,819 to fund RDA management. This item is administrative in nature. Since the Agency already received the total amount of administrative costs pursuant to HSC section 34171 (b) for this period, the request for $93,819 is denied. Therefore, Finance is adjusting a total of $104,058.

- Item Nos. 13, 15 and 19 totaling $101,800 are considered general administrative costs and have been reclassified. Although this reclassification increased administrative costs to $226,800, the administrative cost allowance has not been exceeded.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, 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 on below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is: $2,414,377 as summarized below:

Approved RPTTF Distribution Amount		
For the period of July through December 2013		
Total RPTTF funding requested for obligations	$	3,127,816
Minus: Six-month total for items denied or reclassified as administrative cost		
Item 13*		80,000
Item 15*		1,800
Item 19*		20,000
Item 20 - partially denied amount		104,058
Total approved RPTTF for enforceable obligations	$	2,921,958
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost		250,000
Minus: ROPS II prior period adjustment		(757,581)
Total RPTTF approved for distribution:	**$**	**2,414,377**

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 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 above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

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

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. 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 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 Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. Gary Brown, Executive Director, City of Imperial Beach
Mr. Juan Perez, Senior Auditor and Controller Manager, County of San Diego
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, County of San Diego
California State Controller's Office

ATTACHMENT 5

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: Imperial Beach

Successor Agency Self-Reported Prior Period Adjustments (Authorized vs. Actual Payments for the July 1, 2012 through December 31, 2012 period) as required in HSC section 34186 (a)		
G	Enter Authorized Non-Administrative Enforceable Obligations Funded by RPTTF (Should be the lesser of Finance's approved RPTTF amount for non-admin enforceable obligations allowance or the actual amount distributed)	2,015,215
H	Enter Actual Non-Administrative Enforceable Obligations Paid with RPTTF	1,388,690
I	Enter AuthorizedAdministrative AllowanceFunded with RPTTF (Should be the lesser of Finance's approved RPTTF amount for admin or the actual amount distributed)	-
J	Enter Actual Administrative Expenses Paid with RPTTF	-
K	Successor Agency Self-Reported Prior Period Adjustments to the Redevelopment Obligation Retirement Fund (H-G)+(J-I)=K)	(626,525)
County Auditor-Controller Reported Prior Period Adjustments (Authorized vs. Actual Payments for the July 1, 2012 through December 31, 2012 period) as required in HSC section 34186 (a)		
L	Enter Authorized Non-Administrative Enforceable Obligations Funded by RPTTF (Should be the lesser of Finance's approved RPTTF amount for non-admin enforceable obligations allowance or the actual amount distributed)	1,294,942
M	Enter Actual Non-Administrative Enforceable Obligations Paid with RPTTF	224,286
N	Enter Authorized Administrative Allowance Funded with RPTTF (Should be the lesser of Finance's approved RPTTF amount for admin or the actual amount distributed)	93,748
O	Enter Actual Administrative Expenses Paid with RPTTF	406,823
P	County Auditor-Controller Reported Non-Administrative and Administrative Prior Period Adjustments to the Redevelopment Obligation Retirement Fund (M-L)+(0-N)=P)	(757,581)

Name of Successor Agency: Imperial Beach
County: San Diego

Pursuant to Health and Safety Code section 34186 (a)
PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS II)
July 1, 2012 through December 31, 2012

