



Transmitted via e-mail

November 9, 2021

Connie Horca, City Clerk
Sand City
1 Pendergrass Way
Sand City, CA 93955

Amended Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1) (E), the Sand City Successor Agency (Agency) submitted an Amended Recognized Obligation Payment Schedule for the period January 1, 2022 through June 30, 2022 (Amended ROPS 21-22B) to the California Department of Finance (Finance) on October 1, 2021. Finance has completed its review of the Amended ROPS 21-22B.

Based on our review and application of the law, Finance makes the following determination:

- Item No. 13 – Sand City Redevelopment Project in the total outstanding amount of \$6,448,068 is not allowed. Finance has reviewed the Agency's request to increase funding from \$0 to \$440,858 in Redevelopment Property Tax Trust Fund (RPTTF) funding. However, during our review of the Amended ROPS 21-22B, it was determined the item is not an enforceable obligation for the reasons stated below.

Pursuant to HSC section 34191.4 (b), loan agreements between the former Redevelopment Agency (RDA) and sponsoring entity may be placed on the ROPS if the following requirements are met: (1) the Agency has received a Finding of Completion; and (2) the Agency's Oversight Board (OB) approves the loan as an enforceable obligation by finding the loan was for legitimate redevelopment purposes.

The Agency received a Finding of Completion on August 1, 2013. However, OB Resolution No. 2021-09, approving reinstatement of a loan agreement between the City of Sand City (City) and the RDA as an enforceable obligation and finding the loan was for legitimate redevelopment purposes, was denied in our letter dated October 28, 2021.

The Agreement does not meet the definition of a loan agreement, as it does not include a loan amount, interest rate, repayment terms, or a requirement for the loan to be repaid. As a result, the Agreement does not satisfy the requirements of a loan as defined in HSC section 34191.4 (b) (2) (A). Therefore, this item is not an enforceable obligation and the total requested amount of \$440,858 in RPTTF funding for the ROPS 21-22B period is not allowed.

Since Finance did not approve any RPTTF adjustments, the Agency's maximum approved RPTTF distribution for the Amended ROPS 21-22B period remains at \$593,412, as summarized in the Approved RPTTF Distribution table (See Attachment).

Please refer to the Amended ROPS 21-22B schedule used to calculate the total RPTTF approved for distribution:

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

This is Finance's determination related to the funding of enforceable obligations reported on your Amended ROPS 21-22B. Please note there is not a Meet and Confer option for the Amended ROPS process; therefore, Finance's determination is final. This determination is effective for this time 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 denied, even if it was not denied on this Amended 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 statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Joshua Mortimer, Supervisor, or Michael Barr, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Cheryl Murase, Principal, HdL Companies
Jennifer Forsyth, Auditor-Controller Analyst, Monterey County

Attachment

Approved RPTTF Distribution January 2022 through June 2022	
Authorized RPTTF on ROPS 21-22B	\$ 513,412
Authorized Administrative RPTTF on ROPS 21-22B	80,000
Total Authorized RPTTF on ROPS 21-22B	593,412
Total Requested 21-22B RPTTF Adjustments	440,858
Finance RPTTF Adjustments	
Item No. 13	(440,858)
Total Amended ROPS 21-22B RPTTF approved for distribution	593,412