



Transmitted via e-mail

May 15, 2020

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2020-21 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2020. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Adelanto Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to Finance on January 31, 2020. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 28, 2020.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed:

The Agency requested to make an adjustment to Item No. 3 and return Item No. 4 to the original requested amount. After careful consideration, Finance upholds its determination of the bond payment amounts as follows:

- Item No. 3 – Adelanto Public Financing Authority, Local Agency Second Subordinated 1995B Revenue Bonds debt service. The Agency inadvertently made an error in the requested payment amounts. The Agency requested \$1,172,151 in Redevelopment Property Tax Trust Fund (RPTTF) funding and \$586,903 in Reserve Balances due for the July 1, 2020 through December 31, 2020 (ROPS 20-21A) period. To accurately reflect the correct debt service payments, Finance made the following adjustments:

Funding Source	Requested	Adjustment	Authorized
Reserves (A Period)	\$586,903	\$628,182	\$1,215,085
RPTTF (A Period)	1,172,151	(566,461)	605,690
RPTTF (B Period)	605,690	0	605,690
Total	\$2,364,744	\$61,721	\$2,426,465

- Item No. 4 – Adelanto Public Financing Authority, Local Agency Third Subordinated 1995C Revenue Bonds debt service. The Agency inadvertently made an error in the requested payment amounts. The Agency requested the use of \$1,115,425 in RPTTF and \$535,148 in Reserve Balances due in the ROPS 20-21A period. To accurately reflect the correct debt service payments, Finance made the following adjustments:

Funding Source	Requested	Adjustment	Authorized
Reserves (A Period)	\$535,148	\$274,948	\$810,096
RPTTF (A Period)	1,115,425	(274,947)	\$840,478
RPTTF (B Period)	839,150	0	\$839,150
Total	\$2,489,723	\$1	\$2,489,724

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency, as adjusted by Finance. Specifically, Finance reduced the PPA to \$598,070 (\$1,711,808 - \$1,113,738) in order to reflect the corrected amounts and debt service retained for ROPS 18-19A.

Pursuant to HSC section 34183 (a) (2) (A), debt service obligations have first priority for payment from distributed RPTTF funding. As such, the \$1,564,276 of RPTTF authorized in ROPS 17-18B to be held in reserve and used for debt service payments during ROPS 18-19A should have transferred to the trustee(s). RPTTF funding approved for debt service obligations is restricted for that purpose and is not authorized for other ROPS items. The breakdown of what Finance believes should have already transferred to the trustee is as follows:

- \$371,858 Item No. 3 Interest Payment September 1, 2018
- \$510,000 Item No. 3 Principle Payment September 1, 2018
- \$682,418 Item No. 4 Principle Payment September 1, 2018

In addition, all amounts approved for bond payments in the current ROPS period, should be transferred upon receipt to the bond trustee(s).

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,223,663, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 20-21 form submitted by the Agency and this determination letter will be posted on our website:

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

This determination is effective for the ROPS 20-21 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

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

Please direct inquiries to Joshua Mortimer, Supervisor, or Michael Barr, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Ward Komers, Acting Financial Director, City of Adelanto
Linda Santillano, Chief Deputy, Property Tax, San Bernardino County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 3,730,826	\$ 1,682,315	\$ 5,413,141
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	3,855,826	1,807,315	5,663,141
RPTTF Requested	3,730,826	1,682,315	5,413,141
<u>Adjustment(s)</u>			
Item No. 3	(566,461)	0	(566,461)
Item No. 4	(274,947)	0	(274,947)
	(841,408)	0	(841,408)
RPTTF Authorized	2,889,418	1,682,315	4,571,733
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 17-18 prior period adjustment (PPA)	(598,070)	0	(598,070)
Total RPTTF Approved for Distribution	\$ 2,416,348	\$ 1,807,315	\$ 4,223,663