Note: The County Auditor-Controller (CAC) will need to copy the following information from the Prop Period Payments tab that was completed by the Sucessor Agency (SA).									RPTTF Information to be Completed by the County Auditor-Controller (CAC) Note that the actual payments for admin and other non-admin enforceable obligations should equal the amounts provided to Finance by the CAC on the ROPS II Reporting Form				
					RPTTF Admin Allowance		RPTTF Non-Admin Enforceable Obligations		CAC Reported RPTTF Admin Allowance		CAC Reported RPTTF Non-Admin Enforceable Obligations		
Item #	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	CAC Comments
		Grand Total			$ -	$ -	$ 2,015,215	$ 1,388,690	$ 93,748	$ 406,823	$ 1,294,942	$ 224,286	
p1, 1	2003 Tax Allocation Bonds	Wells Fargo Bank	Bond Debt Service	Palm Ave Commercial Corridor PA1, PA2			533,092	0			533,092		
p1, 2	2010 Tax Allocation Bonds	Wells Fargo Bank	Bond Debt Service	Palm Ave Commercial Corridor PA1, PA2			525,953	0			525,953		
p1, 3	City Loan 1995	City of Imperial Beach	Loan to finance start up	Palm Ave Commercial Corridor PA1, PA2			224,286	224,286			224,286	224,286	
p2, 1	Housing Management	See Attached	Mgt costs for Low/Mod	Palm Ave Commercial Corridor PA1, PA2			0						
p2, 2	Housing Agreement	Imperial Beach	Support costs	Palm Ave Commercial Corridor PA1, PA2			0	90,000					The estimate was from LMIHF, but the actual was paid from RPTTF.
p2, 3	Hemlock Monitoring	Housing Authority/City Finance	South Bay Comm. Svcs	Palm Ave Commercial Corridor PA1, PA2			0						
p2, 4	Calla Monitoring	Housing Authority/City Finance	South Bay Comm. Svcs	Palm Ave Commercial Corridor PA1, PA2			0						
p2, 5	Beachwind Monitoring	Housing Authority/City Finance	Beachwood Loan	Palm Ave Commercial Corridor PA1, PA2			0						
p2, 6	Housing Reporting	Housing Authority/City Finance	RDA Statatory Compliance	Palm Ave Commercial Corridor PA1, PA2			0						
p2, 7	Clean & Green Monitoring	Housing Authority	10 yr Contract Compliance	Palm Ave Commercial Corridor PA1, PA2			0						
p2, 8	Deficit Housing Oblig.	Housing Authority	RDA Statatory Compliance	Palm Ave Commercial Corridor PA1, PA2			0						
p2, 9	Age Proportionality	Housing Authority	RDA Statatory Compliance	Palm Ave Commercial Corridor PA1, PA2			0						
p3, 1	RDA Management	Various	Admin of RDA	Palm Ave Commercial Corridor PA1, PA2			0						
p3, 2	Admin Costs ***	City of Imperial Beach	Per AB 26	Palm Ave Commercial Corridor PA1, PA2			415,637	190,777	415,637	190,777			DOF approved $250,000 for admin cost. Since DOF reclassed some items from RPTTF to admin. ($61,836) is the plug in order to arrive the total approved admin cost ($250,000)
p3, 3	RDA Accrued Liabilities	City of Imperial Beach	Vacation/Sick Liability as	Palm Ave Commercial Corridor PA1, PA2			0						
p3, 4	RDA Unfunded PERS Liability	City of Imperial Beach	as of 1/31/2012	Palm Ave Commercial Corridor PA1, PA2			0						
p3, 5	RDA 30 Layoff Notice Cost	City of Imperial Beach	Requirement	Palm Ave Commercial Corridor PA1, PA2			0						
p3, 6	RDA Outstanding WC Liability	City of Imperial Beach	Liability 1/31/2012	Palm Ave Commercial Corridor PA1, PA2			0						
p3, 7	Graffiti Abatement	Various	Costs	Palm Ave Commercial Corridor PA1, PA2			0						
p3, 8	Continuing Disclosure	Wells Fargo	Mandatory Annual Bond Disclosure	Palm Ave Commercial Corridor PA1, PA2			3,200				3,200		DOF reclassed from RPTTF to Admin
p3, 9	Continuing Disclosure	Bond Management/NBS	Mandatory Annual Bond Disclosure	Palm Ave Commercial Corridor PA1, PA2			4,000				4,000		DOF reclassed from RPTTF to Admin
p3, 10	Continuing Disclosure	HDL	Assessment Information	Palm Ave Commercial Corridor PA1, PA2			2,025		2,025				DOF reclassed from RPTTF to Admin
p3, 11	Continuing Disclosure	Lance Soll	Audit Fees	Palm Ave Commercial Corridor PA1, PA2			0	20,000					No fund was requested and approved from RPTTF, but actual payment was made from RPTTF for DDR audit costs.
p3, 12	IBCC Monitoring	City of Imperial Beach	IB Community Clinic Loan	Palm Ave Commercial Corridor PA1, PA2			2,611				2,611		
p3, 13	RDA Statute Compliance	City of Imperial Beach	Compliance	Palm Ave Commercial Corridor PA1, PA2			2,611		2,611				DOF reclassed from RPTTF to Admin
p3, 14	City Service Agreement	City of Imperial Beach	Oversight and related costs	Palm Ave Commercial Corridor PA1, PA2			240,000	156,046	240,000	156,046			DOF reclassed the estimate from RPTTF to admin.
p3, 15	Hotel DDA Compliance	City of Imperial Beach	DDA Compliance Issues	Palm Ave Commercial Corridor PA1, PA2			0						
p3, 16	Capital Trailer Rental	Bert's	Management	Palm Ave Commercial Corridor PA1, PA2			1,800				1,800		

