

REPORT/RECOMMENDATION TO THE SAN BERNARDINO COUNTYWIDE OVERSIGHT BOARD AND RECORD OF ACTION

January 13, 2025

FROM

JULIO MORALES, Financial Consultant, Successor Agency to the Redevelopment Agency of the City of Adelanto

SUBJECT

Resolution Approving the Successor Agency to the Redevelopment Agency of the City of Adelanto's Recognized Obligation Payment Schedule and Administrative Budget for Fiscal Year 2025-26

RECOMMENDATION(S)

Adopt a **Resolution No. 2025-02** approving the Successor Agency to the Redevelopment Agency of the City of Adelanto's Recognized Obligation Payment Schedule and administrative budget for Fiscal Year 2025-26.

(Presenter: Julio Morales, Financial Consultant, Successor Agency to the Redevelopment Agency of the City of Adelanto, (626) 298-9583)

BACKGROUND INFORMATION

California Health & Safety Code (HSC) section 34177 requires the San Bernardino Countywide Oversight Board (CWOB) to approve the 2025-26 Recognized Obligation Payment Schedule (ROPS) and administrative budget. The ROPS is an annual form and must be submitted to the Department of Finance (DOF) and the County Auditor-Controller by February 1 of each year. Pursuant to HSC section 34179(h)(1)(B), the administrative budget is not required to be sent to DOF.

DOF will have until April 15 to review the 2025-26 ROPS and provide the successor agency a compliance determination. If the successor agency disagrees with the DOF determination, a "meet and confer" is allowed to facilitate a discussion between the successor agency and DOF. In the event of a meet and confer process, DOF must make a final compliance determination on or before May 15 or 15 days prior to the June 1 Redevelopment Property Tax Trust Fund (RPTTF) distribution.

The recommended action will further the Successor Agency to the Redevelopment Agency of the City of Adelanto's (Successor Agency) dissolution as an annual ROPS is required by DOF as part of the wind-down of the Successor Agency. There is an increase of \$1,168,173 requested in the amount required from the RPTTF from the last annual ROPS approved. Most of the increase results from an increase in the request for RPTTF for bond reserves. Changes to the amounts requested for remaining debt service for the Successor Agency's bonds reflect amounts required to pay debt service pursuant to the amortization schedule for each of the bonds. Additionally, Items 32 and 33 were added to correct prior period errors, as discussed below.

The ROPS Detail includes Item 31, Excess Bond Proceeds. The Successor Agency has been holding bond proceeds from the Adelanto Improvement Agency 2007 Tax Allocation Bonds (2007 Bonds) since its formation. The Successor Agency's 2013 Other Funds Due Diligence

**Resolution Approving the Successor Agency to the Redevelopment Agency of the City of Adelanto's Recognized Obligation Payment Schedule and Administrative Budget for Fiscal Year 2025-26
January 13, 2025**

review reported that in 2013, the Successor Agency had unspent bond proceeds of \$3,056,314 transferred from the 2007 Tax Allocation Bond cash with fiscal agent to cash in bank in Fund 555, RDA Capital Project Funds, in FYE 07-08.

The Successor Agency received a Finding of Completion on October 3, 2013. As a result, pursuant to HSC section 34191.4(c)(1)(A), bond proceeds derived from bonds issued on or before December 31, 2010, may be expended in a manner consistent with the original bond covenants.

In January 2024, the Successor Agency determined the amount of unspent bond proceeds held by the Successor Agency, including interest on the original proceeds from principal received, was \$3,139,426. Expenditure of the full amount of Excess Bond Proceeds (principal and interest) was requested to be transferred to the City of Adelanto (City) during the ROPS 24-25A period on the ROPS Detail, Item 31.

