



Transmitted via e-mail

April 7, 2023

Derik Despain, Senior Accountant
City of Adelanto
11600 Air Expressway
Adelanto, CA 92301

2023-24 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Adelanto Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2023 through June 30, 2024 (ROPS 23-24) to the California Department of Finance (Finance) on January 30, 2023. Finance has completed its review of the ROPS 23-24.

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

- Item No 1 – Adelanto Improvement Project 1993 B Tax Allocation Bonds in the amount of \$1,191,900 has been reclassified from Reserve Balances to Bond Proceeds. The Agency has cash in its bond reserve account in the amount of \$1,254,082 which must be used to satisfy the final debt service payment due December 1, 2023. Therefore, with the Agency's concurrence, \$1,191,900 has been reclassified from Reserve Balances to Bond Proceeds.
- Item No. 2 - Adelanto Public Financing Authority, Local Agency 1995A Taxable Subordinated Revenue Bonds in the amount of \$1,450,680 is partially reclassified. The Agency requested \$1,191,900 in Reserve Balances derived from Redevelopment Property Tax Trust Fund (RPTTF) disbursed during the July 1, 2022 through June 30, 2023 (ROPS 22-23) period for use on Item No. 1. As noted above, Finance is reclassifying the use of these funds to Bond Proceeds. Therefore, the \$1,191,900 is now available to fund other items. With the Agency's concurrence, Finance is approving RPTTF in the amount of \$170,220 (\$1,362,120 in RPTTF requested minus \$1,191,900 in available Reserve Balances) and Reserve Balances in the amount of \$1,280,460, totaling \$1,450,680.

- Item No. 31– Excess Bond Proceeds in the amount of \$50,000. The Agency received a Finding of Completion on October 3, 2013 and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the bond covenants. The Agency intends to transfer pre-2011 excess bond proceeds during ROPS 23-24. However, it is our understanding a bond expenditure agreement has not been executed. Therefore, before the transfer can take place, a bond expenditure agreement with the City of Adelanto outlining the transfer of the pre-2011 excess bond proceeds must be approved by the Oversight Board.
- 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.

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, 2020 through June 30, 2021 (ROPS 20-21) period. The ROPS 20-21 prior period adjustment (PPA) will offset the ROPS 23-24 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,328,687, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2023 through December 31, 2023 period (ROPS A period), and one distribution for the January 1, 2024 through June 30, 2024 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 23-24 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 approves the remaining items listed on the ROPS 23-24 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 23-24, 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 Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 23-24. 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 23-24 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 23-24 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 Todd Vermillion, Supervisor, or Brian Johnson, Staff, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ward Komers, Acting Financial Director, City of Adelanto
Franz Zyss, Interim Chief Deputy, Property Tax Division/Countywide Oversight
Representative, San Bernardino County

Approved RPTTF Distribution July 2023 through June 2024			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 3,047,680	\$ 1,691,407	\$ 4,739,087
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	3,172,680	1,816,407	4,989,087
RPTTF Requested	3,047,680	1,691,407	4,739,087
<u>Adjustment(s)</u>			
Item No. 2	(1,191,900)	0	(1,191,900)
RPTTF Authorized	1,855,780	1,691,407	3,547,187
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 20-21 Prior Period Adjustment (PPA)	(468,500)	0	(468,500)
Total RPTTF Approved for Distribution	\$ 1,512,280	\$ 1,816,407	\$ 3,328,687