Item #	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	RPTTF Admin Allowance		RPTTF Non-Admin Enforceable Obligations		CAC Reported RPTTF Admin Allowance		CAC Reported RPTTF Non-Admin Enforceable Obligations		
					Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	
p3, 17	Legal	McDougal/Kane Balmer		Palm Ave Commercial Corridor PA1, PA2			60,000	60,000	60,000	60,000			DOF reclassed the estimate from RPTTF to admin, but the actual was paid from RPTTF.
p3, 18	Interim Audit Management	City of Imperial Beach	Additional Audit	Palm Ave Commercial Corridor PA1, PA2			0						
p4, 1	9th & Palm	Nasland Engineering	9th and Palm Project	Palm Ave Commercial Corridor PA1, PA2			0						
p4, 2	9th & Palm	Mireles Landscaping	9th and Palm Project	Palm Ave Commercial Corridor PA1, PA2			0						
p4, 3	9th & Palm	Project Management/Legal	9th and Palm Project	Palm Ave Commercial Corridor PA1, PA2			0						
19	July 9, 2012 True-Up Demand Payment from County of San Diego	County of San Diego	All ROPS I Items Approved Per DOF, so Payment Demand Improper and Use of June 1, 2012 Monies to Pay Demand is Proper	Palm Ave Commercial Corridor PA1, PA2			0	372,115					Since the approved/received amount ($3,420,215) vs. agency's actual payment ($3,420,215) were reconciled for ROPS II on ROPS III completely, the true-up payment should not be part of the ROPS II reconciliation. This adjustment is pending for DOF's final determination.
20	9th and Palm Tenant Relocation	Goodwill Industries	Approved on ROPS I But Not Funded/Paid	Palm Ave Commercial Corridor PA1, PA2			0	206,744					The total approved RPTTF & admin for ROPS I ($3,420,2015) does not include this item (item 51 in ROPS I).
21	9th and Palm Tenant Relocation	Southbay Drugs	Approved on ROPS I But Not Funded/Paid	Palm Ave Commercial Corridor PA1, PA2			0	58,379					The total approved RPTTF & admin amount for ROPS I ($3,420,2015) does not include this item (item 50 in ROPS I)
22	Legal Litigation	Kane Balmer	Legal Litigation related to June 1 RPPTF Distribution	Palm Ave Commercial Corridor PA1, PA2			0	10,343					Per clarification with DOF, litigation expenses voluntarily incurred in lawsuits against the State must be absorbed from the three-percent administrative cap.
									(470,273)				Adjustment to reflect that $250,000 was the maximum admin approved due to the admin cap of $250,000.
									(156,252)				Adjustment to reflect that only $1,386,690 in RPPTF was available in the ROPS II period for SA admin and non-admin enforceable obligations. Therefore, given the priority order established in statute, the SA recieved the full approved amount to pay non-admin enforceable obligations and only $93,748 of the $250,000 approved for admin enforceable obligations.
NOTE 1:			The actual amounts provided are estimates since the books of the SA are not yet closed for the period July 1, 2012 through December 30, 2012 and there may be payments not yet recorded in the SA's general ledger.										
NOTE 2:			The SA issued a Notice of Insufficient Funds dated April 30, 2012 to the County A-C notifying the County A-C pursuant to Section 34183(b) that the SA has insufficient funds to make payments on all obligations for the period ending December 31, 2012. In addition, the SA submitted a cash flow analysis to the County A-C in support of its Notice showing a deficit of $3,208,435.								
Item #11	Continuing Disclosure	Lance Soll	On June 27, 2012, Assembly Bill No. 1484 ("AB 1484") was enacted into law and amended Assembly Bill No. X1 26 ("AB 26"). AB 1484 was enacted after the preparation of the Second ROPS and after the DOF approval the Second ROPS. AB 1484 imposed a requirement on the successor Agency to retain an auditor to perform the Due Diligence Reviews for housing and non-housing assets. The cost to retain the auditor and paid during the Second ROPS period by the Successor Agency are not administrative costs because they are costs incurred by the Successor Agency due to the Successor Agency being required to retain the auditor to cause the preparation of the Due Diligence Reviews pursuant to Health and Safety Code Section 34179.5(a). As such, payment of this obligation is required by State law at Health and Safety Code Section 34179.5(a) and therefore constitutes an enforceable obligation pursuant to Health and Safety Code Section 34171(d)(1)(C) and shall be payable from RPTTF monies, not as an administrative cost.								