Also in January 2024, the Successor Agency submitted a separate agenda item to the Oversight Board requesting approval to enter into a Bond Proceeds Expenditure Agreement with the City for the transfer of the excess bond proceeds plus interest to the City and requiring the City to utilize the Excess Bond Proceeds in accordance with the 2007 Bond documents. The Oversight Board approved the Successor Agency's request and the ROPS 2024-25 with the expenditure of the Excess Bond Proceeds included.

The DOF denied the approval of the Bond Expenditure Agreement by letter dated March 14, 2024 (Attachment D), asserting that the bond funds had been deposited into the City's general pooled fund and that, as a result, there were no excess bond funds to be transferred. The DOF further denied Item 31 of the ROPS Detail expending the Bond funds by letter dated April 12, 2024 (Attachment E).

Successor Agency staff performed extensive research regarding the deposit of the initial bond funds and found that the funds had not been deposited into the City's general pooled fund but had instead been deposited into a redevelopment agency account. Staff has been working closely with DOF staff and disclosed its findings to DOF. Successor Agency staff submitted another Oversight Board action requesting approval of the Bond Expenditure Agreement, which was approved by the CWOB at its December 9, 2024 meeting.

In the event the CWOB and DOF approve the resolution submitted for consideration on December 9, 2024 prior to the end of the ROPS 2024-25 period (June 30, 2025), the Successor Agency will transfer \$3,139,426 in Excess Bond Proceeds to the City during the ROPS 2024-25 period.

In case such approval is not timely received, the Successor Agency has requested the transfer of \$3,183,675 in Excess Bond Proceeds on ROPS 2025-26 (see ROPS Detail, item 31). The difference between the two amounts is additional interest, which will also be transferred to the City during the ROPS 2025-26 period upon approval of the Bond Expenditure Agreement by the CWOB and DOF.

As a result of Successor Agency staff's efforts to research and reconcile the cash of the Successor Agency, ROPS Detail Item 32 has been added to the ROPS 2025-26. Item 32 requests additional RPTTF to fill a shortage in cash resulting from errors in the Prior Period

**Resolution Approving the Successor Agency to the Redevelopment Agency of the City of Adelanto's Recognized Obligation Payment Schedule and Administrative Budget for Fiscal Year 2025-26
January 13, 2025**

Adjustment Schedule (PPA) for fiscal year ending June 30, 2023. The 22-23 PPA was overstated by \$79,476, as it did not include RPTTF for Items #2-5 intended to be transferred as a reserve for 2024-25 ROPS payments, totaling \$80,961. Also, the PPA understated Item #29 by \$1,488 because the available balance should have been reported as \$8,500 rather than \$7,012.

Also, as a result of Successor Agency staff's efforts to research and reconcile the cash of the Successor Agency, ROPS Detail Item 33 has been added to the ROPS 2025-26. Item 33 requests additional RPTTF to fill a shortage in cash resulting from an error in ROPS 2023-24. In ROPS 2023-24, \$1,191,900 was transferred from Item #1 to Item #2, but only \$1,108,189 was available to be transferred for a difference of \$83,711. The cash shortage is a result of cumulative errors recently discovered by staff, which resulted in the balance of \$1,191,900 being incorrectly reported as available.

The Successor Agency has increased its request for Administrative Costs slightly from RPTTF from \$149,445 in the ROPS 24-25 period to \$151,822, an increase of \$2,377 or approximately 1.6%. The increase results primarily from the engagement by the Successor Agency of outside accountants, counsel, and other consultants in an effort to research errors on the ROPS and financials in prior years and to address the final outstanding matters of the Successor Agency so that the Successor Agency will qualify to prepare a Last & Final ROPS. The engagement of such consultants has reduced the amount of time spent by Successor Agency and City staff on Successor Agency matters. The Successor Agency is in the process of obtaining approval to transfer its remaining real property in accordance with the Dissolution Law, and depending on the timing of DOF's approval, certain of the costs of doing so may be incurred in the ROPS 25-26 period.

