



Transmitted via e-mail

April 15, 2022

Tami Scott, Administrative Services Director
Cathedral City
68-700 Avenida Lalo Guerrero
Cathedral City, CA 92234

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Cathedral City Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to the California Department of Finance (Finance) on January 25, 2022. Finance has completed its review of the ROPS 22-23.

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

- Item Nos. 87, 88, and 93 – The requested funding sources for Tax Allocation Refunding Bonds Series 2014B, 2014C, and 2021B totaling \$2,172,022 are reclassified. During the July 1, 2021 through June 30, 2022 ROPS, Finance approved \$2,172,022 in Redevelopment Property Tax Trust Fund (RPTTF) funding as reserves for debt service payments due in ROPS 22-23. However, the Agency requested the use of these reserves under Other Funds. Therefore, to correct the funding source, the requested amounts of \$993,000, \$738,705, and \$440,317, totaling \$2,172,022, are reclassified from Other Funds to Reserve Balances.
- Item No. 95 – 2021 TAB Refunding Market Variations in the total outstanding amount of \$30,405 is not allowed. The Agency requests \$30,405 from RPTTF; the funding requested relates to an increase in debt service for the 2021 Tax Allocation Refunding Bonds as compared to the prior debt service for the prior bonds for the same period. However, it is our understanding this obligation has been paid in full and no outstanding obligation exists. Therefore, the requested amount of \$30,405 from RPTTF is not allowed.

- 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, 2019 through June 30, 2020 (ROPS 19-20) period. The ROPS 19-20 prior period adjustment (PPA) will offset the ROPS 22-23 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 \$15,149,889, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2022 through December 31, 2022 period (ROPS A period), and one distribution for the January 1, 2023 through June 30, 2023 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 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 22-23 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 22-23, 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/

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 22-23. 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 22-23 form submitted by the Agency and this determination letter will be posted on our website:

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

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This determination is effective for the ROPS 22-23 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 Mayra Cavazos, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Kevin Biersack, Deputy Finance Director, Cathedral City
Jennifer Baechel, Property Tax Chief, Riverside County

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 9,500,240	\$ 5,431,654	\$ 14,931,894
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	9,625,240	5,556,654	15,181,894
RPTTF Requested	9,500,240	5,431,654	14,931,894
<u>Adjustment(s)</u>			
Item No. 95	(30,405)	0	(30,405)
RPTTF Authorized	9,469,835	5,431,654	14,901,489
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 19-20 prior period adjustment (PPA)	(1,600)	0	(1,600)
Total RPTTF Approved for Distribution	\$ 9,593,235	\$ 5,556,654	\$ 15,149,889