



Transmitted via e-mail

April 1, 2021

Alan Flora, City Manager  
City of Clearlake  
14050 Olympic Drive  
Clearlake, CA 95422

### **2021-22 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Clearlake Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2021 through June 30, 2022 (ROPS 21-22) to the California Department of Finance (Finance) on January 28, 2021. Finance has completed its review of the ROPS 21-22.

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

- Item No. 1 – Tax Allocation Bonds 2017 debt service. The Agency requested \$959,814 from Redevelopment Property Tax Trust Fund (RPTTF) in error. According to the debt service schedule provided by the Agency, the amount requested for the July through December (ROPS 21-22A) period should be \$759,906 and the January through June (ROPS 21-22B) period should be \$193,256. Therefore, to accurately reflect the correct debt service payment, Finance made an adjustment in the amount of \$6,652 to decrease the total requested amount of \$959,814 to \$953,162.
- Item No. 13 – Trustee Services 2017 Tax Allocation Bonds in the annual amount of \$10,000 is partially allowed. The Agency provided an invoice supporting an annual amount of \$2,200. Therefore, the excess \$7,800 requested is ineligible for RPTTF funding on the current ROPS.
- Item No. 31 – Bond Reserve for Tax Allocation Bonds 2017 debt service. The Agency requested \$260,000 from RPTTF in error. According to the debt service schedule provided by the Agency, the amount requested for the ROPS 21-22A period should be zero and the ROPS 21-22B period should be \$287,500. Therefore, to accurately reflect the correct debt service payment, Finance made an adjustment in the amount of \$27,500 to increase the total requested amount of \$260,000 to \$287,500.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind down the Agency.

The County Auditor-Controller did not provide its review of the Agency's prior period adjustments for the July 1, 2018 through June 30, 2019 (ROPS 18-19) period as required by HSC section 34186. However, the Agency reported cash balances and activities for the ROPS 18-19 period on the ROPS 21-22 form. Therefore, the amount of RPTTF approved includes the prior period adjustment self-reported by the Agency and reviewed by Finance.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,531,599, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2021 through December 31, 2021 period (ROPS A period), and one distribution for the January 1, 2022 through June 30, 2022 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 21-22 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted items, Finance does not object to the remaining items listed on the ROPS 21-22. If the Agency disagrees with our determination with respect to any items on the ROPS 21-22, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Meet and Confer process and guidelines are available on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet\\_And\\_Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 21-22. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 21-22 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 21-22 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted 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 Zuber Tejani, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Andrew White, Interim Finance Director, City of Clearlake  
Cathy Saderlund, Auditor-Controller, Lake County

<b>Approved RPTTF Distribution July 2021 through June 2022</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 501,407	\$ 799,907	\$ 1,301,314
Administrative RPTTF Requested	125,000	125,000	250,000
<b>Total RPTTF Requested</b>	<b>626,407</b>	<b>924,907</b>	<b>1,551,314</b>
<b>RPTTF Requested</b>	<b>501,407</b>	<b>799,907</b>	<b>1,301,314</b>
<u>Adjustment(s)</u>			
Item No. 1	559,999	(566,651)	(6,652)
Item No. 13	(2,800)	(5,000)	(7,800)
Item No. 31	(260,000)	287,500	27,500
	297,199	(284,151)	13,048
<b>RPTTF Authorized</b>	<b>798,606</b>	<b>515,756</b>	<b>1,314,362</b>
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
ROPS 18-19 prior period adjustment (PPA)	(32,763)	0	(32,763)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 890,843</b>	<b>\$ 640,756</b>	<b>\$ 1,531,599</b>