It is recommended the CWOB approve the Successor Agency's 2025-26 ROPS and administrative budget. The draft 2025-26 ROPS will be provided to DOF, the County Auditor-Controller and the County Administrative Office as required by HSC section 34177(I)(2)(B). The adopted 2025-26 ROPS will be provided to DOF and the County Auditor-Controller pursuant to HSC section 34177(o). This will commence the DOF review period.

ATTACHMENTS

Attachment A – Resolution

Attachment B – ROPS for Fiscal Year 2025-26

Attachment C – Administrative Budget for Fiscal Year 2025-26

Attachment D – DOF Determination Letter for Bond Expenditure Agreement

Attachment E – DOF Determination Letter for ROPS 24-25

REVIEW BY OTHERS

This item has been reviewed by Auditor-Controller/Treasurer/Tax Collector on January 7, 2025 and San Bernardino Countywide Oversight Board Legal Counsel on January 7, 2025.

**Resolution Approving the Successor Agency to the Redevelopment Agency of the City of Adelanto's Recognized Obligation Payment Schedule and Administrative Budget for Fiscal Year 2025-26
January 13, 2025**

Record of Action of the San Bernardino Countywide Oversight Board

APPROVED

Moved: Cindy Saks Seconded: Richard DeNava

Ayes: Richard DeNava, Becky Lepins, Cindy Saks, Daniel Walden, Icilda Wallace, Acquanetta Warren, David Wert

Lynna Monell, SECRETARY

BY 
DATED: January 13, 2025



cc: File - San Bernardino Countywide Oversight Board
w/attachments

CCM 01/16/2025

RESOLUTION NO. 2025- 02

RESOLUTION OF THE SAN BERNARDINO COUNTYWIDE OVERSIGHT BOARD APPROVING THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF ADELANTO'S RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2025-26

On Monday, January 13, 2025 on motion of San Bernardino Countywide Oversight Board Member Saks, duly seconded by San Bernardino Countywide Oversight Board Member DeNava and carried, the following resolution is adopted by the San Bernardino Countywide Oversight Board, State of California.

WHEREAS, California Health and Safety Code (HSC) section 34179(e) requires all action items of the San Bernardino Countywide Oversight Board be accomplished by resolution; and

WHEREAS, HSC section 34177 requires the San Bernardino Countywide Oversight Board to approve the Recognized Obligation Payment Schedule (ROPS) and administrative budget; and

WHEREAS, pursuant to HSC section 34177(o), the deadline for submitting the ROPS for Fiscal Year 2025-26 to the Department of Finance is February 1, 2025

NOW, THEREFORE, the San Bernardino Countywide Oversight Board hereby resolves, determines and orders as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The Successor Agency to the Redevelopment Agency of the City of Adelanto's ROPS and administrative budget for Fiscal Year 2025-26 in the form presented in Attachment "B", attached hereto and incorporated herein by this reference, together with such changes thereto as may be approved by the San Bernardino Countywide Oversight Board, are hereby approved.

Section 3. The ROPS for Fiscal Year 2025-26 in the form presented in Attachment "B" shall be transmitted to the Department of Finance, with a copy submitted concurrently to the San Bernardino Countywide Oversight Board.

This resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED by the San Bernardino Countywide Oversight Board, State of California, by the following vote:

AYES: OVERSIGHT BOARD MEMBER: Richard DeNava, Becky Lepins, Cindy Saks
Daniel Walden, Icilda Wallace, Acquanetta
Warren, David Wert

NOES: OVERSIGHT BOARD MEMBER: None

ABSENT: OVERSIGHT BOARD MEMBER: None

* * * * *

STATE OF CALIFORNIA)
)
SAN BERNARDINO COUNTY) ss.

