



May 15, 2026

Kofi Antobam, Director of Administrative Services
City of Rancho Mirage
69825 Highway 111
Rancho Mirage, CA 92270

2026-27 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2026. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Rancho Mirage Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2026 through June 30, 2027 (ROPS 26-27) to Finance on January 27, 2026. 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 27, 2026.

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.

- Item No. 77 – Tax Allocation Bond Payments - Principal and Interest in the total outstanding amount of \$3,340,000. Finance continues to deny this item. It is our understanding that the amount requested is for the 2003A-1 (CAB) Whitewater Bond debt service payment due on April 1, 2025, that was previously omitted from the Agency's ROPS 24-25 due to an Agency oversight. Due to the omission, the City of Rancho Mirage (City) paid the \$3,340,000 bond debt service payment. During the Meet and Confer, the Agency contends the City had the fiduciary responsibility to make the unfunded debt service payment to prevent the bond from defaulting. However, the 2003A-1 (CAB) Whitewater Bonds are not an obligation of the City. Further, pursuant to HSC section 34177 (l) (3), the ROPS shall be forward-looking to the next year, and nothing is currently owed for the debt service that was due during the ROPS 24-25 period.

Additionally, the Agency contends that the funds paid by the City were treated as an interfund borrowing. Pursuant to HSC section 34173 (h) (1), the City may only loan or grant funds to the extent the Agency receives an insufficient distribution to pay for approved enforceable obligations in the ROPS period.

HSC section 34173 (h) (1) also requires the receipt and use of the loaned or granted funds to be reflected on the ROPS or administrative budget, subject to Oversight Board (OB) approval. HSC section 34173 (h) (1) does not apply to the Agency for the following reasons:

- The Agency received its full distribution for all of its requested and approved enforceable obligations during the ROPS 24-25 period.
- There is no evidence that the City's payment was to be considered a loan to the Agency and no evidence that the Agency understood it would be required to repay the City for payments made on the Agency's behalf.
- The Agency's ROPS description for this line item is Tax Allocation Bond Payments - Principal and Interest with a description of shortfall in funds available for debt service payments, and lists U.S. Bank as the payee. It is not clear from the ROPS or any of the documents available to the OB, that this line item, which the Agency contends is intended to reimburse the City, was subject to the OB approval.

Therefore, the requested amount of \$3,340,000 in Redevelopment Property Tax Trust Fund (RPTTF) funding is not allowed.

In addition, per Finance's letter dated April 15, 2026, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the OB 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, 2023 through June 30, 2024 (ROPS 23-24) period. The ROPS 23-24 prior period adjustment (PPA) will offset the ROPS 26-27 RPTTF distribution. The County Auditor-Controller's review of the PPA form submitted by the Agency resulted in no PPA.

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,943,401, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2026 through December 31, 2026 period (ROPS A period), and one distribution for the January 1, 2027 through June 30, 2027 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 26-27 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 26-27. 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 26-27 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 26-27 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 RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Originally signed by:

Cheryl L. McCormick, CPA
Chief, Office of State Audits and Evaluations

cc: Joseph Carpenter, Assistant Director of Administrative Services, City of
Rancho Mirage
Jennifer Baechel, Deputy Auditor-Controller, Riverside County
Veronica Young, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2026 through June 2027			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 6,214,201	\$ 2,819,200	\$ 9,033,401
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	6,339,201	2,944,200	9,283,401
RPTTF Requested	6,214,201	2,819,200	9,033,401
<u>Adjustment(s)</u>			
Item No. 77	(3,340,000)	0	(3,340,000)
RPTTF Authorized	2,874,201	2,819,200	5,693,401
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Approved for Distribution	\$ 2,999,201	\$ 2,944,200	\$ 5,943,401