Item #17	Legal	McDougal/Kane Balmer	On June 27, 2012, Assembly Bill No. 1484 ("AB 1484") was enacted into law and amended Assembly Bill No. X1 26 ("AB 26"). AB 1484 imposed additional statutory provisions relating to the activities of successor agencies and to the wind down process of former redevelopment agencies, requiring analysis and additional review by legal counsel than originally estimated in the Spring of 2012 when the Second ROPS was prepared by the Successor Agency and approved by the Oversight Board and the Department of Finance. According to the Dissolution Act, these payment amounts listed on a ROPS are solely minimum estimated payment amounts the Successor Agency reasonably anticipates to pay during the 6-month period. Specifically, pursuant to H&S Code Section 34171(m), a "ROPS" means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in Section 34177(m) of the Health and Safety Code. Therefore, amounts listed on a ROPS are estimates of minimum payments for the upcoming six month period, and may be greater than estimated. This is the case with this Item 17 listed on the Second ROPS due to the enactment of AB 1484.								
Item #19	True Up Payment - July 12, 2012	San Diego County-Auditor Controller	On or about July 9, 2012, the Successor Agency received a demand from the County of San Diego for payment of $372,115 by July 12, 2012 for distribution to the taxing entities pursuant to Health and Safety Code Section 34183.5(b). In accordance with Health and Safety Code Section 34183.5(b), this payment was intended to reflect the amount of residual balance from tax increment funds paid to the former RDA for First ROPS enforceable obligations approved by the DOF that were residual after payment of said obligations and determined owed to the taxing entities pursuant to Health and Safety Code Section 34183(a)(4). Pursuant to Health and Safety Code Section 34183.5(b)(1), the amount to be retained by taxing entities pursuant to Health and Safety Code Section 34183(a)(4) for the January 1, 2012 through June 30, 2012 period "is determined based on the Recognized Obligation Payment Schedule approved by the Department of Finance" for approved enforceable obligations pursuant to Health and Safety Code Section 34179(h) and the amount determined owed by Health and Safety Code Section 34183.5(b). In this regard, the Department of Finance approved enforceable obligations for the First ROPS period of January 1, 2012 through June 30, 2012 in the amount of $4,805,431. After the First ROPS was deemed effective and final pursuant to Health and Safety Section 34179(h) of the Dissolution Act,								
Item #19	Continued; True Up Payment - July 12, 2012	San Diego County-Auditor Controller	the County and the Department of Finance decided to question certain obligations listed on the First ROPS by claiming them as administrative costs and denying the source of payment from tax increment paid to the former RDA. This process of questioning the obligations after the period of Department of Finance review of the First ROPS pursuant to Health and Safety Code Section 34179(h) is not allowed by the Dissolution Act. Due to this subsequent and improper reclassification of DOF-approved enforceable obligations listed on the First ROPS, the County and the Department of Finance improperly reduced the amount of DOF-approved enforceable obligations payable from RPTTF and, therefore, determined that an amount of tax increment totaling $372,115 would be distributed to the taxing entities as a residual pursuant to Health and Safety Code Section 34183.5(b). This payment was required to be made by the Successor Agency by July 12, 2012 (otherwise the Successor Agency and City of Imperial Beach would have faced severe penalties set forth in the Dissolution Act), which date falls within the Second ROPS period. Since the Successor Agency had no other funds available to make this improperly calculated payment, the payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012.								
Item #20	9th and Palm Tenant Relocation	Goodwill Industries	This ROPS I item is on the ROPS 2 Reconciliation because it was approved by the DOF on the First ROPS but went unfunded due to insufficient tax increment distribution on January 2, 2012. Therefore, payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012. This item's total enforceable obligation totals $210,000, per ROPS 1.										
Item #21	9th and Palm Tenant Relocation	Southbay Drugs	This ROPS I item is on the ROPS 2 Reconciliation because it was approved by the DOF on the First ROPS but went unfunded due to insufficient tax increment distribution on January 2, 2012. Therefore, payment was made from the RPTTF distribution provided to the Successor Agency on June 1, 2012. This item's total enforceable obligation on the ROPS 1 totaled $160,000, although the amount has been subsequently refined and revised to $157,791, leaving a remaining balance of $66,808.										
Item #22	Legal Litigation	Kane Balmer	These are legal expenses related to litigation that was filed in connection with the June 1, 2012 RPTTF distribution. Costs relating to potential and pending litigation in connection with assets or obligations constitute an enforceable obligation of the Successor Agency and shall be payable from RPTTF monies, not as an administrative cost pursuant to Health and Safety Code Section 34171(b).										