I, **LYNNA MONELL**, Secretary to the San Bernardino Countywide Oversight Board, State of California, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Countywide Oversight Board, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of January 13, 2025. #2 CCM

LYNNA MONELL
Secretary to the San Bernardino Countywide
Oversight Board

By _____



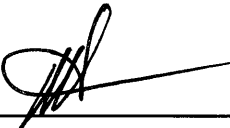
Deputy

Recognized Obligation Payment Schedule (ROPS 25-26) - Summary
Filed for the July 1, 2025 through June 30, 2026 Period

Successor Agency: City of Adelanto
 County: San Bernardino

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	25-26 A Total (July - December)	25-26 B Total (January - June)	ROPS 25-26 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ 6,706,738	\$ 219,083	\$ 6,925,821
B Bond Proceeds	3,796,964	-	3,796,964
C Reserve Balance	2,782,413	219,083	3,001,496
D Other Funds	127,361	-	127,361
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 248,584	\$ 5,120,359	\$ 5,368,943
F RPTTF	175,684	5,047,460	5,223,144
G Administrative RPTTF	72,900	72,899	145,799
H Current Period Enforceable Obligations (A+E):	\$ 6,955,322	\$ 5,339,442	\$ 12,294,764

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (o) of the Health and Safety Code, I
 hereby certify that the above is a true and accurate Recognized
 Obligation Payment Schedule for the above named successor
 agency.

 David Wert Chairman


 Signature Date
 January 13, 2025

City of Adelanto Successor Agency Recognized Obligation Payment Schedule (ROPS 25-26) - ROPS Detail
July 1, 2025 through June 30, 2026
(Report Amounts in Whole Dollars)

