



Transmitted via e-mail

April 7, 2023

Joshua Calhoun, Finance Director
City of Cudahy
5220 Santa Ana Street
Cudahy, CA 90201

2023-24 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Cudahy Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2023 through June 30, 2024 (ROPS 23-24) to the California Department of Finance (Finance) on January 31, 2023. Finance notes there was a difference between the Oversight Board (OB) approved ROPS 23-24 and the ROPS 23-24 submitted to Finance. Therefore, Finance has completed its review of the OB approved ROPS 23-24.

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

- Item No. 13 – City of Cudahy Reimbursement in the total outstanding amount of \$524,916 is not allowed. This item was denied in Finance's determination letter dated April 6, 2018 and continues to be denied. Pursuant to HSC section 34191.4 (b), loan agreements between the former Redevelopment Agency and the 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 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 October 18, 2013. However, the OB has not yet approved the loan as an enforceable obligation or made a finding the loan was for legitimate redevelopment purposes. Therefore, the loan is ineligible for funding at this time and the ROPS 23-24 request of \$524,916 in Redevelopment Property Tax Trust Fund (RPTTF) funding is not approved. To the extent the Agency receives OB and Finance approval, the Agency may be able to request funding for this item on a future ROPS.

- Item No. 52 – Taxable Tax Allocation Refunding Bonds, Series 2018 (Refunding Bonds 2018) debt service. The Agency requested \$1,847,324 from RPTTF in error. According to the debt service schedule provided by the Agency, the amount requested for the July 1, 2023 through December 31, 2023 period (ROPS A period) should be \$1,693,594, and the amount requested for the January 1, 2024 through June 30, 2024 period (ROPS B period) should be \$921,844, totaling \$2,615,438. In addition, the Agency was approved RPTTF of \$770,000 on the prior ROPS, now available as reserves. Therefore, to accurately reflect the correct debt service payment, Finance made adjustments to increase the requested amounts from previously approved reserves to \$770,000 and reduced the RPTTF by \$1,886 to increase the total requested amount of \$1,847,324 to \$2,615,438.

Item No.	Item Name	Funding Source	Requested	Adjusted	Authorized
52	Refunding Bonds 2018	RPTTF	\$1,847,324	(\$1,886)	\$1,845,438
52	Refunding Bonds 2018	Reserve Balances	0	770,000	770,000
	Total		\$1,847,324	\$768,114	\$2,615,438

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, 2020 through June 30, 2021 (ROPS 20-21) period. The ROPS 20-21 prior period adjustment (PPA) will offset the ROPS 23-24 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 \$2,097,736, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the ROPS A period, and one distribution for the ROPS B period, based on Finance's approved amounts. Since this determination is for the entire ROPS 23-24 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 23-24 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 23-24, 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 Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 23-24. 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 23-24 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 23-24 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 Zuber Tejani, Supervisor, or Austin Lange, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Charles G. Ortiz, Sr. Accountant, City of Cudahy
Linda Santillano, Property Tax Apportionment Division Chief, Los Angeles County
Cesar Hernandez, Countywide Oversight Board Representative

Approved RPTTF Distribution July 2023 through June 2024			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 1,448,646	\$ 927,294	\$ 2,375,940
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	1,573,646	1,052,294	2,625,940
RPTTF Requested	1,448,646	927,294	2,375,940
<u>Adjustment(s)</u>			
Item No. 13	(524,916)	0	(524,916)
Item No. 52	(136)	(1,750)	(1,886)
	(525,052)	(1,750)	(526,802)
RPTTF Authorized	923,594	925,544	1,849,138
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 20-21 Prior Period Adjustment (PPA)	(1,402)	0	(1,402)
Total RPTTF Approved for Distribution	\$ 1,047,192	\$ 1,050,544	\$ 2,097,736