



Transmitted via e-mail

April 15, 2022

Hamed Jones, Finance Director
City of Tehachapi
115 South Robinson Street
Tehachapi, CA 93561

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Tehachapi 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 31, 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. 20 and 21 – Tax Allocation Refunding Bonds Series 2017A and 2017B debt service payments. The Agency requested \$321,245 and \$317,203, respectively, from the Redevelopment Property Tax Trust Fund (RPTTF) in error. The Agency received \$638,448 in bond reserves during the January 1, 2022 through June 30, 2022 (ROPS 21-22B) period for payments due in the July 1, 2022 through December 31, 2022 (ROPS 22-23A) period. Therefore, these reserves should be used for debt service payments prior to requesting RPTTF. As a result, the RPTTF requested for Item Nos. 20 and 21 has been reduced by \$321,245 and \$317,203, respectively, and the use of Reserve Balances has been increased by the same amounts for the ROPS 22-23A period. See the table below for details.

Item No.	Item Name/Project Name	Total Funding Approved	RPTTF Approved	Reserve Balances Approved
20	2017A Tax Allocation Refunding Bonds	\$389,331	\$68,086	\$321,245
21	2017B Tax Allocation Refunding Bonds	395,458	78,255	317,203
	Total	\$784,789	\$146,341	\$638,448

- 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 ROPS 19-20 period. The ROPS 19-20 PPA will offset the ROPS 22-23 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's (CAC) review of the PPA form submitted by the Agency, as adjusted by Finance. Specifically, Finance notes the Agency and CAC reported available RPTTF in the amount of \$587,743 for the ROPS 19-20 period. However, the Agency and CAC did not account for the PPA applied to the ROPS 19-20 RPTTF distribution in the amount of \$40,230 as available for this period. Therefore, the available RPTTF for the ROPS 19-20 period on the PPA form is adjusted to \$627,973, resulting in an increase of the PPA from \$0 to \$40,230.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,010,642, 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/>

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 Todd Vermillion, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Daisy Wee, Accountant II, City of Tehachapi
Mary Bedard, Auditor-Controller, Kern County

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 646,248	\$ 793,072	\$ 1,439,320
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	771,248	918,072	1,689,320
RPTTF Requested	646,248	793,072	1,439,320
<u>Adjustment(s)</u>			
Item No. 20	(321,245)	0	(321,245)
Item No. 21	(317,203)	0	(317,203)
	(638,448)	0	(638,448)
RPTTF Authorized	7,800	793,072	800,872
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 19-20 prior period adjustment (PPA)	(40,230)	0	(40,230)
Total RPTTF Approved for Distribution	\$ 92,570	\$ 918,072	\$ 1,010,642