A Item #	B Project Name/Debt Obligation	C Obligation Type	D Contract/Agreement Execution Date	E Contract/Agreement Termination Date	F Payee	G Description/Project Scope	H Project Area	I Total Outstanding Debt or Obligation	J Retired	K ROPS 25-26 Total	L 25-26 A (July - December)					Q 25-26 A Total	R 25-26 B (January - June)					W 25-26 B Total
											M Fund Sources						N Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
2	Adelanto Public Financing Authority, Local Agency 1995A Taxable Subordinated Revenue Bonds	Bond Reimbursement Agreements	1/9/1996	6/30/2026	Trustee-US Bank	Various Agency Activities	80-1 (Amended) Adelanto Improvement Project	\$ 85,723,310		\$ 12,294,764	\$ 3,796,964	\$ 2,782,413	\$ 127,361	\$ 175,684	\$ 72,900	\$ 6,955,322	\$ -	\$ 219,083	\$ -	\$ 5,047,460	\$ 72,899	\$ 5,339,442
								1,320,900	Y	\$ 1,320,900	740,650	580,250			\$ 1,320,900							\$ -
3	Adelanto Public Financing Authority, Local Agency Second Subordinated 1995B Revenue Bonds	Bond Reimbursement Agreements	1/9/1996	6/30/2026	Trustee-US Bank	Various Agency Activities	80-1 (Amended) Adelanto Improvement Project	8,857,150	N	\$ 3,995,841		1,008,180			\$ 1,008,180		219,083		2,768,578		\$ 2,987,661	
4	Adelanto Public Financing Authority, Local Agency Third Subordinated 1995C Revenue Bonds	Bond Reimbursement Agreements	1/9/1996	6/30/2026	Trustee-US Bank	Various Agency Activities	80-1 (Amended) Adelanto Improvement Project	7,007,934	N	\$ 2,907,165		950,133			\$ 950,133				1,957,032		\$ 1,957,032	
5	Adelanto Improvement Project, Area No.3. 2007 Bonds	Bonds Issued On or Before 12/31/10	12/19/2007	9/1/2037	Trustee-US Bank	Economic Development along HWY 995	Project Area 3	3,172,050	N	\$ 553,200		243,850			\$ 243,850				309,350		\$ 309,350	
6	County of San Bernardino Tax Increment Loan	City/County Loan (Prior 06/28/11) - Other	6/18/2005	6/30/2014	County	Tax Increment Loan per Settlement Agreement	80-1 (Amended) Adelanto Improvement Project	57,326,483	N	\$ -					\$ -							\$ -
7	Intermountain Power Agency Settlement Agreement	Litigation	6/15/2005	6/30/2014	IPA	Settlement Agreement	80-1 (Amended) Adelanto Improvement Project	1,989,390	N	\$ -					\$ -							\$ -
8	Note Payable to City of Adelanto	City/County Loan (Prior 06/28/11) - Other	1/1/2003	6/30/2026	City of Adelanto	Note Payable to the City for original formation costs	All	2,524,245	N	\$ -					\$ -							\$ -
9	Administration Allowance	Admin Costs	7/1/2025	6/30/2026	City of Adelanto	Admin Allowance	All	145,799	N	\$ 145,799				72,900	\$ 72,900					72,899	\$ 72,899	
11	Bond Admin	Fees	2/1/2012	6/30/2026	Trustee-US Bank	Trustee of Bonds	All	15,000	N	\$ 15,000			7,500	\$ 7,500				7,500			\$ 7,500	
25	Long Range Property Plan	Property Disposition	3/1/2014	6/30/2026	Kosmont Companies	Property Management Plans	All	-	N	\$ -					\$ -						\$ -	
27	Long Range Property Plan	Property Disposition	1/1/2014	6/30/2026	Title Company	Pull titles for various properties	All	-	N	\$ -					\$ -						\$ -	
29	Bonds Annual Continuing Disclosure	Fees	12/7/2016	9/1/2037	Hdl, Coren and Cone	Annual Disclosure & Dissemination	All	10,000	N	\$ 10,000			5,000	\$ 5,000				5,000			\$ 5,000	
30	Arbitrage Calculations	Fees	1/4/2001	9/1/2037	Wldan Financial Services	Bond Arbitrage Calculations	All	7,500	N	\$ -					\$ -						\$ -	
31	Excess Bond Proceeds	Bonds Issued On or Before 12/31/10	6/1/2022	9/1/2037	City of Adelanto Vendors	Bond Expenditure Agreement	Project Area 3	3,183,675	N	\$ 3,183,675	3,056,314		127,361		\$ 3,183,675						\$ -	
32	22-23 PPA Error	Miscellaneous	7/1/2025	6/30/2026	Adelanto Successor Agency	Overstated 22-23 PPA by \$80,961. Did not include RPTTF for items 2-4 intended to be transferred as a reserve for 24-25 ROPS payments	All	79,473	Y	\$ 79,473			79,473		\$ 79,473						\$ -	
33	Cash Shortage	Miscellaneous	7/1/2025	6/30/2026	Adelanto Successor Agency	Prior Accounting Errors and Bond Reserve Fund Replacement	All	83,711	Y	\$ 83,711			83,711		\$ 83,711						\$ -	

City of Adelanto Successor Agency Recognized Obligation Payment Schedule (ROPS 25-26) - Report of Cash Balances
July 1, 2022 through June 30, 2023
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 22-23 Cash Balances (07/01/22 - 06/30/23)	Bonds issued on or before 12/31/11	Bonds issued on or after 01/01/12	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
1	Beginning Available Cash Balance (Actual 07/01/22) RPTTF amount should exclude "A" period distribution amount	8,040,754		3,201,140	1,028,009	94,755	
2	Revenue/Income (Actual 06/30/23) RPTTF amount should tie to the ROPS 22-23 total distribution from the County Auditor-Controller	268,152		80,961	80,180	4,831,521	C2 - Interest earned on bond funds plus 1995B reserves fund payment required by trustee to make the reserve fund whole in accordance with the bond indenturee. E2 - Amount transferred from RPTTF to reserves in accordance with DOF methodology F2 - Interest earned on LAIF G2 - Approved ROPS
3	Expenditures for ROPS 22-23 Enforceable Obligations (Actual 06/30/23)			3,282,101		4,919,982	
4	Retention of Available Cash Balance (Actual 06/30/23) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	8,308,906			1,191,900	0	
5	ROPS 22-23 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 22-23 PPA form submitted to the CAC	No entry required					6,294
6	Ending Actual Available Cash Balance (06/30/23) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ (83,711)	\$ 0	

City of Adelanto Successor Agency Recognized Obligation Payment Schedule (ROPS 25-26) - Notes July 1, 2025 through June 30, 2026

Item #	Notes/Comments
2	There was a discrepancy between what was calculated as the necessary reserve required for the 24-25 debt service obligations and what was actually necessary. Total debt service obligations were calculated as \$1,273,560, but should have been \$1,319,460 due to a February 15, 2025 payment of \$45,900 that was applied to ROPS 25-26 advance. Enough funding was received to make the 24-25 payments, but there is \$45,900 less available for 25-26 reserves than what was initially calculated. However, no additional funding will be required. Additionally, \$781,908 was designated as reserves towards the 24-25 payment that was in excess of funding required. This balance remains available to be used and will be requested for a different 25-26 item.
3	There was a discrepancy between what was calculated as the necessary reserve required for the 24-25 debt service obligations and what was actually necessary. Total debt service obligations were calculated as \$1,257,036 but should have been \$1,234,198 per the amortization schedule. There was also a discrepancy in regard to the advance for FY25-26, as it was calculated as \$1,251,360 instead of the correct amount of \$1,227,263. Accordingly, the Successor Agency has an additional \$46,934 in reserves that it will reduce from the RPTTF request related to the 26-27 advance. Additionally, the reserves carried over from 23-24 were only \$931,393 rather than required payments of \$1,197,353, for a difference of \$266,017. An entire year of payments has been funded in advance so the additional amount was requested to make the advance whole for FY23-24 so FY24-25 is accurately funded.
5	There was a discrepancy between what was calculated as the necessary reserve required for the 24-25 debt service obligations and what was actually necessary. Total debt service obligations were calculated as \$248,900 but should have been \$245,600 per the amortization schedule. There was also a discrepancy in regard to the advance for FY25-26, as it was calculated as \$247,300 instead of the correct amount of \$243,850. Accordingly, the Successor Agency has an additional \$6,750 in reserves that it will reduce from the RPTTF request related to the 26-27 advance. This balance remains available to be used and will be requested for a different 25-26 item. Additionally, the reserves carried over from 23-24 were only \$177,600 rather than required payments of \$247,050, for a difference of \$69,450. An entire year of payments has been funded in advance so the additional amount was requested to make the advance whole for FY23-24 so FY24-25 is accurately funded.
31	The City recalculated \$109,361 as interest earned on the Excess Bond Proceeds from June 2011 through September 2024 and it is estimated that another \$18,000 in interest will be earned through June 2025, after which the funds are eligible to be transferred to the City upon approval of the request. We have obtained evidence that the initial \$3,056,314 was transferred from the bond fund held by a trustee to a bank account at Desert Community Bank in December 2007 and were able to calculate interest earned from June 2011 through September 2024. We were not able to obtain bank statements from December 2007 through May 2011 so did not include any interest that may have been earned during that time period.
32	Overstated 22-23 PPA by \$79,476. Did not include RPTTF for Items #2-5 intended to be transferred as a reserve for 24-25 ROPS payments, which totaled \$80,961. And understated Item #29 by \$1,488 because the available balance should have been reported as \$8,500 rather than \$7,012.
33	In the 23-24 ROPS, \$1,191,900 was transferred from Item #1 to Item #2, but only \$1,108,189 was available to be transferred for a difference of \$83,711. This difference is due to numerous accounting errors since the Successor Agency was created in fiscal year 2012. Additionally, it is due to an unexpected reserve fund reimbursement payment made on 9/1/22 for \$68,788 for the 1995B TAB Reserve, as required by the trustee.